

Organization Behavior & HR

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Detailed Curriculum

Foundations of Organizational Behavior: Introduction to Organizational Behavior and Human Resources – Definition, Goals and Nature of Organizational Behavior – The Contribution of the Various Fields to Organizational Behavior – Foundations of Organizational Behavior – Current Trends Affecting Organizational Behavior – The Role of Managers in Organizations.

Individual Behavior and Learning in Organizations: Individual Behavior in Organizations – Factors Influencing Employee's Behavior and Performance – Learning.

Personality, Attitudes, and Values in Organizations: The Role of Personality in Organizations – The Role of Attitudes in Organizations – Values and Behavior at Work.

Perception and Attribution: The Nature and Importance of Perception – The Nature and Importance of Attribution – Specific Application and Implications of Perception and Attribution in Organizations – Impression Management.

Theories of Work Motivation: Understanding Employee Motivation – Theories of Work Motivation – Content Theories, Process Theories.

Motivation: From Theory to Application: Importance of Motivation in the Workplace – Key Motivational Techniques Used in Organizations.

Work Groups and Teams: Work Groups – Types of Work Groups – Stages of Group Development – Group Structure – Group Tasks, Goals, Rewards, Resources and Technology – Group Processes – Group Decision-making Techniques – Work Teams – Key Components of Effective Teams – Implementing Teams in Organizations.

Communication in Organizations: Functions of Communication – The Communication Process – Barriers to Effective Communication – Fundamentals of Communication – Strategic Forces – Influencing Communication.

Leadership in Organizations: History of Leadership Research – Theories of Leadership – Contemporary Issues in Leadership.

Stress in the Workplace: The Causes of Stress in the Workplace – Effects of Job Stress – Consequence of Job Stress – Reducing Stress at Work.

Organizational Structure and Design: Meaning of Organizational Structure and Design – Major Elements of Organizational Structure and Design – Determinants of Organizational Structure and Design – Historical Roots of Organizational Structure and Design – Basic Types of Organizational Structure and Design – The New Design Options – Organizational Structure and Design and its Effect on Employee Behavior – Organizational Life Cycle.

Employment of Human Resources: Job Design and Job Analysis – Human Resource Planning – Recruitment – Selection and Placement.

Development of Human Resources: Performance Appraisal – Employee Training and Development – Compensation Management.

Industrial Relations: Industrial Relations – Grievance Handling – Disciplinary Action – Employee Relations and Collective Bargaining.

Chapter I

Foundations of Organizational Behavior

After reading this chapter, you will be conversant with:

- Introduction to Organizational Behavior and Human Resources
- Definition, Goals and Nature of Organizational Behavior
- The Contribution of the Various Fields to Organizational Behavior
- Foundations of Organizational Behavior
- Current Trends Affecting Organizational Behavior
- The Role of Managers in Organizations

1. INTRODUCTION TO ORGANIZATIONAL BEHAVIOR AND HUMAN RESOURCES

Organizational Behavior (OB) is a relatively new field of Psychology, which is concerned with the study of what people do in organizations and how their behavior affects the performance of the organization. As the very name indicates OB is made up of two words organization and behavior, indicating that organizational behavior is the scientific study of the behavior of individuals and groups in organizations. Thus, *organizational behavior can be defined as a field of study that investigates the impact that individuals, groups, and structures have on behavior within organizations for the purpose of applying such knowledge toward improving organizational effectiveness.*

The demise of old age techniques such as ‘command-and-control’ have given rise to newer concepts and workplace expectations. The growing technological advances, increasing workforce diversity, emphasis on teamwork, need for work life balance and belief in empowerment, necessitated a greater understanding of human behavior in organization settings, and have necessitated organizations to focus on **Human Resources (HR)**. Human resources refer to the people in an organization and their collective skills. According to Leon C Megginson, the term human resources refers to the total knowledge, skills, creative abilities, talents and aptitudes of an organization’s workforce, as well as the values, attitudes and beliefs of the individuals involved. That is why organizations have now adopted the human resource approach, which does not treat the organizational goals and employee needs as separate and exclusive. Instead organizations now focus on gaining a balance between concerns for people and work, by effectively utilizing human and non-human resources while translating goals into action. It is increasingly being recognized that it is the people who work in the organization that contribute to the organizations prosperity and success, and that without people organizations cease to exist. That is why in most organizations human resource management or HRM became a priority. HRM deals with the “people” dimension in management. According to Byars and Rue, “human resource management encompasses those activities designed to provide for and coordinate the human resources of an organization...”

The approach that we take to study organizational behavior in this book is to present, analyze and discuss the strongest theories and empirical evidence on each subject in each chapter. This book is thus an introduction to the present state of knowledge in the field of organizational behavior and HR, and the ultimate aim of the book is to help the reader to be a better manager.

The four main content areas of organizational behavior are the *individual, the group, the organization*, these three are considered as the building blocks of knowledge of organizational behavior and the fourth content area is *the organizational process*. The organizational processes are required to manage the three building blocks of OB. So in chapter one we deal with the basics of organizational behavior and the foundations of HRM. Chapters two to six deal with the individual in the organization, chapters seven to nine deal with groups in the organization, chapter ten deals with stress in the workplace, and chapter eleven deals with the organizational structure and design. Chapters twelve, thirteen, and fourteen introduce you to the recruitment, selection, training, evaluation, compensation, and development of human resources in organizations.

2. DEFINITION, GOALS AND NATURE OF ORGANIZATIONAL BEHAVIOR

Organizations are formed for the accomplishment of common goals through group effort. People in the organization, in their different capacities as managers or employees, operate together through division of labor work in a coordinated fashion to achieve the common goals. The study of OB is thus framed in an

understanding of organizations as work settings. The study of organizational behavior is important, as we are associated with one or the other organization (organizations such as a wide variety of clubs, voluntary agencies, religious bodies, small and large businesses, labor unions, schools, hospitals and government agencies) throughout our life and knowledge of organizational behavior will help each one of us to be more effective in a variety of roles such as managers, employees, or consumers. Knowledge of OB also helps one to gain a better work related understanding about oneself and others. It helps to expand ones potential for career success in the dynamic, shifting, challenging and ever changing organizational workplace.

Like the four common goals of science, which are to describe, understand, predict and control some phenomenon, organizational behavior also has the following goals:

- i. The first goal of organizational behavior is to describe, systematically how people behave under a variety of conditions.
- ii. The second goal of OB enables one to understand the underlying reasons, or the 'why' of the described behavior. Organizational behavior is especially interested in determining why people are more or less motivated, satisfied, or prone to resign. The ability to understand behavior is a necessary prerequisite for effectively managing it.
- iii. The third goal of organizational behavior is to predict the behavior of employees. Predicting behavior helps the managers to take up preventive actions, or to make alternative arrangements to enable the smooth functioning of the organization. Through systematic study, the field of organizational behavior provides a scientific foundation that helps improve predictions of organizational events.
- iv. The final goal of organizational behavior is to control, or manage at least partially human activity and behavior at work. Management is defined as the art of getting things accomplished in organizations through others. If behavior can be predicted and explained, it can often be managed. If prediction and explanation constitute analysis, then management constitutes action.

The goals of organizational behavior have certain practical implications for example description of behavior would necessitate measurement of behavior and associated variables, explanation of behavior necessitates the identification of the time and order of events and establishing causal links between variables, prediction of behavior would require the generalization of the findings of studies from one setting to another, and control of behavior would bring into the picture the manipulation of behavior through various means. Thus, organizational behavior provides an insight into the effective tools for managing human behavior in a better way in all types of organizations. It helps to gain an understanding of issues such as –

- How do individual differences affect behavior and attitudes?
- What process facilitates accurate perception and attribution?
- What influences learning and development of attitude towards work?
- What motivates workers and how can organizations influence attitudes and behavior?
- How do managers build effective teams?
- What contributes to effective decision-making?
- What constitutes effective communication?
- What characterizes effective leadership?
- How can power be secured and used productively?

- What factors contribute to effective negotiations?
- How can conflicts be resolved and managed?
- How can jobs and organizations be effectively designed?
- How can managers help workers deal with change effectively?

To answer these questions, OB makes use of theory and research from Psychology, Sociology, Anthropology, Social Psychology, Political Science and Managerial Theory, and suggests ways and means to effectively manage employees and to improve organizations effectiveness.

Knowledge of the various Psychological principles helped in the understanding of the individual process, and the other disciplines have contributed to the understanding of the group and organizational processes.

3. THE CONTRIBUTION OF THE VARIOUS FIELDS TO ORGANIZATIONAL BEHAVIOR

Organizational Behavior (OB) is largely an interdisciplinary field that is built upon the contributions from a number of disciplines. The theory and research from these fields helps us in understanding and managing people at workplace and thereby helps in improving the effectiveness of organizations.

The contributions of different fields can be summarized as follows:

Psychology: Psychology as we know is the science of behavior. It seeks to measure, explain and sometimes even change the behavior of the individual. Personality theorists, industrial and organizational psychologists, counseling psychologists, learning theorists, have all contributed and continue to add to the knowledge of OB by explaining individual behavior. The industrial and organizational psychologists initially concerned themselves with the problems related to the fatigue, boredom, and other such factors that are concerned with the individual in the work environment. However, more recently their scope of work has increased to include learning, personality, perception, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making processes, performance appraisals, attitude measurement, employee selection, work design, and job stress. The contributions from this field lead to improved levels of productivity and satisfaction, a lower rate of absenteeism, better retention and learning, and member well-being in organizations.

Sociology: Sociology is the systematic study of relationships among people. It is based on the assumption that behavior is influenced by social, political, occupational and intellectual groupings. It is also believed that the particular settings in which individuals find themselves, influences behavior. Sociologists study behavior in organizations, and their greatest contribution to OB is the study of group behavior in organizations. Sociologists have provided valuable inputs such as providing an understanding of the sociological meaning of work, group dynamics, design of work teams, organizational culture, formal organizational theory and structure, organizational technology, communications, power and conflict.

Anthropology: Anthropology is the study of societies to learn about human beings and their activities. Anthropologists are interested in how and why human culture changes. Their work helps us to understand the fundamental differences in values, attitudes, and behavior among people in different countries and within different organizations. This helps the OB psychologists to make a comparative study of the values, culture, and environment.

Social Psychology: Social psychology is a branch of psychology that deals with the people in social settings. It blends concepts from both psychology and sociology, and focuses on measuring, understanding, and changing attitudes and communication patterns. The contribution of this field to OB is that it gives an

insight into the ways in which individuals in groups try to satisfy individual needs, while meeting the larger group and organizational goals. Social psychology also helps in the understanding of the group decision-making processes.

Political Science: The contribution of political science to OB is that it helps in the greater understanding of allocation of power, structuring of conflicts, and how people manipulate power for their self-interest.

Managerial Theory: Managerial theory provides the key to effective management of people in organizations. It provides an insight into how managers can motivate, inspire and influence people at work to perform better for attaining organizational success.

Though each of these fields does contribute greatly to the understanding of organizational behavior, none of them is by itself able to provide an explanation of the principles that underlie OB. The science of OB has been developed making use of the general concepts from these various fields and then altering them to apply to specific situations in organizations. Thus, though various fields have been attempting to understand, organize and manage people, organizational behavior as a distinct field of study is of recent origin.

4. FOUNDATIONS OF ORGANIZATIONAL BEHAVIOR

Though organizational behavior began to emerge as a distinct area of study in the late 1950s and early 1960s, its roots can be traced back to the times of Aristotle and Plato, Aristotle addressed the topic of persuasive communication and Plato wrote about the essence of leadership. Then we have the writings of philosophers like Sun Tzu and Machiavelli. The writings of Sun Tzu in his book '*The Art of War*', provide many insights to managers and Niccolo Machiavelli in his book *Discourses* (written in 1531), wrote certain principles, which could be applied to the management of organizations today. Though neither of these people consciously contributed to the theory of management, or organizational behavior, their insights provide a wealth of information to guide modern theorists. Machiavelli's writings are the foundations of the contemporary work on organizational power and politics. Then we have people like Adam Smith, Max Weber and others who have contributed significant ideas. It was however, William James who first suggested the need for psychological study of the workplace. Many psychologists picked up on James' suggestion and people like Frederick Taylor, Henri Fayol, Hugo Münsterberg and others became the early pioneers in the field, and OB became an organized and unified discipline after the Second World War.

For a clear understanding of the foundations of OB, we shall study its evolution through different eras, and for the sake of convenience we shall study the contributions of the different theorists under the following subheadings:

- i. Early Practices,
- ii. The Classical Era,
- iii. The Behavioral Era, and
- iv. Contemporary Organizational Behavior.

4.1 Early Practices

The ideas of three individuals namely Adam Smith, Charles Babbage, and Robert Owens, are largely responsible for influencing the direction and boundaries of OB today.

ADAM SMITH



Source:
(http://enciclopedia.us.es/index.php/Adam_Smith)

development of assembly-line production was stimulated by the economic advantages of work specialization cited by Smith.

Adam Smith (1776), through the discussions in his book 'The Wealth of Nations' revolutionized economic and organizational thought, and advocated a new form of organizational structure based on the division of labor. He suggested the use of centralization of labor and equipment in factories, division of specialized labor, and management of specialization in factories. Smith believed that division of labor raised productivity by improving the skills of the worker, and saved time that is commonly lost in changing tasks. He believed that organizations and society would reap from such division of labor or what is commonly known as work specialization. The

CHARLES BABBAGE



Source:
(www.schule.bremen.de/.../NOFRAME.HTM)

Charles Babbage expanded on the virtues of division of labor articulated by Adam Smith. He is best remembered for his book, 'On the Economy of Machinery and Manufacturers', published in 1832, where he contended that through division of labor, mutual interests and cooperation could be extended between workers and owners of factories. He showed that through the division of work to its simplest activities, the numbers of people required to do the specific task could be reduced, resulting in the reduction of the average wage, which needs to be paid. This idea laid the foundation for Taylorism and Henry Ford's assembly lines. Babbage was also among the first to strongly argue for a profit-sharing system whereby workers could profit from their productivity.

ROBERT OWEN



Source:
(www.leadmininmuseum.co.uk/images/Robert_Owen...)

Robert Owen is frequently referred to as the Father of Modern Personnel Management. He was one of the first industrialists to experiment with improving the working conditions in the factories. He requested factory owners to raise the minimum age required for children to work in the factories. He successfully got legislations passed, limiting the abuse of child labor, and for regulating the number of hours of work. He was also responsible for the changes that were brought about in the working conditions in factories and the growing realization among factory owners that concern for employees would benefit both the employees and employers.

4.2 The Classical Era

During 1900 to mid 1930, the first management theories began to evolve, and the most significant of these are the scientific management approach, the administrative theory, the structural theory, and the social man theory.

THE SCIENTIFIC MANAGEMENT APPROACH

With the Industrial Revolution that took place in the late eighteenth century tremendous challenges to organization and management were created, requiring the management of large flows of material, people, and information over large distances. This created the need for adopting new methods for dealing with these issues. Scientific management focused on the *worker* and the *boss* in an organization. It concerned itself with the question of how to design jobs most efficiently. The key contributors to this approach are F W Taylor, Frank and

Lillian Gilbreth, Henry Gantt and Harrington Emerson. (We emphasize on Taylor's contributions here. The scientific data that was obtained from his time and motion studies, was used to set fair performance standards for each job, and those workers whose output exceeded the standard were given additional incentive pay. So it is to Taylors work that some of the HRM practices can be traced.)



Source:

www.etsu.edu/.../Ch20FrederickW

[Taylor.jpg](#)

Frederick Winslow Taylor was the first to advocate a scientific approach to manage individuals in the organization. According to him the principal object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee. He attempted to systematically analyze human behavior at work, and came to be known as the "Father of Scientific Management."

Frederick Taylor wrote '*The Principles of Scientific Management*' in 1911. These principles came to be known as *Taylorism*. He developed many ideas to increase efficiency, and focused on developing the 'one best way for each job to be done'.

While working at Midvale Steel Co. during 1878-90, Taylor was appalled at the inefficiency of workers. He felt that workers were 'taking it easy on the job', and as such were turning only one-third of the total possible output. He set out to correct the situation by applying the scientific method and set out to find the 'one best way' for doing each job on the shop floor.

Taylor's attempts resulted in the time- and-motion studies. Such studies were conducted with a view of improving work methods by subdividing the different operations of a job into measurable elements. He believed that if each job could be broken down into its smallest unit, in this way only those movements that are necessary for performing a specific job could be identified and any unnecessary movements eliminated. In this way, he believed that each job could be done in the best possible way while cutting down on the time and costs involved in its performance. He attempted to make a science for each element of work and restrict behavioral alternatives facing the workers.

This attempt was in fact similar to what engineers had done to machines, i.e., each big machine is made up of small individual parts. Such machine parts are easily interchangeable, cheap, and each part of the machine performed one specific function only. Taylor wanted to apply the same principle to the complex organizations and brought about the Machine model of organizations. In this model, individuals were considered equivalent of machine parts i.e., each individual performed only one specific task, and each was easily replaceable.

The most widely cited examples of scientific management are Taylor's 'shoveling experiment' and 'the pig iron experiment'. In his well-known shoveling experiment, Taylor found that by using an optimum-sized shovel productivity could be increased. He found that heavy material like iron ore would have to be moved with a small-faced shovel and light material like coke with a large-faced shovel, to maximize a worker's shoveling output, i.e., shoveling the maximum amount of material with minimum effort and time. (His experiments showed the optimum shovel capacity to be 21 pounds.) Thus, he showed that if shoveling was done in the right way, using the right shovel size the number of people required for the shoveling job could be decreased from 500 to 140 people per day.

In the pig iron experiment, he used money as a motivator to get a worker to work according to the specifications given. By observing a worker whom he called Schmidt, Taylor began to study the worker as he loaded the pig iron. Ultimately by using different procedures, techniques and tools in various combinations, he succeeded in getting the worker to meet the optimum level of productivity that Taylor thought was possible. Taylor felt that such a feat was possible with the use

of scientific management principles, i.e., identifying the one best way for the worker to do a particular job, combined with the use of proper tools, training, and providing incentives for good performance.

Taylor also studied issues such as fatigue and safety and urged management to study the relationship between work breaks, and the length of the workday and productivity. He convinced many companies that the careful introduction of breaks and a shorter day could increase productivity. He sought to create a mental revolution both among the workers and the management by providing clear guidelines for improving production efficiency. He was of the opinion that by following certain management principles the workers and the management could benefit. The workers could earn more pay and the management could earn more profits. The four management principles advocated by Taylor are:

- i. Develop a science for each element of an individual's work, as opposed to the use of the 'rule-of-the thumb' method.
- ii. Scientifically select worker and then train, teach, and develop their skills for performing the given job.
- iii. Managements should heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.
- iv. Divide work and responsibility almost equally between management and workers, with the managements taking over all work for which it is better suited rather than dumping all responsibility on the workers.

The method adopted by Taylor in the analysis and redesign of work was later applied in various industrial settings, and resulted in dramatic increases in productivity. With this success many organizations began to establish new departments such as industrial engineering, personnel, and quality control. There was also growth in middle management, and a separation of the planning from the operations activities. Trial and error methods began to be replaced with rational rules, management became formalized and efficiency increased.

The contributions of **Frank and Lillian Gilbreth** to scientific management are 'the motion study', 'work-study', 'directed energy', and 'work simplification' studies.

The contribution of **Henry Gantt** was the invention of the Gantt chart; a horizontal bar chart, which was an innovative way to manage overlapping tasks.

The contribution of **Harrington Emerson** was that he advocated the specialization of management roles in organizations.

Though Scientific Management led to economic progress, and its core elements are constantly modified and updated and it remains popular even today. In spite of all this scientific management has its own set of positive and negative attributes.

- Its positive attributes are that it:
 - a. Facilitated job specialization and mass production.
 - b. Demonstrated to managers their role in enhancing performance and productivity.
- Its negative attributes are:
 - a. Labor opposed scientific management because its explicit goal was to get more output from workers.
 - b. Critics argued that Taylor's methods and ideas would dehumanize the workplace and reduce workers to little more than drones.

With raising labor/management conflicts, apathy, and boredom on the part of the workers a number of researchers began to examine the discrepancy between how an organization was supposed to work versus how the workers actually behaved. In addition, factors like World War I, the breakdown of the social structures

caused by industrialization, the factory system, and its related outcomes like growing urbanization gave rise to another perspective, and the focus shifted to how organizations can be structured most effectively to meet their goals.

ADMINISTRATIVE THEORY

By the late 1920s, a number of theorists began to analyze the work of managers. They concerned themselves with trying to understand and develop guidelines, or principles to enable managers to effectively perform their roles. These ideas form the content of what came to be known as the 'Administrative Theory'. Administrative Theory deals with the universal functions that managers perform and the principles that constitute good management practice.



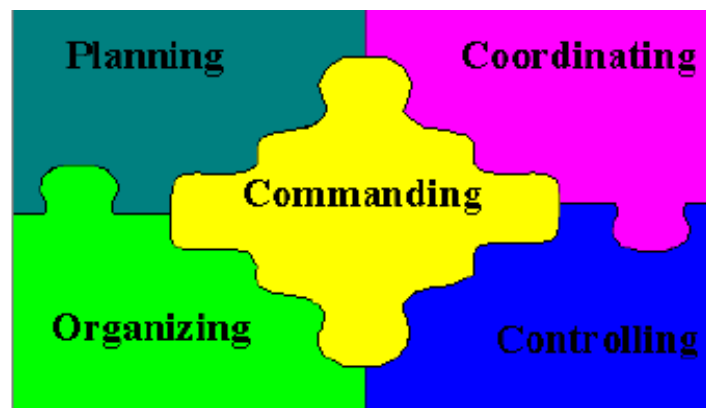
Source:

http://www.hrmguide.co.uk/history/classical_organization_theory_modified.htm

The major contributor to the administrative theory is the French industrialist Henri Fayol (1841-1925). Fayol earned fame for saving companies that were on the verge of bankruptcy and putting them back into action. He synthesized various tenets or principles of organization and management. He argued that management was an activity common to all human undertakings such as in business, in government, and even in the home. He proposed that all managers perform five management functions such as – (1) Plan, (2) Organize, (3) Direct or Command, (4) Coordinate, and (5) Control.

According to Fayol managers perform five management functions:

Figure 1



Source: <http://kati.ebs.ee/ob-fall03/lectures>

The management functions provide the general guidelines for manager and tell them what to do when faced with problems. He developed the 'principles of management' for nearly every phase of the managerial task, these principles were meant to facilitate high performance. The principles of management are as follows:

- i. Division of work.
- ii. Authority.
- iii. Discipline.
- iv. Unity of command.
- v. Unity of direction.
- vi. Subordination of individual interest.
- vii. Remuneration.
- viii. Centralization.
- ix. Scalar chain.

- x. Order.
- xi. Equity.
- xii. Stability of tenure.
- xiii. Initiative.
- xiv. Esprit de corps.
- i. *Division of work*: Fayol saw specialization as a natural human process; he felt that specialization increases output and efficiency. According to him, if work is divided according to skill and technical expertise, each item of work can be given to the employee most able to deal with it. Thus, when a person repeats the same function over and over again it brings about speed and accuracy, leading to an increase in output.
- ii. *Authority and responsibility*: Fayol defined authority as 'the right to give orders and the power to exact obedience.' According to him, there is a link between authority and responsibility, and managers must be able to give orders as they have the authority to do so. He emphasized that as authority increases so does responsibility. In general, he felt that 'responsibility is feared as much as authority is sought after, and fear of responsibility paralyses much initiative and destroys many good qualities.'
- iii. *Discipline*: Is defined as obedience, application, energy, behavior and outward marks of respect. Fayol regarded discipline as essential for the smooth running of business and attributed good discipline to effective leadership. According to him a clear understanding between management and workers, in this regard the organizational rules are essential and penalties should be used for the infraction of all such rules.
- iv. *Unity of command*: According to Fayol, 'For any action whatsoever, an employee should receive orders from one superior only'. Violation of this rule jeopardizes the entire process and threatens the stability. Dual command only leads to uncertainty and hesitation on the part of subordinates and conflict between managers.
- v. *Unity of direction*: According to Fayol, 'each group in the organization should have only one head and one plan. It means that members of a group should receive directions from one boss or leader and each member should be following the same plan to achieve the common goals.
- vi. *Subordination of individual interests to the general interest*: The interest of any one employee or a group of employees should not take precedence over the interests of the organizations as a whole. This can be ensured by seeing that there is no conflict of interest between individual ambition and the well being of the organization as a whole.
- vii. *Remuneration of personnel*: Fayol looked for some basic principles to guide the payment process, and laid down the following guidelines:
 - a. Each worker should be assured of fair remuneration for his or her services.
 - b. Well-directed efforts should be encouraged and rewarded.
 - c. Payment of rewards should never go beyond reasonable limits.
- viii. *Centralization*: Fayol considered the debate between centralization (limited to management) and decentralization (including the subordinates) of the decision-making process to be one which has no precise solutions. Fayol however considered that an element of centralization must always be present, and only the degree of centralization for each situation is to be worked out.
- ix. *Scalar chain (line of authority)*: Scalar chain is the line of authority from top management to the lowest ranks. Hierarchic organizations insist that departments communicate with each other only through their heads. He felt that this unity of command could lead to excessive chains of authority, which

hinder communication. Fayol advocated a 'gang plank' arrangement in place of scalar chain communication. Under the new method juniors at the same ranks could talk to one another, even if they were from different departments.

- x. *Order*: A place for everyone and everyone in his place.' Simply put, this means that people and material should be in the right place at the right time.
- xi. *Equity*: In order to obtain commitment from employees, their managers must treat them equally and fairly.
- xii. *Stability of tenure of personnel*: Employees need a period of stability in a job to deliver their best. At the same time, the management should ensure proper and prompt replacements of personnel in case vacancies arise.
- xiii. *Initiative*: Managements should allow its employees to exercise some initiative. When the employees are allowed to think through a problem and implement a solution, it serves as a rewarding experience, and increases employee motivation.
- xiv. *Esprit de corps*: The team spirit within any organization should be promoted, and harmony and unity built. For one should remember that 'Dividing enemy forces to weaken them is clever, but dividing one's own team is a grave sin against the business.'

The basic ideas of Henri Fayol revolved around recognizing the role of upper managements, and selecting people who appreciate and understand the lifestyle and concerns of the average workers to such positions. He felt that everybody in the organization should be taught or at least made aware of the organization management theories and administrative thought, he felt that this would bring management and labor together in the workplace of ideas, increase the morale and esprit-de-corps of those working in the organizations. Further, he felt that organizations should eliminate red tapeism and establish lateral lines of communication.

Fayol's principles provided guidelines for managers, telling them what to do when faced with problems of designing an organization, making decisions, or dealing with people and can be applied to any organizations in order to run it properly and he felt that these things could be easily taught and learnt by anyone interested in management.

STRUCTURAL THEORY



Source-
[http://www.6s
ociologists.20
m.com/weber.
html](http://www.6sociologists.20m.com/weber.html)

Max Weber (1864-1920) is one of the founding fathers of sociology and is also known as the "Father of Bureaucracy". Weber was the first to view OB from a structural perspective. He developed a theory of authority structures and described organizational activity as based on authority relations. His theory is concerned with how organizations are to be structured and how they can be designed to operate more effectively to achieve objectives in a "rational" way. According to Weber, an ideal type of organization is what he called a bureaucracy. He felt that an ideal bureaucracy that is marked by division of labor, clearly defined hierarchy, detailed rules and regulations and impersonal relationships did not exist in reality, but felt that it could be used as a basis for theorizing about how work could be done in large groups because bureaucracy emphasized predictability of behavior and results and showed greater stability over time. That is why Weber's theory is regarded as a design prototype

for large organizations. According to him, the detailed features of an ideal bureaucracy included:

- *Hierarchy*: The different positions in an organization are arranged in a hierarchical order, with each lower position being controlled and supervised by a higher one, thus establishing a clear chain of command.
- *Impersonality*: The organization is governed by a system of written rules, which are applied uniformly across the organization. Rules ensure that there is no room for special privileges, all employees irrespective of their ranks are subject to these detached, impersonal rules and other controls regarding the performance of their duties.
- *Division of labor/job specialization*: There is division of labor, with different people being assigned to different jobs based on their competence. Further, each job is broken down into its most simple routine focusing on specific job specialization. Each position in the organization is thus filled with an expert in the specific task to be performed.
- *Formal Selection*: Entry into the organization is based on formal selection procedures. People are selected on the basis of their qualification, through a formal examination. Career advancement and training is given solely based on merit.
- *Career Orientation*: The organizations are managed and run by people who are qualified professionals rather than by owners. These managers work for the organization for fixed salaries and pursue their careers in the organizations.

Weber thus not only enumerated the characteristics of bureaucracy but also analyzed the forms of authority in organizations. That is why his ideal form of bureaucracy is taken as a basis for theorizing about work and how work could be done in large groups.

“SOCIAL MAN” THEORY

Earlier theorists such as Taylor, and Weber, overlooked the fact that human beings are the central core of any organization and that human beings are social in nature. They thus overlooked the social aspects of organizations. The earliest writers who recognized the importance of the social aspects of organizations are Mary Parker Follett and Chester Barnard. They contributed to the people-oriented ideas of organizations.



Source:

<http://www.infed.org/thinker/s/et-foll.htm>

Mary Parker Follett was a social philosopher who was convinced that no one could become a whole person except as a member of a group; she believed that human beings grew through their relationships with others in organizations. As such, she felt that organizations should be based on group ethics rather than on individualism. To her the art of management lay in coordinating and getting things done by people through group efforts. She was of the firm view that when individuals combine their diverse talents as they work in groups they are able to achieve bigger goals. Thus, when people in an organization are working for a common purpose, the managers and the workers should work together as partners, and the artificial distinction between managers (order givers) and subordinates (order takers) should be done away with. Though she was interested in trying to find ways of scientifically controlling and guiding workers, she nonetheless attempted to address the issues of organization, leadership and power as human problems. She emphasized on the notion of **power with** rather than **power over** people so that people co-operate readily of their own accord. She took into account not just individuals and groups, but the effects of such environmental factors as politics,

economics, and biology and brought about a holistic model of organizations and management. Her humanistic ideas paved the way for the discovery of various phenomena, such as the “Groupthink Effect” in committee meetings, creativity exercises such as “brainstorming”, and ‘Management By Objectives’ (MBO). All organizations and management styles that place emphasis on group togetherness and team effort draw heavily from Follett’s humanistic ideas.



Source: http://www.upepo-sc.org/images/img_Mgt_Chester_Barnard.jpg

Chester Barnard used his experience and his extensive reading in sociology and philosophy to formulate theories about organizations. He was greatly influenced by the writings of Weber, but unlike Weber, Barnard saw organizations as social systems in which people worked towards mutually beneficial goals. That is to say that as people pursue the organization’s goals, they must also be able to satisfy their individual needs. Thus according to Barnard, the success of an organization depended on the manager’s ability to stimulate subordinates to high levels of effort and in obtaining their cooperation. Apart from this an organization’s success also depended on its good relations with people both inside and outside the organization. For regardless of how efficient an organization’s production might be, if the management failed to ensure a continuous input of materials and supplies or to find market for its produce then the very existence of the organization would be threatened. Therefore, maintaining good relations with whom the organization regularly interacts, such as its investors, suppliers, customers and other external constituencies is a necessity for the organization. Barnard is also known for his concept of “Zones of Indifference” which is the idea that good leaders should try to take neutral positions on issues as much as possible so that they can easily get the personnel to obey them without question.

4.3 The Behavioral Era

The failure of the classical approach to achieve sufficient production, efficiency, and workplace harmony, resulted in frustration on all fronts. Especially, managers felt frustrated because people did not always follow predicted or expected patterns of behavior. This resulted in serious efforts to devise ways that would help managers to deal more effectively with the ‘people side’ of their organizations. Thus began the widespread application of behavioral science research in organizations. The significant contributions to effectively deal with the ‘people side’ of organizations came from the field of industrial psychology, the human relations movement, and the contributions of behavioral scientists such as Skinner, McClelland, Fred Fiedler, Herzberg, Hackman and Oldham.

Industrial Psychology: Concern about managing human factors in organizations



Source: www.peoples.ru/science/professor/munsterberg

was found in the writings of Hugo Munsterberg in his book “Psychology and Industrial efficiency”. With the publication of this book in 1913, Munsterberg became responsible for the establishment of the field of ‘**Industrial Psychology**’. In this book he tried to establish an effective and productive relationship between human and physical resources, by bringing about a proper alignment between individual skills and abilities with the demands of various jobs. He pioneered the application of psychological findings from laboratory experiments to practical matters at work. Munsterberg studied problems with monotony, attention, fatigue, and physical/social influences on the working power of individuals. He suggested the use of psychological tests in the selection and placement of employees, their training and motivation. The success of his procedures was reflected when the US Army during World War I sought the help of psychologists to help in the drafting, inducting, and placing of its army personnel. Much of the current day knowledge of selection techniques, employee training, work design and motivation of employees is built on Munsterberg’s work.

The Human Relations Movement: The next phase of significant developments occurred when the world's economy was going through the great depression following the stock market crash of 1929. During this period, the Wagner Act was passed to help relieve the effects of the depression on the US labor force. This act legitimized the role of trade unions, and managers were forced to find new ways to deal with and handle its employees. This new approach led managements of the different organizations to try and improve their working conditions and to seek better relations with their workforce. This heralded the beginning of the '**human relations movement.**'

The human relations perspective was the first widely recognized approach in which attempts were made to utilize the broader range of human potential. Attempts were made to understand the work related aspects of interpersonal relations in order to apply such knowledge to enhance the attainment of organizational and individual goals. The human relations movement was based on the belief that higher productivity in organizations could be achieved by increasing employee satisfaction. Studies in this direction were done at Western Electric's Hawthorne plant.

The Hawthorne Studies: Western Electric's engineers carried out some experiments in the company's Hawthorne plant between 1924 to early 1930's. There were four major phases to the Hawthorne Studies: the illumination experiments, the relay assembly group experiments, the interviewing program, and the bank wiring group studies.

The Illumination Experiment: In these experiments, the engineers observed two groups of workers to examine the effects of different levels of illumination on the worker's performance.

In the experiment, the experimental group was subjected to various levels of illumination and the control group worked under illumination that remained constant. The experiment was conducted on the premise that the intensity of illumination was directly related to individual worker's output. The results of the experiment showed that when illumination was increased, the level of performance no doubt increased. However, to the surprise of the engineers they found that productivity also increased when the level of illumination was decreased (there was a decrease in the productivity only when the intensity of illumination went down to the level of moonlight). Another surprising finding was that in spite of the constant illumination conditions, the productivity of the control group also increased. The results therefore turned out to be contrary to their premise. So, the engineers began to examine other factors that might have affected the results. Because of the ambiguity of the results the Western Electric engineers asked Professor Elton Mayo of Harvard and his other associates to join them in further studies. In the subsequent experiments it was found that the productivity levels of the workers under both the control and experimental conditions increased because the workers were responding in a way that they thought the experimenters wanted them to behave and because they were the center of attention. In addition, the workers in the experimental and control groups had developed a group pride that motivated them to improve their work performance. The concern of the supervisors had further reinforced their motivation. This finding showed that, the way people are treated makes an important difference to the way they perform on a given task. Since that time, whenever subjects in an experiment do not respond to the varying conditions in the experiment, but to the experiment itself, such an effect came to known as the *Hawthorne Effect*. It can also be described as the bias that occurs when people know that they are being studied.

In other studies, Mayo examined the effect of monotony and fatigue on productivity and tried to control their effect through the introduction of variables such as rest breaks, number of working hours, change in temperature and humidity at the workplace. These came to be called the relay assembly group experiments.

The Relay Assembly Group Experiments: Mayo wanted to find out what effect fatigue and monotony had on job productivity and how to control them through such variables as rest breaks, work hours, temperature and humidity. A small group of staff were taken to work in a relay assembly room, (a relay being a small but intricate mechanism composed of about forty separate parts which had to be assembled by the individuals seated at a lone bench and dropped into a chute when completed. The number of assembled parts that were slipped down the chute were mechanically counted.) A group of six women were selected for this study, and they were segregated from the rest of the workers in the company. Their conditions of work were varied in a number of ways over a five-year period. The basic rate of production before making any environmental changes was observed. Then, as changes were introduced, their impact on production was measured as indicated by increased or decreased production of the relays. It is important to note that under the normal conditions of work that were present in the company, the workweek consisted of 48 hrs, including work on Saturdays and with no rest pauses.

The procedure followed in the experiments and the results of the study are as follows:

- *Step 1:* The workers in the experiment were asked to work on a piecework basis for eight weeks without altering the existing conditions in the company. The result – output went up.
- *Step 2:* In the next stage of the experiment the workers were given two rest pauses, of five minutes each, in the morning and the evening for a period of five weeks. The result – output went up.
- *Step 3:* The rest pauses were now increased to ten minutes each. The result was that output increased sharply.
- *Step 4:* The workers now received six, five minute breaks in the course of a day. The result, the workers complained that tempo of work was being cut by these frequent breaks and production reduced.
- *Step 5:* The workers were put back on the two rest-breaks schedule and the company now offered the workers a hot meal too. The result was that output once again went up.
- *Step 6:* The workers under this new condition were allowed to leave by 4.30 pm instead of 5 pm. The result was that output went up.
- *Step 7:* Under this experimental condition, the workers were allowed to leave by 4 pm itself. No change was noticed in production levels, i.e., output remained the same as before.
- *Step 8:* The workers got back to work under the original conditions that were prevalent before Mayo started his experiments.

The major finding of the study was that almost regardless of the experimental manipulation, worker production seemed to continually improve. The explanation for this kind of result was found to be –

- That the workers were happy to receive attention from the researchers who expressed an interest in them. The workers felt that the management now had their welfare at heart, and so were willing to cooperate to achieve the production goals of the organizations.
- The experimental group had more freedom of movement than the other workers in the company. They were happy in the knowledge that they were working without coercion from above or limitation from below.
- The workers were not pushed around and were satisfied with the result of working under less pressure than ever before. They developed an increased sense of responsibility and no longer needed to be disciplined from higher ups, as they were all motivated to work from within the group itself.

These and other such studies that followed continued to demonstrate the importance of leadership practices and workgroup pressures on employee satisfaction and performance. They showed that the importance of economic incentives in worker motivation was overrated, and they stressed the importance of recognizing that employees react to a wide set of complex forces, rather than to one factor alone. These conclusions led to a new emphasis on the human factor in the functioning of organizations, and the principle of human motivation that would help to revolutionize the theory and practice of management was stumbled upon. This interest in the human factor dimension is the greatest contribution of the Hawthorne Studies.

The Interviewing Program: The company took up an extensive employee-interviewing program; its 21,000 employees were interviewed over a period of three years to determine employee attitudes toward the company and their jobs. A major outcome of these interviews, was that the supervisors learned that an employee's relationships with supervisors and co-workers were revealed to be highly important, as they were found to greatly influence the workers attitudes towards the company and towards the job they held. Managers also learnt that complaints of the workers did not necessarily relate to objective facts, and they could be indicators of personal disturbances and problems related to health or home.

The Bank Wiring Group Studies: In this phase of the experiments, the researchers conducted their study without making any alterations in the working conditions of the employees. A group of fourteen male employees were taken from the production line and set to work and were observed over a 6 months period. This study was similar to the relay assembly group experiments, except that there was no change of supervision. The results of the bank wiring room study surprisingly did not show a continual increase in productivity that occurred in the relay room. It was observed that during the observation period, the group developed its own procedures to protect its interests and productivity remained constant. It was observed that the development of informal group norms were actually responsible for the constant productivity levels, rather than the lack of ability to produce more. This discovery that productivity was unaffected by pay incentives, and more influenced by group dynamics, led to the conclusion that there was no cause-and-effect relationship between working conditions and productivity; it was the worker attitude that was important. (The bank wiring group studies were analyzed thoroughly by Homans and were included in his now classic book, *The Human Group*.)

The Hawthorne studies were responsible for an entire change in the perspective of managements. Worker productivity began to be interpreted predominately in terms of social group dynamics, motivation, leadership, and "human relations". The administrators wanted their managers to become more employee centered, and they became responsible for leading, motivating, communicating, and designing the social milieu in which work takes place. Managers began to seek the opinion and support of lower levels of the organization in solving organization problems. The practice of selecting and training people came into vogue, it was felt that when the selected personnel are given training, the trainees immediately begin to feel that the organization values their candidature and therefore willing to spend time and money to train them and develop the requisite skills. This feeling motivates them to work harder and more effectively.

The pioneering work of Mayo and his colleagues led to the use of scientific methods to be used in the workplace. The later behavioral scientists brought new dimensions to the study of management and organizations, they began to view individuals as sophisticated beings, and began to apply the methods of scientific investigation to the study of how people behaved in organizations as whole entities, not just as individuals, or groups participating in more open and trusting environments. The contribution of the behavioral scientists to the field of organizational behavior is immense, and cannot be covered in the confines of a few pages. We shall briefly discuss the major contributions of the different individuals on whose work the foundations of organizational behavior today lie.

Jacob Moreno devised a method of identifying attraction, repulsion, and indifference patterns among members of a group with the help of an analytical technique called sociometry. The sociometric analysis can be made use of in organizations to create cohesive and high-performing work teams.

B F Skinner is known for his demonstration that behavior is a function of its consequences, i.e., behavior that is immediately followed by a reward is more likely to be repeated and a behavior that is immediately followed by punishment is less likely to be repeated. His research findings on operant conditioning and behavior modification form the basis for the design of various organizational training programs and reward systems.

David McClelland's research in the area of achievement motivation is instrumental in helping organizations to devise ways of selecting the best people for different jobs. His findings also helped organizations to redesign jobs for high achievers to match their motivation potential. McClelland's work also helped design achievement training programs.

Fred Fiedler's work on the situational aspects of leadership has greatly influenced current thinking and research in this area in the field of organizational behavior.

Frederick Herzberg's research in the area of identifying motivators at work, led to the understanding that people needed something more than the mere provision of pay, favorable working conditions, and other such policies to motivate them on the job. Herzberg's work established the fact that if managers want to motivate people they would need to redesign the jobs and allow the workers to do more and varied tasks. These insights have helped organizational psychologists to improve the quality of work, life of the employees and devise novel ways of job enrichment to keep the employees motivated. However, the methodology used by him for arriving at these conclusions was not readily accepted.

J Richard Hackman and Greg Oldham work helped to fill the gap in Herzberg's research, and provided an explanation of how job factors influence employee motivation and satisfaction. Their research also helped identify core job dimensions such as skill variety, task identity, task significance, autonomy and feedback. The identification of these core dimensions helped to design jobs that led to high employee performance and satisfaction.

Abraham Maslow's theory of the hierarchy of needs, gave new insights into job motivation, and managements that accepted Maslow's ideas attempted to alter their organizations and management practices to reduce barriers to employees' self-actualization.

The contributions and ideas of the behavioral theories help managers to make important decisions, which in turn influence organizations and their employees. For instance, behavior theories help managers to gain new insights into employee behavior, motivation and leadership, and help solve problems in the work setting.

4.4 Contemporary Organizational Behavior

As a logical consequence of all the earlier research, social scientists began to study worker and management problems from a new perspective, and two distinct but related approaches to the study of human behavior in organizations began to emerge. The approach that focused on organizations as the unit of analysis came to be called the *organizational theory or organizational psychology*. And the approach that concerned itself with the individuals and the groups as the main object of study came to be known as *organizational behavior*. For example, processes such as decision-making and communication play an integral and direct role in organizational behavior, but play only an indirect role in organizational psychology. Similarly, individuals and groups were not given a prominent place in organizational theory. In spite of a distinction in the focus of these two approaches, this body of knowledge falls under the general label of contemporary organizational behavior.

Many researchers have helped to forge the discipline of organizational behavior. Some of the early contributors to contemporary organizational behavior are Douglas McGregor, Chris Argyris, Rensis Likert, and Lyman Porter. From then on, a number of people have added new dimensions and insights to this exciting field. For the sake of convenience we shall consider (in brief) McGregor's early contribution, and William Ouchi's more recent contributions to this field. Their theories discuss how managements understand various aspects of the relationship that exists between management and workers. McGregor's Theory X, and Theory Y are mainly focused on management and motivation from the manager and organization's perspective. While Ouchi's Theory Z places more reliance on the attitude and responsibilities of the workers.

MCGREGOR'S THEORY

Douglas McGregor developed a philosophical view of humankind, and proposed his famous 'Theory X' and 'Theory Y' in 1960, in his book 'The Human Side Of Enterprise'. These theories present two opposing perceptions about how people (managers) and organizations view human behavior at work.

According to '**Theory X**'–

- People have an inherent dislike for work and will avoid it whenever possible.
- People must be coerced, controlled, directed, or threatened with punishment in order to get them to achieve the organizational objectives.
- People prefer to be directed, do not want responsibility, and have little or no ambition.
- People seek security above all else.

Therefore according to this theory, the role of the manager is to coerce and control employees, and get them to work and attain the organizations objectives. This theory believes that people can be made to work only with a promise of a reward or require threats of disciplinary action as a primary source of motivation. In short it proposes an authoritarian management style, wherein employees are closely supervised to ensure high performance.

'**Theory Y**', on the other hand places a greater trust in the ability of the workers. According to this theory, human beings are more mature, self-motivated, and self-controlled than what 'Theory X' assumes them to be. According to this theory –

- People are creative and eager to work. They believe that work is as natural as play and rest.
- People will exercise self-direction if they are committed to the objectives (they are not lazy).
- Commitment to objectives is a function of the rewards associated with their achievement.
- People learn to accept and seek responsibility.
- Creativity, ingenuity, and imagination are widely distributed among the population. People are capable of using these abilities to solve an organizational problem.
- People have potential.

Therefore according to this theory, the role of the manager is to develop the potential in employees and help them to release that potential towards common goals. Its focus is on integration and doing away with coercions and control. This theory believes that the best way to gain commitment of its employees is to focus on satisfying the individual's self actualizing needs.

McGregor's 'Theory X' and 'Theory Y' remain a valid basic principle from which positive management style and techniques are developed even to this day.

WILLIAM OUCHI'S 'THEORY Z'

'Theory Z' is basically an integration of the Japanese style of management with the American style of management. It proposes an organizational culture wherein job rotation, and continual training of workers is emphasized. It views workers as more participative and capable of performing many varied tasks. Like McGregor's theories, Ouchi's 'Theory Z' also makes certain assumptions about workers. The assumptions this theory makes about workers are:

- Workers want to build co-operative and intimate working relationships with those they work for, as well as with the people they work with.
- Workers have a high need to be supported by the company, and highly value a working environment in which such things as family, cultures and traditions, and social institutions are regarded as equally important as the work itself.
- These types of workers have a very well developed sense of order, discipline, moral obligation to work hard, and a sense of cohesion with their fellow workers.
- They can be trusted to do their jobs to their utmost ability, so long as management can be trusted to support them and look out for their well being.

Therefore according to this theory, managements must have a high level of confidence in their workers. They should allow their participation in the decision-making process of the organization, as long as the workers have the requisite knowledge and competence to handle the various issues of the organization. It proposes that the workers be given an opportunity to work with the various departments of the organization, for which training is provided by the organization itself. They believe that this type of functioning will develop a work force that is more loyal towards the company and stays with the company permanently. Therefore Ouchi's theory is basically a participative model, which believes that building trust amongst all organizational members is the only way in which organizational productivity can be raised.

The latest trend in organizational behavior is the *Contingency approach*. It was developed by managers, consultants, and researchers who tried to apply the concepts of the major schools to real-life situations. When methods that are highly effective in one situation failed to work in other situations, they sought an explanation. This approach is very logical as it recognizes the fact that organizations differ in size, objectives and environmental uncertainty. Likewise it recognizes that the employees in these organizations differ in their values, attitudes, needs and experiences. The contingency approach therefore feels that there is no "one best way" to manage people in organizations and no single set of simple principles that can be applied universally. The contingency approach attempts to identify moderating variables that account for variation in relationships.

Organizational behavior researchers have begun to refine existing theories, classifying previous assumptions and identifying relevant contingency variables, i.e., what variables are relevant for understanding various behavioral phenomena and providing various recommendations dependent upon situational factors. Thus, the aim of the researchers is focused at fine-tuning current theories so as to help us understand better, those situations in which they're most likely to be useful. Based on the research findings the suitable managerial techniques need to be adapted, thus more importance began to be placed on research. Organizational behavior researchers need to develop precise operational definitions of human behavior in organization, through systematic, reliable, and valid methods. In short they should be able to explain predict and control behavior in organizations in a scientific manner. The research-based principles thus established should be able to provide for the effective management of human behavior in organizations.

This makes it imperative for both students and practitioners of organizational behavior to be equipped with a working knowledge of organizational behavioral research and methods, so that they will be able to apply the appropriate techniques to solve difficult problems in the workplace or organizations.

5. CURRENT TRENDS AFFECTING ORGANIZATIONAL BEHAVIOR

The modern day organizations are serving a different creed of customers and client markets that are markedly different from the ones that existed in the past. Intense global competition, highly interdependent national economies, constantly emerging computer and information technologies, corporate downsizing, the use of temporary workers, and shifting population demographics are the challenges that face the twenty-first century organizations. These alarming and exciting (alarming for some and exciting for some) challenges and opportunities require organizations to continuously seek improvement, bring in change, and also meet the implications of the change process. The challenges that are being faced by the organizations today are:

Globalization and Workforce Diversity: Globalization has opened up a Pandora's box for organizations; they are now faced with issues that they have never confronted before. Globalization has brought in a rich mix of cultures, different ideas, and different ways of social conduct and different methods of organizing work. No doubt globalization has created newer job opportunities for individuals and a chance for the organizations to bring in new knowledge from across the globe to increase its competitive advantage, globalization comes with its own set of problems such as increased competition, mergers, downsizing, layoffs, dissatisfaction and stress. This requires organizations to adopt newer organizational structures and means of communications to meet these changes effectively.

Corporate decision makers must now be more sensitive to cultural differences, as the workforce is becoming increasingly diverse. Multinational expansion, strategic alliances, and joint ventures between global partners are also bringing people into contact with their counterparts in organizations in other cultures. More and more people are finding themselves serving in foreign postings, and working with people from different cultures, requiring them to learn to get along with their co-worker from different backgrounds. The managers are also increasingly finding themselves in positions that require them to work effectively with people with different needs, aspirations, and attitudes, requiring them to modify their management style to suit these differences, and to manage these issues effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords.

Information Technology: Technology explosion has had a dramatic impact on the organizational behavior. Technology blurs the temporal and spatial boundaries between employers and employees. It has led to new power relations and to a totally new work environment. Managers are able to stay in touch with their field staff, and get regular updates through the use of cellular phones, and computers. Computers facilitate communications within and between organizations all over the world through the Internet facilities. The World Wide Web (WWW) networks have also made possible teleconferencing. The use of fax machines helps one to transmit text materials instantly across telephone lines, and with word processing, text material can be produced, edited, printed, faxed almost anywhere in the world, facilitating quick access and transfer of information. The invention of these facilities allows people to work at home or in areas removed from traditional office setups, so people in certain types of jobs are no longer required to commute to the place of work instead they can simply telecommute.

The use of optical scanning devices at supermarkets have changed the cashier's job, as the price of the products chosen by the customers are automatically entered into the bill, and the cashier no longer needs to verify the price of each and every

product before entering it in the bill. Scanning devices also permit managers to obtain information about the demand and inventory levels of their products instantaneously. The major revolution brought about by the optical scanning devices is the use of a debit card or a credit card at the point of purchase, without ever actually using currency. The use of credit cards is especially useful when traveling abroad. People can buy whatever they want or make use of different services available in those countries, without having to carry the local currency of the country. All they need to do is make the payments via their debit or credit cards, and they pay back the amounts every month in their local currency.

One other important change that the computer revolution has brought to organizations is that they now require people who know how to work with and make use of computers. Accountants would need to be able to use computers for record keeping and data retrieval. Clerks would need to make use of computers for making proper entry of orders and for billing. Computerization of these processes facilitates constant and regular monitoring of work, however this impersonal and frequent monitoring may alienate the workers and increase the pressure and stress on them.

Improving Quality and Productivity: More and more organizations are being confronted with the challenge of improving organizational productivity and at the same time improving the quality of their products and services to withstand competition. The goal of new age organizations is therefore Total Quality Management (TQM). TQM is a philosophy of management that is driven by the constant attainment of customer satisfaction through the continuous improvement of all organizational processes. The management and all its members are committed to high quality output. This requires the managers to think of how work could be done and how they could structure the organizations if they were given a chance to restructure the organization if they were given a chance to start from the scratch. This would require the involvement of the employees in the planning process and OB offers important insights into helping managers' work through those changes.

Improving People Skills: Increasing competition and changes in the organizational environment necessitated the organizations to begin to empower its employees to ensure greater organizational success. Employees are encouraged to participate in work-related decisions, and to take responsibility for whatever work they do. Many organizations such as Ford, AT&T, Intel, Motorola, and Xerox – are finding better ways to capitalize on their human resources. They redesign the work to empower employees, some organizations call their employees “stakeholders” or “associates” to reflect a more egalitarian orientation.

The newer management approaches, such as high involvement strategies, self-directed work groups, and empowerment, require extensive delegation of control. To accomplish this, managers must trust the workers and take a hands-off approach. At the same time, workers must believe that managers will not violate the integrity of those areas, which have been delegated to them. This kind of relationship only develops when the workforce is well informed about the operations of the firm and they feel secure that management is not hiding anything from them. Thus, the role of the manager in recent times has undergone a tremendous change, and before we proceed further with understanding further topics of organizational behavior it is important to clearly understand the role of the manager and the nature of his job in organizations.

6. THE ROLE OF MANAGERS IN ORGANIZATIONS

A significant relationship exists between management and organizational behavior as organizations entrust the job of supporting the work efforts of others in the organization with the managers. Though the managers do not directly produce specific goods and services, they are responsible for the work done by subordinates, who are directly involved in the production of products and services.

Though management practices were in existence since the beginning of recorded history, the role and importance of managers in organizations began to grow with the systematic changes that occurred in the nature of work of organizations during the last two centuries. With thousands of people coming to work under one roof, the managers are responsible for getting things done in time while maintain high quality. They are held accountable for achieving organizational goals by motivating subordinates, managing effective performance, delivering superior customer service, coaching and integrating the work of self-managed teams and creating reward systems that recognize individual achievements and for optimizing the organizations production.

As managers are responsible for getting things accomplished in organizations, and they are crucial for the success of an organization. A managers role is based on the simple philosophy that if behavior can be predicted and explained, it can also be managed. With the help of detailed analysis of behavior, managers make predictions and find explanation for a number of work-related behaviors of employees in the organization. Based on this analysis, they devise ways and means to effectively manage the actions of the employees to meet organizational objectives.

The role and nature of work of a manager will vary from organization to organization depending on the relative management level the manager occupies in an organization and the level of technological advances of the organization. For example, as the nature of work of the president of Pepsi-Cola and the shift supervisor at McDonald's is similar, can it be said that both of them are managers? The answer is a definite yes. The only difference is that they are managers at different levels of an organization. The president of Pepsi-Cola and the supervisor at McDonald share certain job characteristics that are common with all managerial work. The role of a manager in any type of organization is basically to support the work of others, to make decisions, allocate resources and direct the activities of others to attain the common goals of the organization. To enable managers to perform their job effectively and efficiently they are usually entrusted with *formal authority*. Meaning that they can decide how best to make use of the available human and physical resources. The role of the manager is very demanding as they are constantly exposed to one problem after another, and most of these need an immediate solution. So, the managers find themselves working very hard at a frantic pace to meet the constant challenges that come up in their way. In the process, managers seldom have the luxury of starting a project and finishing it, without interruption. They spend half of their time coordinating the activities of the workers and dealing with problems that arise unexpectedly. Then they are also required to negotiate the organization's business with outsiders and seek information to enhance business. The rest of the time is spent in giving details about the progress of the work, and providing any other information that is sought by the higherups.

The main functions of the managers include:

- i. *Planning* – includes defining an organization's goals, establishing a strategy for achieving these goals and developing a comprehensive hierarchy of plans to integrate and coordinate activities.
- ii. *Organizing* – includes deciding and delegating the work to different individuals. This involves deciding which task is to be done by which person, and also decide who is to report to whom and coordinating the progress of the work.
- iii. *Leading* – is the function in which the managers have to find ways and means of motivating the employees to attain the organizational goals. The selection of the proper communication channel, and resolution of conflicts are also a part of role of a manager.
- iv. *Controlling* – is the process whereby the managers from time to time monitor the progress that is being achieved, and compare it with the past performance and output of the workers. Significant deviations if any should be accounted for, and modifications if necessary are brought about.

- v. *Supervising* – includes managing individual performance.
- vi. *Teaching and training*.
- vii. *Representation and advocacy* – managers represent their staff and organizations.
- viii. *Facilitation* – Managing group performance.
- ix. *Decision-making* – includes planning and allocating resources.
- x. *Collaboration* – Involves coordinating interdependent groups.
- xi. *Scanning* – Involves monitoring the business environment.

However, there are slight differences in the work of managers at different levels of an organization:

- Top managers spend most of their time planning and performing general management activities. They are more likely to act as representatives of the firm, to be involved in important negotiations, and to act as a spokesperson for the firm.
- Middle level managers are more involved in supervision than the top-level group, but less than lower-level managers. As supervisors, they perform many leadership activities and monitor the work of others.
- Lower level managers have most of their time (over 50 percent) taken up with supervisory activities.

Whatever the managerial level a person may be in, the basic skills and competencies that all managers need to be successful are technical skills, human skills, and conceptual skills.

Technical skills enable the manager to select the best methods, processes and procedures to accomplish the different tasks that they are entrusted to perform as managers.

Human skills enable them to work well with others in the organization. Managers with this skill are able to instill a sense of trust, and enthusiasm in the workers and are successful in persuading and dealing successfully with disagreements and conflicts.

Conceptual skills enable the managers to view the organization as a whole, and they are thus able to coordinate the work of the different departments towards the achievement of the common organizational goal. Conceptual skills help them to identify problems and opportunities, gather and interpret relevant information and make good problem-solving decisions that serve the organizations purpose.

Therefore, the effective management of people is the key to organizational success, and an understanding of organizational behavior is the key to meet that challenge.

Equipped with this basic understanding of organizational behavior we now proceed to study in detail the four main content areas that make up the field of organizational behavior.

SUMMARY

- Organizational behavior is the study of human action in organizations. Human resources refer to the people in an organization and their collective skills.
- The objective of organizational behavior is to understand, predict, and improve the performance of organizations and individuals.
- While concern with managing people is as old as human history, it is only recently that Organizational Behavior (OB) has been considered a separate field of study. Prior to the late 1950s, concern about managing human factors was found in writings on scientific management, administrative theory,

industrial psychology, and the human relations approach. Since the late 1950s, many theoretical and empirical aspects of the basic social science disciplines were drawn upon to become integrated into the field which is known today as organizational behavior, a body of knowledge, still incomplete and developing.

- Intense global competition, highly interdependent national economies, constantly emerging computer and information technologies, corporate downsizing and the use of temporary workers, and shifting population demographics are the challenges that face the twenty-first century organizations.
- The role of the manager in any type of organization is to support the work of other employees, and to get things done through other people. Their job is to make decisions, allocate resources and direct the activities of others to attain the common goals of the organization.

Chapter II

Individual Behavior and Learning in Organizations

After reading this chapter, you will be conversant with:

- Individual Behavior in Organizations
- Factors Influencing Employee's Behavior and Performance
- Learning

1. INDIVIDUAL BEHAVIOR IN ORGANIZATIONS

The field of organizational behavior focuses heavily on the connection between employee behavior and the effectiveness of the organization. In organizational behavior when we talk about employee behavior, we specifically refer to the work related behavior of the individual, such as joining an organization, remaining with it, maintaining good work attendance, performing the required job duties to the best of one's abilities, exhibiting organizational citizenship behavior and so on. These behaviors have proven to be very important determinants of employee performance and the resultant effectiveness of the organization. These behaviors therefore need to be effectively managed to result in enhanced organizational productivity and effectiveness.

To manage behavior in organizations various management models have been developed over the years. These models are based on the theory of human behavior that is held by the particular organization. Every decision that is taken by managers is based on the theory about how and why people behave in organizations. For example, a manager who believes that employee performance is increased by increasing employee satisfaction might do everything in his or her power to keep employees satisfied in an effort to improve their level of performance.

The behaviors that get the bulk of attention in OB are: *productivity, absenteeism, and turnover*.

Productivity: Is the ratio of the quantity and quality of units produced to the labor per unit of time. Therefore, the importance of productivity is obvious. Organizations are clearly concerned with the quantity and quality of the work their employees are performing or producing.

Absenteeism: It is the habitual failure of the worker to report to work or other regular duties. In terms of absence, it is hard for an employee to be productive if he or she is not attending work. This effects the smooth functioning of the organization, as workflow is disrupted.

Turnover: Refers to withdrawing permanently from the organization either voluntarily or involuntarily. A high rate of employee turnover increases costs for the organization, as it needs to spend time and money in recruiting new people and training them. In the meanwhile, less experienced people tend to hold such jobs.

Therefore absence and turnover are causes of concern of the organization as they have an adverse affect on employee productivity.

It is essential to note here that when discussing organizational behavior, we also talk about *job satisfaction*, which is an attitude and not a work-related behavior.

Job Satisfaction: is a term used to describe how content an individual is with his/her job. Employees satisfied with their jobs are more productive than dissatisfied employees. (We shall cover job satisfaction in detail in a later chapter). Job satisfaction is taken into consideration because of its demonstrated relationship to the other behaviors. Research has proved that there is a link between job satisfaction and productivity, and that job satisfaction appears to be negatively related to absenteeism and turnover.

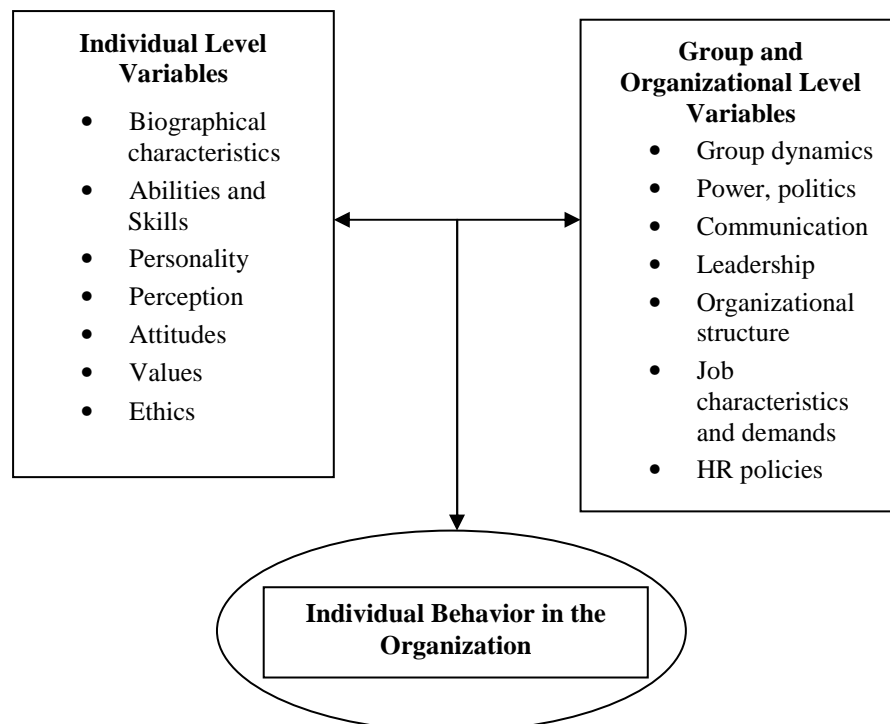
Another set of behaviors that are discussed most often in the OB literature are the organizational citizenship behaviors.

Organizational Citizenship Behavior's (OCB's): are discretionary work behaviors of the employees and are not parts of the formal job requirement. These behaviors are rather a matter of personal choice, therefore they are not formally rewarded nor their omission punishable. OCB's include making positive statements about the work group one is associated with, helping others, volunteering for extra job activities, avoiding unnecessary conflicts, caring for organizational property, following the rules and regulations of the organization. OCBs have an important impact on the effectiveness, efficiency and overall productivity of the organization.

2. FACTORS INFLUENCING EMPLOYEE'S BEHAVIOR AND PERFORMANCE

In organizations an individual's behavior is influenced by several factors or variables (as shown in figure 1). These factors are broadly classified as individual level, group level and organizational level variables. The individual level variables that impact behavior in organizations include biographical characteristics, abilities, individual learning, values, attitudes, personality, perception, and motivation. The group and organizational level variables include group dynamics, communication, leadership, and demands, the existing power, politics, organizational structure, job characteristics and demands, and HR policies.

Figure 1: The Different Factors that Influence the Behavior of an Individual in the Organization



Thus, the list of variables that influence an individual's work-related behavior is long, and we shall begin by examining the impact of individual variables such as biographical characteristics and abilities on work behavior. The individual level variables are also important from the HR perspective as they greatly determine what managements can do to keep employees satisfied in an effort to improve their level of performance.

The rest of the factors that influence behavior will be dealt with in subsequent chapters.

2.1 Biographical Characteristics

The biographical characteristics that have an impact on work-related behaviors of an individual are the employee's age, gender, marital status, number of dependents, and tenure in the organization.

AGE

The age of the individual worker (whether young or old) has certain advantages and disadvantages. Older workers have greater experience in handling the jobs and their judgment and insight regarding various issues is valuable. They are known to have strong work ethic and are committed to maintaining high levels of quality. Management also need not worry about turnover from their older employees, as these employees are less likely to find alternative job opportunities easily. These

employees would not easily resign as they would be losing out on their seniority, which provides them the opportunity to enjoy higher salaries, earned leave and attractive pension benefits. On the negative side, the older workforce is known to have higher rates of unavoidable absence that greatly results from their age related health problems and the longer periods of recovery time that is required. Older employees are also known to be rigid or set in their views and are difficult to convince and they do not welcome change enthusiastically. Younger workers on the other hand bring with them new ideas and innovative thoughts that are essential for keeping the organization ahead of its competitors. However, these youngsters may also commit mistakes due to their lack of experience and maturity. The younger workers are also more difficult to retain as they are on the constant lookout for better opportunities and challenges and therefore tend to switch jobs easily.

Table 1: Age and its Impact on Significant Organizational Behaviors

Work Related Behaviors	Age
Productivity	Age and productivity have been found to be unrelated.
Absenteeism	Older employees have lower rates of avoidable absence and higher rates of unavoidable absence as compared to younger employees.
Turnover	Older employees are less likely to quit their jobs.
Job satisfaction	There are mixed results regarding the relationship between age and job satisfaction. Some studies indicate a positive association, while others show that there exists a U-shaped relationship with satisfaction tending to continually increasing among professional as they age, while it falls among the non-professional during middle age and then rises in later years.

GENDER

With more women entering the workforce, and occupying senior levels in organizations, opinions regarding whether women can perform on par with men at various levels needs a serious rethinking. Evidence suggests that there are no significant differences between men and women regarding their problem-solving abilities, analytic skills, competitive drive, motivation, sociability or learning ability. Only minor differences like women being more willing to conform to authority and men being more aggressive and more likely to have expectations of success have been identified.

Table 2: Gender and its Impact on Significant Organizational Behaviors

Work Related Behaviors	Gender
Productivity	No significant difference in job productivity between men and women has been identified.
Absenteeism	Evidence consistently indicates that women have higher rates of absenteeism than men do.
Turnover	Some studies have found that women have higher turnover rates while others have found no meaningful conclusions.
Job satisfaction	No evidence to indicate that an employee's gender affects job satisfaction.

MARITAL STATUS

Very few studies have been conducted to draw any meaningful conclusions about the effect of marital status on work related behaviors. The only reasonable understanding in this regard is that as marriage entails increased responsibilities and makes a steady job more valued and desired.

Table 3: Marital Status and its Impact on Significant Organizational Behaviors

Work Related Behaviors	Marital Status
Productivity	Not enough research to draw conclusive statements regarding the effect of marital status on productivity.
Absenteeism	Studies have shown that married employees have lower rates of absence.
Turnover	Married employees undergo fewer turnovers.
Job satisfaction	Married employees are more satisfied with their jobs than their unmarried co-workers.

TENURE

Another highly speculated aspect is with regard to impact of seniority on job performance.

Table 4: Tenure and its Impact on Significant Organizational Behaviors

Work Related Behaviors	Tenure
Productivity	Recent evidence demonstrates positive relationship between seniority and job productivity.
Absenteeism	Seniority is negatively related to absenteeism.
Turnover	Tenure is consistently negatively related to turnover and is one of the best predictors of turnover.
Job satisfaction	Evidence indicates that tenure and satisfaction are positively related.

2.2 Ability

Ability refers to the individual's capacity to perform various tasks in a job. Ability includes an individual's *intellectual and physical abilities*.

Intellectual abilities are required to do mental activities and include an employee's verbal comprehension, number aptitude, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization and memory.

Verbal comprehension is the ability to understand what is read or heard and to grasp the relationship of words to each other. Employees at all levels need this ability to execute their jobs effectively.

Number aptitude refers to the ability to do arithmetic in a speedy and accurate manner. An accountant in an organization requires this ability to compute the sales tax on a set of items.

Perceptual speed is the ability to identify visual similarities and differences quickly and accurately. Jobs which would require this kind of ability are mail dispatchers and fire investigators.

Inductive reasoning is the ability to identify a logical sequence in a problem and then solve the problem. Market researchers, financial advisors, share marketers require this kind of ability.

Deductive reasoning is the ability to use a logic sequence in a problem and then solve the problem. Managers, supervisors make use of this ability to choose between strategies.

Spatial visualization is the ability to imagine how an object would look if its position in space were changed. Engineers, machinery designer, interior decorators, pilots would require this ability to perform their job functions.

Memory is the ability to retain and recall past experiences. Every employee essentially requires this ability to be effective in their jobs. This is more so in the case of salespersons because remembering names of visitors and customers and their requests, greatly adds to their being effective on their jobs.

A high IQ is not required for performing all jobs. However, verbal, numerical, spatial, and perceptual abilities do determine job proficiency at all levels of job.

Physical Abilities are required to do any sort of job but more so to do the less skilled and more standardized jobs where physical stamina, dexterity, and strength are required. Researchers have identified nine basic abilities; which are required in various combinations to perform different physical tasks. Individuals differ in the extent to which they possess each these abilities. High performance can therefore be ensured only when jobs that require of these abilities are identified and employees with the specific abilities are given those jobs to perform, i.e., employee performance is enhanced only when there is a high ability-job fit. The description of the basic physical abilities is given in Table 5.

Table 5: The Description of the basic Physical Abilities

Basic Physical Abilities	Description
Strength factors	
1. Dynamic strength	Ability to exert muscular force repeatedly or continuously over time.
2. Trunk strength	Ability to exert muscular strength using the trunk (particularly abdominal) muscles.
3. Static strength	Ability to exert force against external objects.
4. Explosive strength	Ability to expend maximum energy in one or a series of explosive acts.
Flexibility factors	
5. Extent flexibility	Ability to move the trunk and back muscles as far as possible.
6. Dynamic flexibility	Ability to make rapid, repeated flexing movements.
Other factors	
7. Body coordination	Ability to coordinate the simultaneous actions of different parts of the body.
8. Balance	Ability to maintain equilibrium despite forces pulling off balance.
9. Stamina	Ability to continue maximum effort requiring prolonged effort over time.

When organizations fail to achieve a high *ability* (intellectual/physical) – *job* fit, their efficiency goes down and so does employee satisfaction. For example, if employees with higher abilities than those required to perform the job are hired organizations end up paying more than it needs to, and the individual also feels frustrated as he or she cannot use their abilities to the fullest on the given job. And on the other hand, the organization hires people who do not have the requisite abilities to perform a job then too organizations face problems because the people are not able to deliver the jobs on time, and the individual too faces dissatisfaction. Therefore, ability directly influences an employee's level of performance and satisfaction.

3. LEARNING

Behavior is a complex phenomenon and if we want to explain and predict behavior in organizational behavior, we need to understand how people learn, for the basis of all behavior is learning. Learning is a relatively permanent change in knowledge or observable behavior that results from practice or experience. Most organizational behavior is learned, individuals in organizations learn to modify their behavior to suit different situations and learn new skills by going beyond their basic personality makeup and abilities. Learning involves the acquisition of explicit and tacit knowledge. *Explicit knowledge* is the knowledge that is very organized and presented just as a lecture that one hears in a classroom. It is communicated from one person to another. The information imparted in this way can be written down and shared with others. *Tacit knowledge* is action oriented and is imbibed through observation of others or through direct experience. For example, a new employee of an organization within a short time gets to learn and follow the norms of the group which he is a part. There is no written record about such things and cannot be circulated.

3.1 Learning Theories

Learning influences individual behavior through ability, role perceptions, and motivation. The process by which we learn and acquire patterns of behavior can be understood with the help of the following theories: the *classical conditioning*, the *operant conditioning*, the *cognitive* and the *social learning theories*.

CLASSICAL CONDITIONING

The theory of classical conditioning came from the famous experiments by Ivan Pavlov. According to the classical conditioning theory, an individual responds to some stimulus that would not ordinarily produce a response, i.e., during classical conditioning a Conditioned Stimulus (CS) acquires the capacity to elicit a Conditioned Response (CR) as a result of repeated pairings with an Unconditioned Stimulus (UCS). Classical conditioning learning in organization is the learning of involuntary, reflexive behavior, such as emotional reactions. For example, after witnessing a coworker's accidental loss of several fingers in a machinery accident, a worker experiences anxiety when operating the same piece of machinery. Therefore classical conditioning can be used to explain simple reflexive behavior, which is elicited in response to a specific, identifiable event only. But, behavior in organizations is complex and people engage in voluntary behavior rather than reflexive behavior. Operant conditioning provides the explanation for such behavior.

OPERANT CONDITIONING

The theory of operant conditioning came from the work of B F Skinner. According to operant conditioning theory, a person learns voluntary, goal-directed behavior through the direct experience of consequences. Operant conditioning is very common in organizations. People behave in a particular way to get something they desire or to avoid punishment. Operant conditioning stresses on reinforcements and says that behavior that is positively reinforced results in the likelihood of such behavior being repeated and behavior that is not rewarded or negatively reinforced is less likely to be repeated. People quickly learn that a job well done gets to be recognized, and if they find that even in spite of doing a lot of work no one seems to notice, they decide not to work so hard in future. That is why it is important that organizations reward people for good performance so that employees will be more likely to repeat the good performance in the future too. Similarly, if a worker receives a written reprimand for being late to work, it results, in the workers increased attention to arriving on time. Operant conditioning also stresses that the speed at which learning occurs and the permanency of such a change are dependent on the timing of the reinforcements used.

COGNITIVE THEORIES

According to Edward Tolman a pioneering cognitive theorist, expectancies of the consequences of behaviors, make it more or less likely to occur. The main thrust of the theory is on the purposefulness of human behavior, which is in contrast to the classical and operant conditioning theories. While these theories treat behavior as a response to stimulus or resulting from consequences of behavior, Tolman emphasized the relation between behavior and the way it is centered on getting to the desired goals, and emphasized that cognitive factors played a role in learning.

In his experiments, he found that rats ran through the intricate maze by developing 'cognitive maps' of their environment. The rats associated certain cognitive cues at each choice point in the maze with the expectation of reaching food at the other end. When their efforts lead to the food, the association between the cue and the expectancy was strengthened and learning occurred. If the effects do not lead to food they learn to rearrange their perceptual data into new pattern and relationships, ultimately learning to take the correct turn in the maze. Tolman's approach is depicted as S-S (Stimulus-Stimulus) learning or learning the association between the cue and the expectancy.

Tolman also accepted the fact that learning sometimes results from what Kohler calls 'insightful' or latent learning. Many early industrial training programs relied on Tolman's S-S connection and Kohler's insight learning in their attempts to strengthen the relationship between cognitive cues and worker expectations. The cognitive theories form the basis for modern work motivation strategies.

SOCIAL LEARNING

This theory is an extension of operant conditioning theory, and along with acknowledging the existence of observational learning it stresses on the importance of perception in learning. According to the social learning theory, learning can occur in ways other than through direct experience. People acquire knowledge through the mental processing of information. Individuals learn voluntary behaviors by observing the behavior/consequences of others, cognitively processing that information, and then imitating, or not repeating that behavior. For example, after tightening in policy regarding lateness, a worker sees a coworker fired for excessive tardiness, resulting in increased attention to arriving on time. Here, people respond not to the objective consequences themselves but to how they perceive and define these consequences. Social learning theory emphasizes the importance of attentional, retention, motor reproduction, and reinforcement processes as central to social learning.

Attentional Processes: People can learn from a model only when they pay attention to the critical features of the modeled behavior. Individuals tend to be influenced by models which are attractive, similar to themselves, and important.

Retention Processes: Unless the 'to be' modeled behavior is retained or remembered by the individual by the process of symbolic coding, cognitive organization, and symbolic rehearsal, it cannot be reproduced.

Motor Reproduction Processes: An individual can enact or reproduce the observed behavior only if he or she has the necessary skills and abilities. Age, size and physical conditions can limit the extent or accuracy of reproducing the observed behavior.

Reinforcement Processes: Even when an individual is able to actually perform the observed behavior, they are motivated to do so only if the modeled behavior will result in positive incentives and rewards. Behaviors that are positively reinforced will be performed more often.

These processes are important from an organizational behavior point of view; they have implication for the success of the training programs that are conducted by many organizations. Finally, social learning theory brings to light that people often engage in self-reinforcement and need not always look for external reinforcements.

The above theories provide the basic information regarding how learning takes place and based on such an understanding, managers in organizations can devise ways to teach employees to behave in ways that would ultimately not only benefit the organization but the individual also.

3.2 Learning in Organizations

Organizations are increasingly paying attention to the concept of 'learning' in order to increase competitive advantage, innovation, and effectiveness. **Learning is defined as "a relatively permanent change in behavior occurring as a result of experience."** It cannot be observed and can only be inferred from observing behavior, i.e., when an organization or its employees learn something, it results in actions that are visibly *different* from what they were before the learning took place. Fiol and Lyles define learning as "the process of improving actions through better knowledge and understanding"

When we talk of learning in organizational behavior we take into consideration *individual learning* and *organizational learning*. Just as learning is essential for the growth of individuals, it is equally important for organizations. Individual learning and organizational learning are similar in many ways and both concepts involve 'change', 'behavior', and 'experience'. The difference between the two is that at the individual level learning results in a relatively permanent change in behavior occurring as a result of experience in an individual only. On the other hand, organizational learning focuses on the continuous development of knowledge, and capacity of the organization as a whole. Organizational learning also involves individual learning, as individuals form the bulk of the organization. However, organizational level learning is not the aggregate of individual learning, it is more than the sum of the parts of individual learning. In this chapter, we focus only on learning at an individual level in an organization.

INDIVIDUAL LEARNING

To enhance learning in organizations managers plan their strategies based on Edward Thorndile's classic *law of effect*. According to the law of effect, out of the several responses made to the same situation, those, which are accompanied or closely followed by satisfaction, will be more likely recur, and those, which are accompanied or closely followed by discomfort, will be less likely to occur. This law is sometimes called the law of behavior, because when a behavior is followed by desirable, reinforcing consequences, such behavior is more likely to be repeated in future. If behavior is followed by undesirable or punishing consequences then such behavior is weakened and is less likely to be repeated.

Generally, people in organizations learn based on *reinforcements they receive, feedback provided, observation of others* and through *direct experience* on the job in the organization.

Learning based on Reinforcements Received

Managers make use of reinforcements to shape behavior in organizations and in behavior modification programs.

Shaping Behavior is the systematic reinforcing of each successive step that moves an individual closer to the desired response. Shaping behavior in organizations increases predictability and decreases uncertainty. Managers make use of four main ways to shape behavior – *positive reinforcement, negative reinforcement, punishment, and extinction*.

- *Positive Reinforcement* – Managers' offer rewards to increase the likelihood that a desired behavior will be repeated. When behavior is followed by something pleasant, such as praise, recognition of accomplishments, promotion, pay raise and so on there is likelihood that such behavior is repeated in the future.
- *Negative Reinforcement* – is the maintenance of desired behavior in order to escape or avoid known, unpleasant consequences. An employee chooses to come to work on time to avoid a reprimand for being late.

- *Punishment* – is the presenting of an unpleasant stimulus or removing a pleasant one. Unpleasant stimulus might take the form of criticism, verbal reprimand, a fine, demotion, suspension or sending to jail, and the removal of a pleasant stimulus might be taking away of privileges. The application of negative consequences whenever undesired behavior occurs decreases the likelihood that the individual will repeat that behavior in future.
- *Extinction* – is the process of elimination of unwanted behavior by withdrawal of reinforcements either positive or negative, following an incident of undesired behavior. It is based on the idea that if an undesired behavior is ignored, it will eventually cease.

Positive and negative reinforcements result in learning by strengthening a response and increasing the probability of repetition, whereas punishment and extinction weaken behavior tend to decrease its subsequent frequency.

Behavior in organizations depends not only the type of reinforcement given but also the frequency with which the reinforcement is given. The major types of reinforcement schedules used in organizations are the continuous and intermittent reinforcements. In continuous reinforcement schedule a desired behavior is reinforced every time it is exhibited. An intermittent reinforcement on the other hand does not provide reinforcement every time the desired behavior is exhibited. The behavior is reinforced just enough times to make the behavior worth repeating. Intermittent form of reinforcement can be of a ratio or interval type. In ratio schedule, an individual receives reinforcement depending upon a certain number of specific responses made. In interval schedule, an individual receives reinforcement depending upon the amount of time that has lapsed since the last reinforcement, i.e., in ratio schedules, the reinforcement is given based on the number of responses. In interval schedules, reinforcement is based on the timing of the response. Further, reinforcements can also be classified as fixed or variable. Thus the intermittent techniques for administering rewards can be placed into four categories: fixed-interval, variable-interval, fixed-ratio, and variable-ratio.

In a *fixed-interval schedule* of reinforcement an employee receives reinforcement or reward at uniform or fixed time intervals. The critical variable here is time and employees who receive paychecks on a weekly, or monthly basis is a good example of this type of reinforcement. It has been found that in this type of reinforcement response rate drops immediately after reinforcement but increases as the next interval draws near.

In a *variable-interval schedule* an employee is unaware as to when he or she would receive a reward, reinforcements are made unpredictable and provided at varying intervals of time. In this type of reinforcement schedule motivation to maintain desired behavior is high, as the individual remains unaware of when a spot inspection would take place or when there would be visit from headquarters.

In a *fixed-ratio schedule* an employee is provided reinforcement only after he or she makes a fixed number of desired behaviors. Salespersons on commission, pay for piece-rate work are examples of this kind of reinforcement.

In a *variable-ratio schedule* an employee receives a reward after a varying number of desired behaviors occur, regardless of the time that has lapsed. A salesman making a sale is an example of this schedule as it may take the salesman to make two, three or twenty calls before he can make a sale. Therefore, the reward is variable.

Researchers have shown that an intermittent form of reinforcement is more resistant to extinction than a continuous form of reinforcement. Further, variable

schedules of reinforcement have been found to lead to higher performance than fixed schedules, because in the fixed interval schedule a reward is given irrespective of performance, it does not provide a clear link between performance and rewards. Whereas in a variable interval schedule rewards are directly linked to performance, and also involve a surprise factor because one is unaware of when they would be receiving the reward.

Behavior Modification evolved from the works of B F Skinner and involves the application of reinforcement concepts to individuals in the work setting and is now more popularly known as **OB Mod** or organizational behavior modification. OB Mod is the systematic reinforcement of desirable work behavior and the non-reinforcement or punishment of unwanted work behavior. Behavior modification focuses on helping people reduce undesired learned behaviors and learn new desired behaviors with the help of the four basic reinforcement strategies of positive reinforcement, negative reinforcement, punishment and extinction. It also makes use of performance feedback and recognition as part of its strategy. It argues that all learning is dependent on the environment, and that behavior change occurs by altering its antecedents and consequences. The main thrust of OB Mod is to help people to learn, to relax, handle anxiety, to be more assertive. This will in turn help improve employee productivity, reduce errors, absenteeism, tardiness, accident rates, and to improve friendliness towards customers.

OB Mod program adopts a five-step problem-solving model which includes (i) Identifying critical behaviors, (ii) Developing baseline data, (iii) Identifying behavioral consequences, (iv) Developing and implementing an intervention strategy, and (v) Evaluating performance improvement.

Identifying critical behaviors: This is a critical first step in behavior modification, as not all behavior exhibited by an employee are important to his or her performance on the job. So, behavior that is critical to perform a designated job needs to be identified.

The second step is to obtain a baseline of how many times or how often a critical behavior is being performed.

The third step is to identify the behavioral consequences, by performing a functional analysis. This analysis provides the managers with an idea about the antecedents and consequences of the current behavior. It helps in understanding why a particular behavior is being performed and why it is being maintained.

By identifying these things managers can easily assess whether the employees are performing the identified critical behavior or not. For example, if they find that their employees in the customer care department are not indulging in appropriate customer service behaviors then they can motivate and redirect the employees of this department to perform this set of behaviors. On the other hand, if they find that the employees are exhibiting good customer service behaviors, but not frequently enough to result in increased customer satisfaction, or recording of increased sales, then the managers need to encourage employees to improve what they're already doing. And in instances where employees are already doing exactly what they need to do to achieve success, then managers need to ensure that the environment continues to support such positive behavior.

Identifying the antecedents and consequences of behavior helps managers to plan an intervention strategy to strengthen, maintain or improve desirable performance behavior, to weaken the undesirable ones, and to redirect behavior. In this process managers may sometimes need to change the structure of the task, the processes involved, technology, groups or the task itself. They then need to develop a framework for bringing about the desired change in behavior within a given time frame, by making use of the best strategies available.

The last step in the behavior modification process is to evaluate the performance improvement that has taken place as a result of intervention. The stages in OB Mod can be summarized as:

A Behavior Modification program is based on the following issues:

- What behaviors are desired?
- Are these behaviors observable and measurable?
- What reinforces these behaviors?
- When are the reinforcements applied?
- What are the consequences of these reinforcements?
- How can the reinforcement pattern be improved?

Based on the answers to these questions a Behavioral Modification Program includes the following steps:

- Target specific behaviors.
- Analysis of the causes and antecedents of existing behavior or barriers to new behavior.
- Explicit goal setting; concrete measurable goals.
- Training.
- Clear reinforcement: praise, recognition, money, etc.
- Concrete continuous feedback.

The ultimate aim of OB Mod is to change Behavior (B) by managing its Antecedents (A) and Consequences (C). However, OB Mod, has its own set of drawbacks such as it cannot be used to reinforce non-observable behavior, and many times it has been observed that the effect of reinforcers tends to wear off. In spite of these drawbacks, OB Mod has helped many organizations to improve quality and quantity of employee performance output, reduce errors, absenteeism, tardiness, accidents, improve relations with customers and improved sales performance.

To reduce absenteeism and tardiness organizations make use of small monetary incentives. Sometimes a *lottery incentive system* is introduced wherein the employees who have not taken even a single day off during a specified time period (last three months/six months) are eligible. Therefore, an employee's probability of winning the lottery are enhanced only if they have a good attendance record, but this in itself does not ensure that an employee will win the lottery and bag the reward. This system was found to be effective in reducing absenteeism rate in a number of organizations.

Well pay programs were also found useful in reducing absenteeism, increased productivity and increased employee satisfaction. Well pay programs paid a bonus to employees who had no absence for a given period of time.

Companies engaged in manufacturing or handling dangerous equipment are concerned about the reduced output that may result from employees injuring themselves in accidents and then not turning up for work. To avoid such instances these companies offer incentives, such as money rewards, company stocks, lottery drawings, and gift coupons to employees without accidents in a given time period. They also provided incentives for following safe work habits and for meeting company safety goals. Companies, which made use of these behavioral management techniques, reported a reduction in accident rates in their organizations and it was also observed that the average cost per injury decreased significantly.

Organizations spend a lot of time and effort in providing high-powered, multimedia training programs to get their sales people to improve their performance. These training programs have shown to be effective only if they are followed by regular reinforcements to use these skills.

Learning based on Feedback Provided

Feedback refers to the information that employees receive about how well they are performing on the job. This information helps employees to make adjustments if necessary or to learn new and effective ways of performing the job to reach targeted outcomes. That feedback has an influence on learning is indisputable, because a substantial part of an employee's life is invested in working in organizations.

Feedback is useful only when it comes from a credible source, is timely, specific, quantifiable and precise. Further, the feedback provided should relate to the individual's behavior rather than to conditions beyond the individual's control and should provide alternative recommendations. Traditionally, managers provided performance feedback; this trend is being taken over by the practice of a multiplayer feedback or full-circle feedback or 360-degree feedback. The 360-degree feedback involves the systematic gathering of data about a person's skills, abilities, and behavior from a variety of sources such as managers, peers, subordinates, and customers. The feedback so gathered is rich sources of information about the positive and negative aspects of ones skills, abilities and behavior. This information should be properly used to enable the individual to improve performance.

Learning based on Observation of Others in the Organization

Social learning theory states that much learning occurs by observing others and then modeling those behaviors that seem to lead to favorable outcomes and avoiding those behaviors that lead to punishing consequences. It also recognizes that we often engage in self-reinforcement. Behavioral modeling is effective because it transfers tacit knowledge and enhances the observer's self-efficacy.

Built on the modelling concepts organizations have come up with mentoring programs. In a mentoring program an older more experienced higher up in the organization provides guidance and advice to a new entrant about how to survive and get ahead in the organization. The impact a mentor makes on his or her protégé comes not only from what is explicitly told but also from what is imbibed through observation and modeling various desirable aspects about the seniors.

Learning based on Direct Experience

Learning through experience has proved to be an effective way to learn as it provides the employees to receive a hands-on experience of the best way to do a job. Employees get to learn from coworkers on the job site the simplest, safest, quickest and best way to do a job, this experience is more rewarding than all the theoretical knowledge they acquire about how to handle a job most effectively. Many organizations now make use of experiential learning, because employees acquire concrete experience of the job by active experimentation, observation, which is not possible through formal classroom instructions.

ORGANIZATIONAL LEARNING

Organizational learning is increasingly becoming popular among modern day organizations. It is defined as "the capacity or processes within an organization to maintain or improve performance based on experience". Organizations need to learn because learning enables quicker and more effective responses, it improves their adaptability and efficiency, which is so very essential in times of change. Argyris and Schon, two of the early researchers in this field, defined organizational learning as "the detection and correction of error".

Argyris and Schon described three types of organizational learning, i.e., Single-Loop Learning (SLL), Double-Loop Learning (DLL), and Deutero-Learning (DL).

Single-Loop Learning (SLL): Single-loop learning occurs when an organization detects errors and corrects them by using past practices and present policies. This process adds to the knowledge base and competencies of the organization. There is no change in the fundamental nature of the organization's activities, and the organization carries on with its policies and goals. SLL has also been referred to as lower-level learning by Fiol and Lyles (1985), adaptive learning or coping by Senge (1990), and non-strategic learning by Mason (1993).

Double-Loop Learning (DLL): Double-loop learning occurs when organizations detect an error and correct it by bringing about a modification in the organization's objectives, norms, policies, procedures and standard routines. It challenges deep-rooted assumptions and norms, and brings about a change in the organization's knowledge base. DLL is also called higher-level learning by Fiol and Lyles (1985), generative learning (or learning to expand an organization's capabilities) by Senge (1990), and strategic learning by Mason (1993).

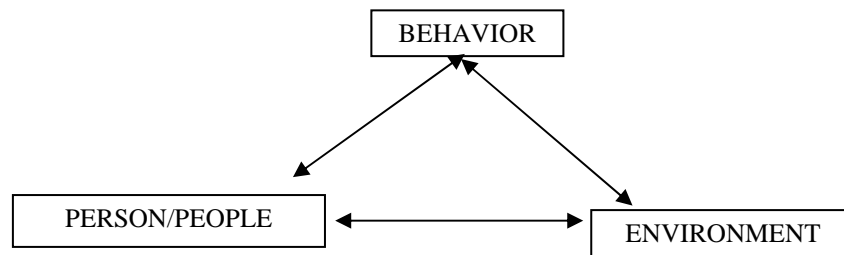
Deutero-Learning (DL): When organizations become aware that there exists a gap between its targeted outcomes and actual performance, and that an appropriate environment needs to be created for learning to bridge this gap, deutero-learning occurs as organizations learn how to carry out single-loop and double-loop learning. Therefore, the first two forms of learning will not occur if the organizations are not aware that learning must occur.

Learning in an organization can occur anywhere be it in its research, development, design, engineering, manufacturing, marketing, administration, or sales. Organizational learning involves the process of knowledge acquisition, information distribution, information interpretation, and informational retention.

Knowledge Acquisition: Learning occurs when an organization acquires knowledge by collecting information from different sources in different ways. In the initial years, an organization usually obtains information from sources outside the firm, and its managers copy or mimic practices that are successful in other organizations. Later as the organization establishes itself it acquires knowledge not only from outside the organization but also by rearranging its existing knowledge and experience, and through research. Knowledge from outside sources is collected through mimicry, vicarious learning, scanning, and grafting. Finally, as firms establish themselves they acquire knowledge through experience and social learning through reciprocal interactions.

By mimicing other organizations managers can apply ready-made solutions and practices from them to their own establishments. This allows to save time and energy in devising strategies to deal with teething problems and to concentrate on more important issues. But one should be careful when selecting the strategies, which they wish to mimic, and select the ones that are easier to adapt to the unique environment in their own organization. This is similar to vicarious learning, which involves cashing in on others experiences by observing them. Scanning means looking outside the organization for useful solutions that can be brought back. For example, the successful products from a competitor can be carefully examined and the specifications of the existing product can be matched or exceeded to bring out a better product in the market. **Grafting** involves selecting individuals from other organizations and luring them to come and work in their own organization. This enables the new organization to cash in on the experience and winning ways of this person. Social learning is achieved through the reciprocal interactions among people, behavior, and environment.

Figure 2



This diagrammatic representation explains social learning in terms of a triadic, dynamic and reciprocal interaction between the environment and person, i.e., the individual's psychological processes, and behavior. The bi-directional influences and interactions are as follows:

The person-behavior interaction: The person-behavior interaction involves the bi-directional influences of how an individual's personal thoughts, emotions, expectations, beliefs, self-perceptions, goals, and intentions give a shape and direction to behavior and how the behavior will in return affect the individual's thoughts and emotions. Apart from this bi-directionality, an individual's personal factors, such as sex, ethnicity, temperament, and genetic predisposition also exert an influence on behavior.

The environment-person interaction: A bi-directional interaction also occurs between the environment and personal characteristics. In this process, social influences modify human expectations, beliefs, and cognitive competencies.

The behavior-environment interaction: The final interaction is between behavior and the environment. The environment modifies the person's behavior, and the behavior of the person will determine which aspects of the environment they will attend to. Based on preferences, humans select whom they interact with, what activities to participate in and such other things from a vast range of possibilities they are exposed to. A person's behavior also influences the environment, for example, an aggressive person creates a hostile environment.

In social learning the symbolic process of self-control, and self-efficacy are very important.

Information Distribution: Once information acquired, it should then be shared and distributed among the members of the organization. This promotes learning and producing new knowledge or understanding within the organization. When information is available within the organization itself, then it should be distributed to its units and members who require it. Usually, knowledge within the organization is distributed in the form of tacit know-how, through letters, memos, informal conversations, and reports. Very often, learning in an organization takes place by members sharing stories or anecdotes of actual work practice as opposed to what is mentioned in formal job descriptions or procedure manuals. Greater sharing or distribution of information leads to greater organizational learning.

Information Interpretation: In order for information to be shared it must be interpreted to make it applicable. Information interpretation is the process by which distributed information is given one or more commonly understood meanings. Individuals and groups have prior belief structures, which shape their interpretation of information and thus the formation of meaning. These belief structures are automatically applied to any incoming information in order to form a meaningful knowledge. Greater learning occurs when more and more varied

interpretations are developed. However, the process of multiple interpretations is infested with problems. The common problems encountered in interpretation are:

Self-serving interpretations – It is common to find that people interpret information the way they want to see it. Interpretation is based on their past experiences, and is always interpreted to the advantage of the interpreter.

Managerial scripts – Managerial scripts are well known routines that are followed because of their success in the past. So even in the light of new information ‘today’s problems’ are solved largely based on ‘yesterday’s successful scripts.’ This hampers the scope for creating new approaches for identifying and solving problems with the help of new knowledge.

Common myths – There are three common myths that one comes across in organizations. The first myth is the presumption that there is a *single organizational truth*. It is expressed, as: ‘although others may be biased, I am able to define problems and develop solutions objectively.’ Every manager indulges in this kind of thoughts, and their interpretations are subject to bias. The second common myth in organizations is the *presumption of competence*. Every manager thinks that his or her interpretation is right and only needs minor improvements in implementation. The third common myth is the *denial of tradeoffs*. Most managers believe that their group, unit, or firm can avoid making undesirable tradeoffs.

Organizational Retention or Memory: Organizational memory refers to the repository where (corporate) knowledge is stored for future use. The major challenge for organizations exists in interpreting information and creating organizational memory that is easily accessible. Organizational memory plays a very critical role in organizational learning. Both the demonstrability and usability of learning depend on the effectiveness of the organization’s memory. Organizations make use of a variety of mechanisms to retain hard (data, facts, and figures) as well as soft (expertise, biases, experiences, lists of contacts, anecdotes) information. The important mechanisms that are used to store information are the individuals, culture, transformation, procedures, formal structure, ecology, external archives, and internal information technologies.

When organizations tend to retain a stable group of employees in its organization, it tends to have a higher capacity to acquire, retain and retrieve information. Similarly, the organizational culture is an important repository of shared experiences of its members. Cultures reflect and keep alive the rich, vivid, and meaningful stories of all members, long after the events have passed. Organizations make use of a number of transformation mechanisms such as documents, rulebooks, written procedures to store its accumulated information. The formal structure and position of employees in the organization is also an important mechanism for storing information. Each person has a specific role and function to perform, and is therefore a storehouse of specific information. The physical structure or ecology of the organization is also a store of information. Likewise the market analysts, suppliers, distributors, former employees act as external archives and provide valuable information about the organization which in all likelihood varies greatly from views held within the organization. Finally, the internal information technology systems in the organization are a valuable source of stored information.

Though it is true that organizational learning is largely influenced by factors such as the organizational structure, strategy, environment, technology, and culture, the fact remains that organizations need to adjust to new competitive realities. They need avoid past mistakes and focus on enhancing individual development and empowerment to learn and make small changes culminating in the attainment of increased efficiency and productivity. Therefore in summary, it can be said that organizational learning is a process through which knowledge about action-outcome relationships is developed. It is then encoded in routines, and embedded in collective memory, ultimately leading to changes in organizational behavior.

Action-outcome relationships can be understood with help of the following example, a company manufactures ladies bicycles with baskets in front. They then sell these bicycles in the market and gets feedback from the customers that these front baskets tend to fall off when the bicycles are driven over rough terrain. A large number of consumers file for warranty claims. This results in a sales decrease, and the profits of the organization decrease. This information is then encoded in routines, and embedded in collective memory as every employee on the shop floor gets to know this information about the problem (or new knowledge) that the front baskets of the bicycles have been falling off. They then use this information to try and design a solution to overcome the problem i.e., loose front basket problem.

SUMMARY

- In organizational behavior when we talk about employee behavior we specifically refer to the work related behavior of the individual, such as joining an organization, remaining with it, maintaining good work attendance, performing the required job duties to the best of one's abilities, exhibiting organizational citizenship behavior.
- The behaviors that get the bulk of attention in OB are *productivity, absenteeism, and turnover*. It is essential to note here that when discussing organizational behavior, we also talk about *job satisfaction*, which is an attitude and not a work related behavior.
- In organizations an individual's behavior is influenced by several factors or variables. These factors are broadly classified as individual level, group level and organizational level variables.
- Ability refers to the individual's capacity to perform various tasks in a job. Ability includes an individual's intellectual and physical abilities.
- Intellectual abilities are required to do mental activities and include an employee's verbal comprehension, number aptitude, perceptual speed, inductive reasoning, deductive reasoning, spatial visualization and memory. A high IQ is not required for performing all jobs.
- Learning is a relatively permanent change in knowledge or observable behavior that results from practice or experience. Most organizational behavior is learned, individuals in organizations learn to modify their behavior to suit different situations and learn new skills by going beyond their basic personality makeup and abilities.
- Organizational learning is increasingly becoming popular among modern day organizations. It is defined as "the capacity or processes within an organization to maintain or improve performance based on experience."
- Argyris and Schon describe three types of organizational learning i.e., Single-Loop Learning (SLL), Double-Loop Learning (DLL), and Deutero-Learning (DL).
- Organizational learning involves the process of knowledge acquisition, information distribution, information interpretation, and informational retention.
- The use of punishments such as reprimands, temporary suspensions, written warnings to foster discipline in organizations offers only a short-term solutions. Instead people can make use of the learning concepts and manage their own behavior, and follow discipline in organizations.

Chapter III

Personality, Attitudes, and Values in Organizations

After reading this chapter, you will be conversant with:

- The Role of Personality in Organizations
- The Role of Attitudes in Organizations
- Values and Behavior at Work

Employees in an organization bring with them various dispositional variables, which are a part of the individual's make-up. Some of these dispositions can be easily changed, while others are relatively stable across time and difficult to change. The dispositional variables that we shall study in this chapter are: personality traits, attitudes, and values.

1. THE ROLE OF PERSONALITY IN ORGANIZATIONS

The area of personality research has received a lot of attention and there is an abundance amount of information available in the area of personality testing and employee selection. The subject of personality has also received increasing attention from industrial and organizational psychologists in both research and practice settings only over the past decade. Experts in this area have researched and revealed important information about the connection of personality to a wide range of outcomes such as performance, counterproductive behaviors, contextual performance, retaliatory behaviors, retention, learning, knowledge creation, and the process of sharing that knowledge. This information is useful, as it allows a sound basis for the prediction and understanding of behavior in the workplace. It also helps to gain an insight into the number of ways in which an individual will react to and interact with others in the place of work. Certain types of personalities have been known to affect (hinder or facilitate) team performances, while other are known to make life in an organization unbearable for those around them. This in turn directly or indirectly influences organizational effectiveness. For example, behaviors such as absenteeism, theft, sabotage, and violence, which are known as dysfunctional behaviors are detrimental to organizational effectiveness, whereas behaviors such as commitment, satisfaction, and motivation make a positive overall contribution to organizational effectiveness. Understanding of individual differences translates into practical implications in the work settings and helps managers in taking decisions regarding hiring (if necessary firing), transfer, promotion of personnel, and improving job performance and ensuring organizational success.

1.1 Personality Traits and their Identification

Personality is the relatively stable sets of psychological and behavioral attributes that distinguish one person from another and explain a person's behavioral tendencies. It is most often described in terms of measurable traits that a person exhibits. A trait is a relatively stable quality or attribute of the individual influencing behavior in a particular direction. Examples of traits include shyness, excitability, reliability and moodiness. In organizational behavior these personality traits (behavioral tendencies) predict how people interact with others or react to certain situations. From this perspective, traits (especially those that are stable) are useful. The study of individual differences is based on the assumptions that:

- a. Though individuals are unique and different from each other, they are also consistent.
- b. Differences between individuals' personalities vary along certain underlying dimensions.
- c. Differences between individuals are usually, normally distributed.

EARLY RESEARCH

Human beings are in the constant quest of trying to understand the behavior of others and making judgments about their personalities. The idea of using traits to describe people dates back to thousands of years. The first systematic efforts in identifying aspects of personality that compel an individual to respond in a certain way to a given situation and analyzing and grouping people according to their traits arose in ancient Greece.

Gordon Allport was the first to propose the modern trait theory. He investigated over 18,000 separate traits, and proposed several principles to make this lengthy list manageable for practical purposes. Using the statistical technique of factor analysis,

Raymond B Cattell further reduced Allport's list of traits to a much smaller number and then proceeded to divide these into clusters that express more basic dimensions of personality. He eventually arrived at 16 fundamental source traits.

THE MYER-BRIGGS TYPE INDICATOR

The Myers-Briggs Type Indicator (MBTI) provides a four-dimension model of personality with bimodal distribution of scores on each dimension. It is based on the theory of the Swiss Psychiatrist Carl Jung. Jung felt that people could be typed into extraverts and introverts and that they varied on two basic mental processes – perception and judgment. He further divided perception into sensing and intuiting, and judgment into thinking and feeling. This resulted in four personality dimensions or traits: (i) introversion/extraversion, (ii) perceiving/judging, (iii) sensing/intuition, and (iv) thinking/feeling. He felt that although people had all four of these dimensions in common, they differ in the combination of their preferences of each. To make this theory of psychological types described by Jung understandable and useful the Myers-Briggs Type Indicator was developed by Katharine Briggs and Isabel Briggs-Myers.

The MBTI is a 100 questions personality test, which generally asks participants how they usually feel or act in particular situations. On the basis of the answers of the individuals to these questions individuals are classified as –

- Extroverted or Introverted (E or I).
- Sensing or Intuitive (S or N).
- Thinking or Feeling (T or F).
- Perceiving or Judging (P or J).

The characteristics of the four major dimensions in various combinations yield 16 personality types.

The MBTI is a commonly used personality inventory, which has shown considerable reliability and validity as a measure of identifying Jung's personality types and predicting occupational choice (for example, those high on intuition tend to prefer careers in advertising, the arts, and teaching). However, the MBTI has not yet received enough research support to be used as a base for selection or for predicting job performance.

THE KEY TRAITS IN THE 'BIG FIVE' MODEL OF PERSONALITY

The Big Five model is an evolution of the MBTI and does not radically differ from it. The new model includes five dimensions of personality, and assumes a normal distribution of scores on these dimensions many psychologists believe that taken together, these five broad factors provide an adequate structure of personality. The "Big Five", traits are stable and predict performance in the workplace. The five traits like the primary colors are largely independent factors of personality, but when combined and mixed result in countless unique personalities. And the one dominant trait that is indicated by the strength of its score is usually used in describing an individual's personality. Research has also indicated that each of the "Big Five" dimensions is related to job performance and career success. The fact that the "Big Five", are stable does not mean that they provide an ideal personality profile for employees over their whole career. It is to be borne in mind that different jobs require different traits and the key is still to find the right fit between the job and the individual.

The "Big Five" dimensions of personality according to this model are:

- i. *Extraversion*: A personality dimension that describes a person who is sociable, gregarious, and assertive. Those who score low on this dimension are the introverts who tend to be more quiet and reserved, they are self-contained, timid, serious minded and aloof.

- ii. *Agreeableness*: A personality dimension that describes a person who is cooperative, good-natured, trusting and radiates warmth in interpersonal relationships. Low agreeableness people on the other hand are cold, disagreeable, and antagonistic.
- iii. *Conscientiousness*: A personality dimension that describes a person who is reliable, responsible, organized, and persistent. Those who score low on this dimension are easily distracted, disorganized, and unreliable.
- iv. *Emotional Stability*: A personality dimension that describes a person who has the ability to withstand stress. People with positive emotional stability tend to be calm, self-confident, and secure. Those with high negative scores tend to be nervous, anxious, depressed, and insecure.
- v. *Openness to Experience*: A personality dimension that describes a person who has a wide range of interests and fascination with novelty. Extremely open people are imaginative, creative, curious, and artistically sensitive. Those at the other end of the openness category are conventional and find comfort in the familiar.

When compared to the other traits *conscientiousness* has the strongest, positive correlation with job performance. Employees high on this trait set higher goals for themselves, have higher performance expectations, and generally tend to be higher performers on virtually any job that they are entrusted with.

1.2 Major Personality Attributes Influencing OB

Though the “Big Five” are generally used to demonstrate how each of the five dimensions significantly relate to job performance, there are other major attributes of personality that influence OB. They are divided into *social traits*, *personal conception traits*, and *emotional adjustment traits*.

SOCIAL TRAITS

Social traits are the surface level traits that reflect the way a person appears to others when interacting in various social situations. Problem-solving style is one measure representing social traits. How an individual goes about solving a problem reflects the individual’s unique problem-solving and decision-making style. The unique style of the individual is reflected in the way the person goes about *gathering* and *evaluating information* that is required to solve problems. For example, the style in which an individual gathers information to solve a problem varies from sensation to intuitive. The sensation-type individual prefers to gather information for solving a problem by following the routine, detailed procedure. They prefer to work with known facts and hesitate to look for possibilities. The intuitive-type of individual on the other hand dislike anything routine, they are always on the lookout to deal with new and challenging problems that require newer ways of solving problems. After gathering all relevant information regarding the problem, the individual has to decide what is to be done with the information and how to proceed with solving the problem at hand. The way in which a person evaluates the collected information varies from emphasis on feelings to an emphasis on thinking. Individuals who emphasize on feelings (feeling-type individuals) are oriented towards conformity and try to accommodate themselves to others, and avoid situations that require them to disagree with others. The thinking-type individuals leave no room for emotions, and uses intellect and reasoning to deal with problems. When these two dimensions are combined, four basic problem-solving styles emerge, sensation-feeling, intuitive-feeling, sensation-thinking, and intuitive-thinking.

Research indicates that the type of decisions taken by an individual are thus largely the result of the problem-solving style adopted by the individual. For example, the sensation-thinkers prefer analytic strategies, the intuitive-feelers prefer intuitive strategies and those who adopt the mixed styles (sensation-thinking and

intuitive-thinking) use mixed strategies. Research also indicates that thinkers have a higher level of motivation than do feelers, and those individuals who emphasize sensations tend to have higher job satisfaction than do intuitives. Therefore, when one is able to match people with these different styles with task's information processing and evaluation requirements, maximum organizational and individual progress can be achieved.

PERSONAL CONCEPTION TRAITS

Personal conception traits represent the way in which an individual tends to think about the social and physical settings that he or she is in. These traits also represent the individual's major beliefs and personal orientation concerning a range of issues. The personal conception traits include, **locus of control, machiavellianism, self-monitoring, and authoritarianism/dogmatism.**

Locus of Control: Refers to an individual's perception of what are the main causes of events in life. People with an *internal locus of control* believe that their own actions determine the rewards that they obtain and as such believe they control their own destiny. Individuals with an *external locus of control* believe that much of what happens to them is beyond their control, and as such feel that they are controlled by others or by fate.

Table 1

External Locus of Control	Internal Locus of Control
Individual believes that his/her behavior is guided by fate, luck, or other external circumstances.	Individual believes that his/her behavior is guided by his/her personal decisions and efforts.

Locus of control influences organizational behavior in a variety of occupations. Research indicates that individuals with an internal locus of control view organizational outcomes to result from their own actions. As such they are more satisfied with their jobs, achieve higher organizational positions and earn more money. In addition, they believe that their health is substantially under their own control, and therefore take care about themselves by following proper and regular habits. All these factors result in reduced incidences of sickness, and thereby the level of absenteeism in these individuals is lower. Further, it has been found that people with internal locus of control tend to perceive less stress, and are also better able to cope with stress. They engage in more careful career planning and are more motivated to achieve. They actively search for information before making decisions; therefore, people with internal locus of control do well on sophisticated tasks, and jobs that require initiative and independence of action.

Individuals with an external locus of control are less satisfied with their jobs. They keep blaming others for the state of affairs and this results in higher absenteeism rates amongst them. They also feel alienated from the work setting and are less involved on their jobs than are internals. These people are more compliant and willing to follow directions, therefore they do well on jobs that are well structured and routine, and in those jobs where success depends heavily on complying with the direction of others.

Machiavellianism: Refers to the manipulation of others purely for personal gains. It is named after the sixteenth century author Niccolò Machiavelli who wrote *The Prince*, a noble man's guide to the acquisition and use of power. An instrument called the Mach scales has been developed by psychologists to measure a person's Machiavellian orientation. An individual who scores high on this scale approaches situations logically. They are very pragmatic, and maintain emotional distance, i.e., they are rarely swayed by loyalty, friendship, past promises, or the opinion of others. They do not even hesitate to lie or deceive people to attain their goals. They are however very skilled in influencing, manipulating and persuading people. They can get things done the way they want. They are of the firm belief that ends justify means.

Research using the Mach scales provides insights into the way high and low Machs may be expected to behave in various situations. High Machs flourish when they interact face to face with others, rather than when dealing with others indirectly. They also flourish when the situation has a minimum number of rules and regulations, thus allowing latitude for improvisation. The loosely structured rules and regulations enable them to take control and exploit the situation to their advantage. In situations, where the rules are highly structured the high Machs function in a very detached manner. Therefore the high Machs make good employees in jobs that require bargaining skills or the ones that offer substantial rewards for winning.

The low Machs on the other hand tend to accept direction imposed by others in loosely structured situations and work very hard to do well in highly structured one. They are strongly guided by ethical considerations and are less likely to lie or cheat on the job.

Self-monitoring: Is a personality trait that measures an individual's ability to adjust his or her behavior to external, situational factors. They are highly sensitive to external cues and can behave differently in different situations. They are capable of presenting strikingly contradicting public and private selves. Therefore, these people can be good leaders who are capable of changing their leadership behavior to fit subordinates with high or low experience, tasks with high or low structure and so on. Low self-monitors on the other hand are those who cannot disguise themselves and tend to display their true dispositions and attitudes in every situation. This results in high behavioral consistency between who they are and what they do.

However, an amount of caution is required when making predictions as research regarding self-monitoring is still in its infancy stage. Very high self-monitors are criticized for being inconsistent chameleons while low self-monitors are criticized as being too self-centered and insensitive to others. (This dimension of personality is very important for managerial success and deciding on the appropriate degree of self-monitoring holds the key to their success.)

Authoritarianism/Dogmatism: Both these dimensions deal with the rigidity of a person's beliefs. A person who is high in authoritarianism rigidly follows conventional values and obeys recognized authority. This type of individual is concerned with toughness and power and opposes the use of subjective feelings. An individual high on dogmatism sees the world as a threatening place and believes that legitimate authority is absolute. His acceptance of others depends on how much these people agree with accepted authority. Managers who tend to possess these latter traits tend to be rigid and closed, and subordinates who are dogmatic tend to want certainty imposed upon them.

EMOTIONAL ADJUSTMENT TRAITS

Emotional adjustment traits indicate how much an individual experiences emotional distress or displays unacceptable acts. These traits have a direct bearing on the health of the individual. *The Type A/Type B personality orientation* is of special significance to organizational behavior.

Individuals with the 'Type A' orientation are aggressive; they aim at achieving more and more in less and less time. Sometimes they even work against the opposing efforts of others. They are often impatient and aim only at perfection. They are always trying to do things at a fast pace, this tendency can be seen even in the way they hurriedly walk, and how they eat rapidly. They also tend to do two or more things at once and are not comfortable in their leisure time. They are obsessed with numbers, measuring their success in terms of how many or how

much of everything they acquire. When person with the 'Type A' orientation attains a managerial position, they tend to be obsessive about things being done in the proper way in the right time. They are detail-oriented and hard driving and irritable when standards are not met. When such work obsessions are carried to an extreme, they tend to get caught up in focusing on details rather than on results. They also become resistant to change and exert overzealous control on their subordinates leading to many interpersonal difficulties. As such the Type A individuals are prone to stress and find themselves under continuous pressure, this curtails their ability to be creative and spontaneous. The behavior of the Type A individual is easy to predict.

In contrast people with the 'Type B' personality orientation are easygoing and less competitive. They feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation. They have no problem in enjoying their leisure time without experiencing guilt. As managers such individuals tend to have a laid back attitude, and are very patient in their dealing with co-workers and subordinates and do not find the necessity to exhibit their superiority. The 'Type B' individuals are able to make it to the top positions in the organization. It is usually found that individuals with the 'Type A' personality make great salespersons, and the 'Type B's' good senior executives.

1.3 Personality and Self-Concept

Success or failure of the individual in the organization basically depends on how people organize and integrate the different aspects of their personality. One should however remember that people only engage in behavior that is consistent with their personal goals, competencies, beliefs, and values – or what is commonly known as the *self-concept*. Understanding the self-concept is important in the study of organizational behavior.

Self-concept is the view individuals have of themselves, as physical, social, spiritual or moral beings. It is the driving force of thinking and behavior and is determined by an individual's personal goals, values, competencies, and beliefs.

Goals: Those objects or events in the future that an individual strives in order to meet his or her basic needs.

Competencies: The areas of knowledge, ability, and skill that increase an individual's effectiveness in dealing with the world.

Beliefs: Ideas that people have about the world and how it operates.

Values: The abstract concepts that people hold with regard to what is right, worthwhile, or desirable, i.e. the individual's preferences.

Based on the self-concept that people hold about themselves they tend to like or dislike themselves. Two related and crucial aspects of the self-concept are *self-esteem* and *self-efficacy*.

Self-esteem has obvious implications for organizational behavior. Individuals with high self-esteem are more likely to choose unconventional jobs than people with low self-esteem. People with high self-esteem feel unique, competent, secure, empowered, and connected to the people around them. The most generalizable finding is that people with low self-esteem are more susceptible to external influence than are people with high self-esteem. People with low self-esteem are dependent on the receipt of positive evaluations from others. They are not confident, and are afraid to take decisions. When individuals with low self-esteem come to hold managerial positions, they tend to be concerned with pleasing others, and they lack negotiation and interpersonal skills and are reluctant and unable to change. Therefore, it is obvious that individuals with high self-esteem are more satisfied with their jobs than are people with low self-esteem.

Self-efficacy is the belief of an individual about the likelihood of successfully completing a specific task. The difference between self-esteem and self-efficacy can be explained with the help of an example. An individual may possess a high self-esteem and at the same time may have a low self-efficacy about performing a certain task, such as speaking in front of a large gathering. Therefore, self-efficacy is a more specific version of self-esteem and is also sometimes called the 'effectance motive'.

1.4 Personality and Willingness to Take Risks

Another important personality attribute that influences organizational behavior is an individual's propensity to assume or avoid risks. Individuals differ in their *willingness to take risks*. When an individual has the tendency to assume or take chance with risks such individuals are known to take more rapid decisions and use less information in making their choices. It is noticed that managers in organizations are generally risk-averse, however one still finds that there are individual differences on this dimension. Therefore it makes sense to recognize these differences and as far as possible to aligning risk-taking propensity with specific job demands.

1.5 Determinants of Personality

In spite of gaining an understanding of the different personality attributes that help one in predicting behavior in organizations, an important consideration that has to be borne in mind is that attitudes and behaviors are largely determined by the combination and interaction of an individual's *inherited characteristics*, her or his life experiences from the *environment* in which the individual grows up, and the *situation* in which the individual works. Further, personality factors must be recognized and accepted as normal, and managed just as any other personal characteristic.

Heredity refers to those factors that are determined at conception. The proponents' of the heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes. To establish the role of heredity in personality development, studies were conducted with identical twins who were raised apart. Any similarities and differences that were observed amongst them were attributed to the relative influence of heredity (similarities – because they share the same genetic endowment) Vs. environment (differences – because of being reared under different environments). Three different lines of research lend credibility to the argument that heredity places a major role in the personality development of the individual. The findings of the three lines of research are:

- i. Studies conducted with young children have shown that traits such as shyness, fear, and distress are most likely caused by inherited genetic characteristics.
- ii. Studies conducted with twins separated at birth has shown that genetics accounts for about 50 percent of the variation in personality differences and over 30 percent of occupational and leisure interest variation.
- iii. Studies conducted with twins who were separated at birth have shown that job satisfaction of these individuals across time and situations is stable, indicating that satisfaction is determined by something inherent in the person.

However, there is another line of argument that states that if heredity is central in determining the personality characteristics of the individual, then the personality of the individual would be fixed at birth and no amount of experience would alter it.

Researchers who argue for the relative importance of environment on the personality of an individual have conducted research to find support for this point of view. They found that factors such as the culture in which the individual is raised, family and friends with whom the person is associated, in short the environment in which an individual grows up, play an important role in shaping the personality of the individual. They argue that culture establishes the norms, attitudes and values that are passed along from one generation to the next and create consistencies over time.

In recent times, the role of both heredity and environment in shaping the personality of the individual have been recognized. It is now agreed that heredity sets the parameters of individual development, but the environment in which an individual grows up determines whether the individual attains his fullest potential or not. In addition, it has been found that the 'situation' in which an individual finds himself influences the effects of heredity and environment on personality. Studies have shown that in spite of an individual exhibiting stable and consistent personality characteristics, different situation often call forth different aspects of one's personality. Different situations place restrictions on the type of behavior that is to be exhibited, for example, when attending a funeral people are expected to be sober, not to crack jokes, or talk loudly. Therefore under such a situation, even the most talkative and jovial person is very toned down and sober. The role of situational factors in shaping the personality of individuals is thus of special significance to understanding OB.

Just as people's personalities, attitudes, thoughts, feelings, and actions affect the organizations, the organizations and their environments also affect the thoughts, feelings, and actions of the people who work in the organization.

The person-situation interaction dimension of personality suggests that people are not static, and that they do not behave in the same way in the different situations. It means that personality is not only shaped by heredity or early childhood influences, and that situational factors also exert an influence on one's personality. This information is vital, as it provides a cue to managers that there is still a chance to mould or have an impact on the personality of its employees.

The continuous impact of the social environment on the individual is commonly called the *socialization process*. Therefore managers can now focus on analyzing and controlling the forces of organizational socialization. Organizational socialization managers can change the attitudes, values, and behaviors of its new recruits and employees and enable them to adjust to new jobs, work groups, organizational practices and to survive and prosper in these settings. To help the employees in the process of organizational socialization, managers need to provide training programs, give timely and consistent feedback, design a relaxed orientation program, place new recruits in work groups with high morale, and make sure that the supervisor in charge of the socialization process is a good one.

It is found that a strong situation can overwhelm the effects of individual personalities (acquired through heredity and early learning) by providing strong cues for appropriate behavior. It is found that a strong personality will dominate only in a weak situation.

1.6 Personality and Culture

The five personality factors identified in the Big Five Personality model appear in almost all cross-cultural studies. A country's culture influences the dominant personality characteristics of its population. Studies have shown that differences tend to surface depending upon the emphasis placed on a particular dimension. For example:

- a. Chinese use the category of conscientiousness more often and use the category of agreeableness less often than do Americans.

- b. There is evidence that cultures differ in terms of people's relationship to their environment. In North America, people believe that they can dominate their environment. People in Middle Eastern countries believe that life is essentially preordained. These beliefs reflect a close parallel to internal and external locus of control.
- c. Similarly, the prevalence of Type A personalities is somewhat influenced by the culture in which a person grows up. Therefore in capitalistic countries where emphasis on achievement and material success there are more number of 'Type A' personalities. In countries where there is no such emphasis there are a smaller proportion of the 'Type A' personalities.

However, there are no common personality types for a given country.

1.7 Achieving Individual – Organization Fit

It is true that around twenty years ago organizations were primarily concerned about matching individuals to specific jobs. Today though this concern still exists, trying to achieve the individual-organization fit is also being aimed at. Managers are no longer interested in only trying to find out if an applicant has the ability to perform a specific job, they are more interested in learning if the individual has the flexibility to meet changing situations and rise to meet the different challenges.

Achieving Person-job Fit: The concern for attaining the match between job requirements and personality characteristics is best articulated in John Holland's personality-job fit theory. In his theory, Holland presents six personality types and proposes that satisfaction and the propensity to leave a job depend on the degree to which individuals' successfully match their personalities to an occupational environment. Holland developed the Vocational Preference Inventory questionnaire which contains 160 occupational titles. Respondents indicate which of these occupations they like or dislike; their answers are used to form personality profiles. Thus, according to this theory satisfaction is highest and turnover lowest when personality and occupation are in agreement. As people are more satisfied they are less likely to voluntarily resign their jobs, than people who are in incongruent jobs. The six personality types and the congruent occupations is given in table 2.

Table 2: Holland's Typology of Personality and Congruent Occupations

Type	Personality Characteristics	Congruent Occupation
Realistic: Prefers physical activities that require skill, strength, and coordination.	Shy, genuine, persistent, stable, conforming, and practical.	Mechanic, drill press operator, assembly-line worker, farmer.
Investigative: Prefers activities that involve thinking, organizing, and understanding.	Analytical, original, curious, independent.	Biologist, economist, mathematician, news reporter.
Social: Prefers activities that involve helping and developing others.	Sociable, friendly, cooperative, understanding.	Social workers, teacher, counselor, clinical psychologist.
Conventional: Prefers rule-regulated, orderly, and unambiguous activities.	Conforming, efficient, practical, unimaginative, inflexible.	Accountant, corporate manager, bank teller, file clerk.
Enterprising: Prefers verbal activities in which there are opportunities to influence others and attain power.	Self-confident, ambitious, energetic, domineering.	Lawyer, real estate agent, public relations specialist, small business manager.
Artistic: Prefers ambiguous and unsystematic activities that allow creative expression.	Imaginative, disorderly, idealistic, emotional, impractical.	Painter, musician, writer, interior decorator.

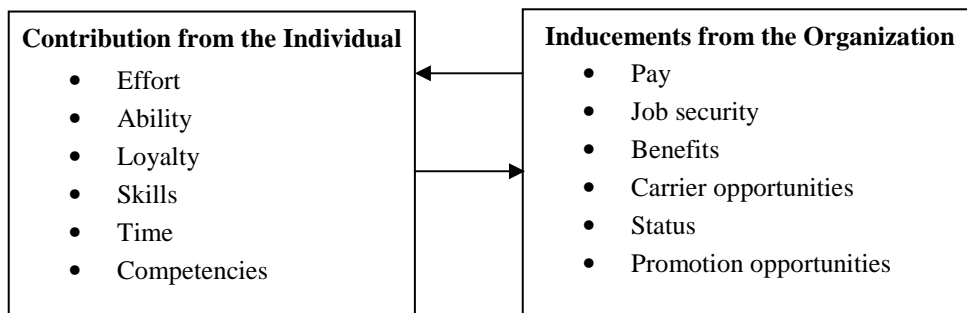
Source: *Organizational Behavior*, by Stephen Robbins.

The person-job fit can also be enhanced if the contributions made by an individual fit with the inducements offered by the organization and vice versa, i.e., the psychological contract between the individual and the inducements being offered is well matched. If either party feels that there is an imbalance or inequity in this regard, they may seek changes in the contract. The psychological contract contains not only the mutual expectations between an organization and its members regarding how much work is to be performed for how much pay, but also involve the whole pattern of rights, privileges, and obligation between the worker and organization. The psychological contract also gives information about two important organizational norms – a) pivotal norms and b) peripheral norm.

Pivotal Norms are those that must be accepted by everyone in the organization. Failure to comply with pivotal norms results in the non-compliant to receive pressure to leave the organization. For example, if the organization for which an individual is working as a sales man has a “customer is right” norm, and the sales man seems to be doing thing that anger the customers in many instances, then it is very likely that he gets fired.

Peripheral Norms are desired, but not binding on the employees. Wearing casuals to work on Friday’s is an example of a peripheral norm. It means that employees can if they wish, wear more casual clothes instead of formals (coats and ties for the men) but this is not compulsory. The psychological contract is informally and continuously negotiated throughout the organization socialization process and during the entire career of an individual in the organization. As such it is an important and useful concept in organizational behavior.

Figure 1



Further, organizations should also ensure that proper guidelines are laid down for the hiring process, so that they select the right kind of people for placement. They should provide proper training to the selected individuals so that they acquire the skills that attune them to the specific organizational culture. A periodic appraisal of their performance is to be conducted and changes or modifications if necessary in the nature of work or inducements offered can be brought to ensure higher job satisfaction and organizational effectiveness.

The Person-organization Fit: As today’s organizations are expanding and bringing in rapid change, they are aiming at attaining a match between people and the organization. They feel that the personalities of their employees should match the overall organizational culture rather than a specific job alone. They realize that people readily leave jobs that are not compatible with their personalities, so now organizations look for employees who are able to readily change tasks and move fluidly between teams. They feel that if organizations can find such a match between individual personalities and organization’s culture with the help of the Big Five terminology it would result in higher employee satisfaction and reduced turnover. For example, people high on extraversion fit better with aggressive and team-oriented cultures, people high on agreeableness will match up better with a supportive organizational climate than with one that focuses on aggressiveness, and people high on openness to experience fit better into organizations that emphasize innovation rather than standardization.

Having understood the meaning and significance of personality in organizational behavior, one can take care as far as possible to –

- a. Structure an individual's work situation to fit his or her personality. As a good match is likely to result in positive attitudes and behaviors.
- b. Encourage acceptance and appreciation of the diverse personalities in the organization.
- c. Never underestimate the influence of situations on personality or character, or the extent to which certain work-related personality traits (for example, locus of control, self-esteem, etc.) can be modified.

2. THE ROLE OF ATTITUDES IN ORGANIZATIONS

Attitudes are a complex collection of feelings, beliefs, and expectations of an individual regarding other people, organizations, and things encountered. Attitudes form an intrinsic part of a person's personality, and can have a significant effect on the behavior of a person. The relation between attitudes and behavior is a tentative one. It means that an attitude results in intended behavior and this intention may or may not be carried out in a given circumstance. An attitude is therefore defined as a predisposition to respond in a positive or negative way to someone or something in one's environment. Attitudes influence the way a person behaves (favorably or unfavorably) towards some object, situation, activity, person, or group in their environment. The three characteristics of attitudes are – (i) They tend to persist unless something is done to change them, (ii) They fall along a continuum from very favorable to very unfavorable, (iii) They are directed toward some object about which a person has feelings and beliefs.

In order to understand the role of attitudes in organizations we need to understand what attitudes are, their functions, how they are formed, maintained, and changed, and understand how they relate to work behavior.

In organizations we are concerned with the attitudes of the employees towards work. This includes their attitude towards supervision, pay, benefits, promotion and other work related issues that directly or indirectly affect organizational effectiveness. Today many organizations are interested in knowing the attitudes of their employees, to be better able to understand both their antecedents and their potential implications. They are no longer interested in indulging in guess work about the behavior of their workforce, and are conducting periodic attitude surveys of employees in the hope that such surveys would reveal important information about the effectiveness of different management strategies. An understanding of the nature, function and role of attitudes in influencing important organizational outcomes will also enable the managers to develop among the employees in the organization attitudes that enhance organizational effectiveness and change those that hamper it.

2.1 Functions of Attitudes

Attitudes perform many important functions:

- i. **Knowledge Function:** They provide a frame of reference, with the help of which we organize, explain and interpret the world around us. They enable us to make sense of what is happening around us. People generally select only those facets of information that are consistent with their attitudes and ignore those that are not.
- ii. **Value-expressive Function:** Words and actions demonstrate the values held by an individual and reinforce self-image held by the individual. People express their central values through their attitudes and tend to cultivate attitudes that they believe indicate a core value. For example, opposing abortion, because the individual has a self-image of being a conservative.
- iii. **The Ego-defensive Function:** Some attitudes serve to protect us from acknowledging basic truths about ourselves or about the harsh realities of life. They serve as defense mechanisms. For example, people with feelings of inferiority may develop an attitude of superiority.

- iv. **The Adjustment Function:** Attitudes aid in personal adjustment. We tend to develop attitudes consistent with those parts of our life we find satisfying or dissatisfying. For example, when employees are treated well they develop positive attitudes towards the management and if treated badly develop a negative attitude.

In an organizational setting attitudes determine how employees will perceive their environment, commit themselves to intended actions and ultimately behave. Attitudes also determine whether employees (i) Will seek a new job, (ii) Co-operate with others at work, (iii) Present a positive image of the organization to clients or customers, (iv) React to change, (v) Work hard and be motivated to work, (vi) And determine the psychological and physical health of the respective employees. Knowledge of attitudes is also important

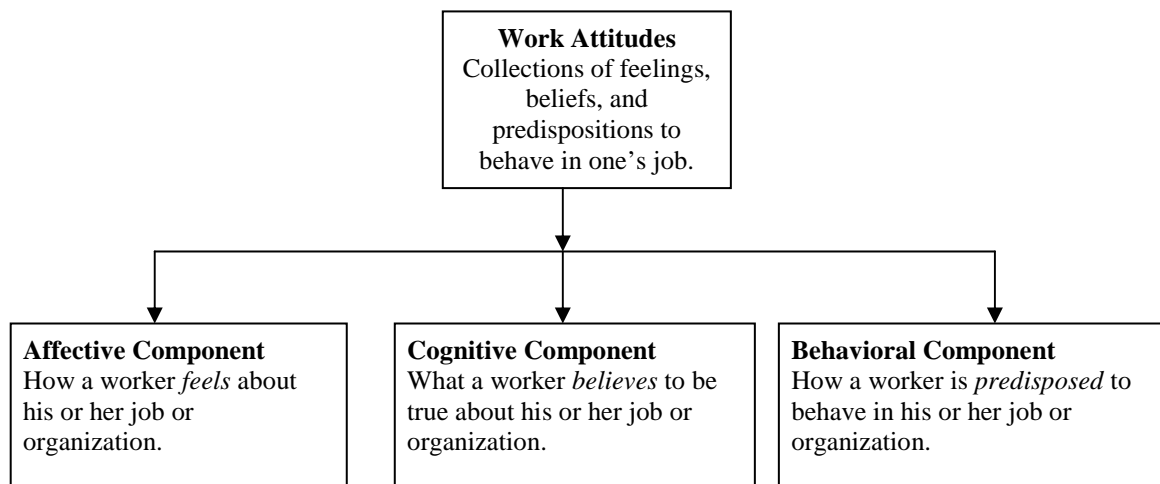
- a. For recruitment and selection of candidates with appropriate attitudinal competencies for a particular job. Training (ensuring satisfaction with opportunities), designing appropriate rewards i.e., linking motivation and satisfaction and for planning proper work design by providing challenge, variety, and ways of ensuring employee involvement.
- b. For influencing, shaping and changing attitudes. Research has shown that declining attitudes of the employees will result in slowing down of the work being done, absence, poor product quality, shabby customer service and disciplinary problems. Favorable attitudes on the other hand result in high productivity and satisfaction.

2.2 Components of Attitudes

Attitudes comprise of a trichotomy of feeling (affective), knowing (cognitive), and acting (behavioral) components.

The **affective** component is the emotional (like-dislike) component of an attitude. It is learnt from parents, teachers, and peers. Strong and important attitudes are more likely to lead to a behavioral or a psychological response than weak attitudes. They are inferred from the verbal statements made by the individual. Such statements reveal the feeling of the individual, for example, I don't like my boss, this job is boring or I don't like that group of people.

Figure 2: Components of Work Attitudes



The **behavioral** component is the overt behavior attached to our internal attitudes. The behavioral component of attitudes is important because people draw inferences about the attitudes, beliefs, values, and intentions of an individual by observing what they say and what they do. For example, from the verbal statements made by an individual such as I want to attend the business meet in Goa this weekend. I'd refuse transfer to that team; I'm going to look for another job; I'm going to take sick leave others can infer the intention of this person to behave

in a certain way towards someone or something. Attitudes translate into action or behavior only when (a) attitudes and behaviors are more specific, (b) the individual has the freedom to carry out the behavioral intent, and (c) the individual has prior experience with the attitude.

The *cognitive* component is the storage component where we organize information about an attitude object. It is the belief, opinions, knowledge, or information a person possesses about a given object, event or individual. For example, an individual's attitude toward a job will be a function of his or her perceptions and evaluations about the associated cognitive components of pay, the actual working conditions, the facilities available, the hours of work, and so on. Evaluations are generally made on the basis of the values held by the individual, for example, if a person believes (the cognitive component) that the job held by him lacks responsibility, and he values job responsibility as an important features of a job, then the belief and value regarding the job together result in the intended behavior 'I am going to quit the job'. Another person with a different set of cognitions and set of values might hold a totally different attitude towards the same job. Thus, a basic understanding of values (covered in the last part of the chapter) is important in the study of organization behavior because values influence attitudes and behavior.

2.3 The Development of Work-related Attitudes

Generally, attitudes are formed and developed based on a number of factors such as:

- i. The information an individual receives about an object, event or person either from direct experience with the object, by observing others interacting with the object, or from factual information.
- ii. Affective reactions to an object, this relates to how an object makes one feel, such as being nervous, happy, calm, or afraid.
- iii. Learned responses to an object, can be acquired through (a) *classical conditioning* (i.e., the attitude objects may become associated with a positive or negative stimulus,) (b) *operant (instrumental) conditioning* (for example, we may learn that positive or negative responses to an object are rewarded or punished,) (c) *modeling* (for example, we may imitate the positive or negative responses to an object that we observe others exhibiting.)
- iv. Own behavior toward an object, just as we often infer other people's attitudes from their behaviors, sometimes we look to our own behavior to infer our evaluation of an object.
- v. Genetic make-up this is a highly debatable issue but never the less there are some scholars who argue that some of our attitudes are influenced by our genetic make-up (at least indirectly). They argue that inherited sensory structures might influence our attitudes toward spicy foods or loud music, and that inherited body chemistry might influence our attitudes toward stimulants such as caffeine, alcohol, or nicotine. Similarly, they feel that the genetic differences in activity level might influence our attitudes toward various leisure activities.

The foundation for the development of work-related attitudes is laid down during the socialization process that begins when an individual is born and continues to form and change throughout life. The countless experiences that an individual is exposed to during the socialization process are generalized to other situations and have a lasting affect. For example, if you had a bad experience with a sales clerk years ago, that experience could affect your attitude toward a whole company or toward the sales profession in general. Therefore, attitudes are formed, stored and remembered long after specific cognitions and affect are forgotten. Knowledge of the social contexts provide the key to understanding how people develop a whole range of work-related attitudes that in the course of time affect their behavior at work.

When an individual enters an organization he comes with a set of experiences and attitudes acquired during the many years of growing up. In the early years of socialization (experiences gained through interaction with parents, teachers, and other significant people) individuals learn how to respond to authority and authority figures. They learn that authority means the power to give or withhold rewards and punishments. Later, as the individual grows up they begin to develop more specific orientations or attitudes toward a certain career, or a particular type of organization. This process begins as the individual enrolls in a professional school or college. Here, the individual begins to develop specific competencies required for specific careers such as being a psychologist, doctor or architect along with an exposure to the perspectives, values, and ways of thinking characteristic to the chosen field. Therefore, the different professional schools and colleges are the first place where occupational socialization begins and important organizational and occupational values become deeply ingrained by the time the individual passes out of such institutes. Many times these professional colleges are also the place where students make choices about their first place of work. On the other hand, when an individual attends less formal schools and universities they are exposed to less controlled forms of occupational socialization and as such are not strongly affected by them.

The actual work-related attitudes are developed only during the organizational socialization process that begins when an individual joins an organization for work. It is here that they begin to learn about the unique culture, norms and expectations of the organization. Two important considerations determine whether the individual adjusts and feels satisfied with the work environment. (i) If they become aware of differences between their personal values and attitudes, and those of the organization they become dissatisfied and unhappy and if the individual does not encounter any such differences it leads to a good person-organization fit and the individual is happy and satisfied. (ii) If the expectations of the individual regarding the organization, its working conditions, co-workers and opportunities for advancement are met it results in higher job satisfaction, higher organizational commitment and high performance and if the expectations are not met, it results in lower job satisfaction, lower organization commitment, higher intentions to leave, lower organization tenure, and lower performance.

But does holding an attitude *always* result in behavior consistent with the particular attitude? The answer to this question is a definite no, as different factors influence the attitude-behavior relationship. The factors that moderate this relationship are, *situation factors, personality factors, and certain characteristic features of the attitude itself.*

Situational Factors: In some situations, attitudes are highly predictive of behavior, but in other situations, attitudes are not at all predictive of behavior. Situational constraints or demands can overpower attitudes and often powerfully shape behavior. For example sometimes, situational constraints such as norms may make it impossible or unacceptable to express attitudes. Similarly, when people need to act quickly without wasting time, they are inclined to fall back on attitudes as guides to action than when they have more time to consider their actions and alternatives available.

Personality Factors: Attitudes are a better predictor of behavior for low self-monitors than for high self-monitors. Self-monitoring is (i) the tendency to adjust one's behavior to fit the situation, (ii) awareness of one's effects on others, and (iii) the ability to regulate one's non-verbal cues and behaviors to influence others' impressions.

Features of Attitudes: Some attitudes are highly predictive of behavior, while others are not. Attitudes that are formed on the basis of direct experience tend to exert stronger influence on behavior than those formed through hearsay. For example: Your attitude toward legalizing alcohol is probably stronger (pro or con) the more you have had prior personal experience with this issue. Likewise the strength of the attitudes determines the extent of its influence on behavior. Strong attitudes exert more influence on behavior. The components that determine the attitude strength-behavior link are:

- i. *Knowledge:* The more informed one is about a topic, the stronger is the attitude held and it typically predicts behavior. For example, if one knows a lot about water conservation, and also favors it, there is a greater likelihood that such a person is likely to actually engage in acts that lead to water conservation.
- ii. *Self-interest:* The more a topic affects you directly, the stronger is the attitude-behavior link.
- iii. *Social Identification and Value Relevance:* The more the attitude topic is important to defining who you are, or the more it reflects on your basic values, the stronger the attitude. The stronger the attitude, the stronger its link to behavior.

Accessibility-stronger attitudes are usually more accessible to consciousness/awareness, and thereby can more easily regulate behavior.

Specificity-Specific attitudes are better at predicting a specific behavior than general attitudes. General attitudes are better for predicting a general class of behaviors than specific attitudes.

While attitudes are relatively stable, they are subject to change based on changing information and perceptions of facts. In organizations colleagues, supervisors, and friends are constantly attempting to change an individual's attitudes. They try to change the attitude of the person by making use of the principles of behavioral reinforcement such as rewarding behavior consistent with the new attitude, using constant reinforcement in the early stages, changing beliefs through education, providing evidence for validating new beliefs, providing direct experience, and if possible make use of 'credible' educators to bring about this change, and may even resort to making use of fear, to resolve discrepancies. Attitude change is aimed at bringing about better person-organization fit, to enhance productivity and organizational effectiveness. Organizations are also sometimes actively trying to change the attitude of the consumers.

2.4 Monitoring Attitudes

If managers are to predict behavior on the basis of the knowledge of employee attitudes, they must first be able to get information about these attitudes:

- i. A person's attitude can be measured by asking questions about thoughts, feelings, and likely actions toward the attitude object.
- ii. Attitudes can be measured by a quantitative technique, i.e., each person's opinion can be represented by a numerical score.
- iii. A particular test item, indicating an attitude must be constructed in such a way that it means the same all respondents, so that a given response is scored identically for everyone answering it.
- iv. Typical attitude questionnaire require respondents to indicate whether they to agree or disagree with each of a series of belief statements about an attitude object.
- v. Attitudes are arranged along an evaluative continuum ranging from favorable to unfavorable. The more extreme scale positions represent more important or more strongly held attitudes.

- vi. Single questions are not used for getting to know the attitudes of employees, because one question will simply not address all the likely domains of an attitude and because responses that are summed over a number of questions are a more valid measure. The errors associated with individual items tend to cancel out over a number of items.
- vii. Each attitude statement should represent a different and independent view about the attitude object and should cover both favorable and unfavorable attitudes, so that the nature of the response to one item should not affect the response to another item.

The most popular method of obtaining information about attitudes is through the use of attitude surveys. The survey is a powerful diagnostic instrument for assessing employee attitudes towards their working conditions and whole range of organizational issues. They provide managements information about the general levels of satisfaction in a company. Surveys also indicate the specific areas of satisfaction or dissatisfaction being experienced by the different groups of employees. Surveys help in the identification of training needs, feelings towards supervisors and so on. Surveys can also be used to obtain information about how employees feel about proposed changes, so that required modifications can be made before introducing them.

An attitude survey fulfills its intended purpose only when top management and union support it, and the purpose of the attitude survey is clearly identified. Questions that are included in the survey are to be selected after careful attention is paid to the form of question asked and the nature of the response allowed, questions included can be of two types the closed end and open end questions.

Closed-end Questions present a choice of answers in such a way that employees simply select and mark the answers that best represent their own feelings. Here multiple-choice questions are usually included and the respondents mark the response that comes closest to their own feelings. The other type of questions in this category are the questions with “true or false” or “agree or disagree” answers. Sometimes surveys may include statements and request employees to respond by checking a numerical scale to indicate their degree of agreement or disagreement. When organizations want to assess the degree of change in employee satisfaction as a result of introducing new programs, they make use of statements that require them to indicate their level of satisfaction before and after the introduction of these programs. For example the Minnesota Satisfaction Questionnaire provide brief descriptions for each number on the scale – 1 = not satisfied, 2 = slightly satisfied, 3 = satisfied, 4 = very satisfied and 5 = extremely satisfied. These descriptions aid employees in selecting their responses and help management interpret the data. The advantages of the closed end questions are that they are easy to administer and to analyze statistically. The drawback of these questions is that the responses provided in the survey questionnaire may not be an accurate expression of employees’ real feelings, and employees are merely marking the response that is closest to their feelings.

Open-end Questions present a variety of topics but let employees answer in their own words. This unstructured approach permits employees to express their feelings, thoughts and intentions fully. This allows managements to carefully consider the responses that are similar in content and expressed by a substantial number of employees into consideration in future. Open-ended questions are of two types, direct questions that focus on specific parts of the job and ask questions only about those aspects. This enables the organizations to conduct an in-depth analysis of specific situations. The other types of questions are undirected and focus on more general issues regarding a job. These questions enable the organizations to obtain information about the current problems that are bothering the employees.

Once information is collected by making use of the surveys, it has to be statistically analyzed and a survey report is compiled. The information contained in the report is then used to formulate recommendations for change and future action. The decisions taken by the management based on the outcome of the surveys are communicated to the employees. By doing this, managements convey that employees views are being taken into consideration when managements make decisions. This in turn brings about a feeling of participation among the employees in the decisions of the management, and results in greater involvement, satisfaction, and commitment towards the organization.

2.5 Changing Employee Attitudes

Changing the attitudes of its employees is desirable but not an easy job for organizations. Though some attitudes are relatively easy to change, there are others that are very difficult to change and employees put up a lot of resistance when the organizations try to do anything they feel is aimed at changing their attitudes. Organizations generally tend to use persuasion techniques, which are aimed at modifying the beliefs or values currently held by the target audiences. New behavior can be taught by using the techniques of modeling desired behaviors, role-playing the desired behavior, and social reinforcement of role-played behaviors. And then as people begin to engage in these new behaviors to carrying out their daily activities successfully they experience dissonance as a result of the inconsistency between their new behaviors and previously held attitudes. This in turn will force them to change their previously held attitudes to reduce the tension created by the inconsistencies. This is a long drawn out process and if management desires to change employee attitudes in a more favorable direction. They may do so by:

- i. ***Providing New Information:*** When the present attitude held by an employee is due to misinformation, then simply providing new and correct information in the matter concerned will be useful in bringing about a change in the attitude of the employee. The employees can be allowed to air and share their attitudes with co-workers during open forums that give scope for group discussions. This helps employees to know about the views and attitudes of the other employees in the organization and provides them an opportunity to change their attitudes if they are drastically different from those held by others. Sometimes the change in attitudes could also occur due to the implicit peer pressure at work. Employees also come to consider other ways of viewing situations, resulting in a gradual shift in the attitudes. One should also remember that just as attitudes influence behavior, behavior can also influence attitudes. There is a reciprocal relationship between attitudes and behavior and managements can try to change the attitude of its employees by getting them to change their behavior first and then let the desired attitude shift to follow.
- ii. ***Resolving Discrepancies:*** Each component of the attitude (the affective, cognitive and behavior) is a channel for change. Changing any single component creates cognitive dissonance, and this dissonance causes the attitudes to be changed in such a way to re-establish balance. According to cognitive dissonance theory proposed by Leon Festinger there is a tendency for individuals to seek consistency among their cognitions (for example, beliefs, opinions). When there is an inconsistency between attitudes or behaviors (dissonance), something must change to eliminate the dissonance. Dissonance can be eliminated by (i) Changing one of the inconsistent elements. (ii) Reducing the importance of the conflicting beliefs, (iii) Discrediting the information source creating the dissonance

- (iv) Acquiring new beliefs that change the balance, (v) Consensual validation, that is, seeking others to support your initial attitude or (vi) Removing the conflicting attitude or behavior. For example if there is a discrepancy between the attitudes and behavior of an individual, it is most likely that the attitude will change to accommodate the behavior. Usually in all instances where an individual must choose between two incompatible beliefs or actions dissonance occurs. The greatest dissonance is created when the two alternatives are equally attractive and the individual has to choose one amongst them.
- iii. **Use of Fear:** Researchers have found that fear can cause some people to change their attitudes. However, the degree of fear used will determine the final outcome. For example, if low levels of fear arousal are used, people often ignore them and when high degrees of fear arousal are used, people often reject and refuse to be persuaded through such attempts. Only moderate level of fear arousal is found to be effective in changing attitudes.
- iv. **Influence of Friends or Peers:** Another way in which attitude change can come about is through persuasion by friends or peers.
- v. **The Co-opting Approach:** In this approach, employees are given an opportunity to have hands on experiences with knowing how management personnel exactly happen to take the different decisions. They are allowed to be a part of say a committee that decides the pay and rules structure of the workers, by being a part of such committee, the employee gets to know the procedures and different considerations that managements review before deciding upon the best possible option in the given circumstances. They became aware that organizations and the managements have the best interest of the workers at heart when making decisions involving them. Over time, this new information results in a change in their beliefs about management and in their attitude towards the organization.

Two basic barriers hinder the process of attitude change, one is called prior commitments, which occurs when people feel a commitment to a particular course of action and are unwilling to change. For example, when a person consciously chooses a particular car over others that are available in the same category. He later finding that the car is not matching up to the expected standards. Under such a circumstance the individual has only two options, either to get rid of the car, or discount all information that goes to say that the car he owns is lacking in certain features. Thus, reaffirming that his choice is the best. A second barrier is a result of insufficient information. Sometimes people do not see any reason to change their attitude. They need to be shown how their presently held attitude is coming in their way of getting greater opportunities such as promotions, economic rewards or recognition. At the same time they have to be shown exactly how an attitude change can enable them to get these benefits.

Psychologists have identified two important work related attitudes – **job satisfaction** **organizational commitment**. Along with these we shall also take into consideration a closely related aspect of **organizational citizenship behaviors**. In organizational behavior job satisfaction is the most important and frequently studied attitude.

JOB SATISFACTION

Job satisfaction refers to the degree of pleasure an employee derives from his or her job. Job satisfaction typically refers to the attitudes of a single employee. Job satisfaction is determined by a number of factors. The best explanation regarding the determinants of job satisfaction is provided by the **discrepancy theory** and **equity theory**.

The discrepancy theory states that the level of job satisfaction or dissatisfaction is the result of the comparison made by an employee between the pay he or she expects to receive for performing the specified job and the actual amount being received for performing the same. The discrepancy between the two determines the level of job satisfaction. Job dissatisfaction occurs when the received amount is perceived as noticeably less than the expected amount, and job satisfaction improves as the person's expectations are met or exceeded up to a point. In addition to the discrepancy between the outcomes people receive and those they desire, the other factor that determines job satisfaction is fairness. *Distributive fairness* occurs when people get from their jobs what they think they deserve.

According to the Equity theory job satisfaction results from the comparison people make, (a) not only between the outcomes (*Outcomes are those factors that the organization distributes to employees in exchange for their inputs. These might include pay, benefits, promotions, recognition or anything else of value to employees*) they receive and the amount of inputs (*Inputs consist of anything that people give up, or trade to their organization*) they put in but also (b) on the comparison of their input/output ratio, with the amount of work done by others in their jobs and the level of pay they receive. Equity occurs when they find that others also have similar outcome/input ratios, and this realization results in job satisfaction.

In general, people who work harder and are better educated than their peers expect higher rewards. And when they do not receive them, they are upset and angry over the lack of fair treatment and experience inequity. Inequity in turn leads to job dissatisfaction. Thus, the equitable distribution of work outcomes contributes to job satisfaction by providing for feelings of distributive fairness.

Equity theory also explains that job satisfaction does not always continue to increase with an increase in remuneration. According to this theory, when an individual initially receives an amount that exceeds their expectations— they tend to adjust their expectations upward to match these changes. However, when the reward is far greater than their expectation then they begin to develop feelings of guilt and a belief that organizational practices are unfair.

Therefore, both the discrepancy and equity theories predict that satisfaction or dissatisfaction is a result of the employees' perception and judgment of how well their job provides them with the things that they view as important. It should be remembered that people differ in their preferences for job outcomes based on their developmental experiences and levels of aspiration. Research has revealed that people develop overall feelings about their jobs as well as about selected dimensions or facets of their jobs, such as their supervisor, coworkers, promotional opportunities, pay, and so on. Employees can be satisfied with some of these job elements while simultaneously dissatisfied with others. The five job dimensions that have been identified to represent the most important characteristics of a job are:

The Work Itself: Jobs, which provide the individual with interesting and challenging tasks, opportunities for learning, and a chance to accept responsibility are viewed as satisfying, and result in greater job satisfaction. Individual differences exist regarding what aspects of the work provide satisfaction, for example, some individuals view Jobs with responsibility as dissatisfying because of the stress and problems that are involved in discharging the responsibility; whereas others may find responsibility a source of positive affect.

Pay: The amount of financial remuneration that is received for the individual's contribution to the organization is an important determinant in job satisfaction. Employees often see the pay and fringe benefits that they receive as indicators of how the management views their contribution, and therefore attach a lot of importance to this aspect of their work. The remuneration received also enables them to meet not only their basic needs but also their esteem needs.

Promotion Opportunities: The chances for career advancement in the organization are another important job characteristics that greatly contribute to the job satisfaction experienced by a person. Career advancement need not necessarily mean a promotion based on seniority, people attach more significance to promotions that are given on the basis of performance.

Supervision: Sometimes the supervisory style adopted by the group leader or any other superior affects the job satisfaction of the individual. Employees prefer a supervisor who adopts an employee-centered supervisory style. This dimension is measured by the degree to which a supervisor takes a personal interest and cares about the employee. Similarly, if the supervisor allows them to participate in the decision making process they experience a higher level of job satisfaction.

Coworkers: People tend to experience greater job satisfaction when they get to work with friendly cooperative coworkers and team members. A good work group makes the job more enjoyable. Likewise the working conditions have a modest effect on job satisfaction of the individual employees. If the working conditions are clean, attractive and provide a proper work environment, workers feel more at ease and enjoy the work they do and this results in higher job satisfaction. When the working conditions are noisy and dirty, they find it difficult to concentrate on their work leading to a decrease in productivity and job satisfaction.

Considerable research has been devoted over the years to the measurement of job satisfaction. The two most widely used measures of job satisfaction are the **Job Descriptive Index (JDI)** and the **Minnesota Satisfaction Questionnaire (MSQ)**. After assessing individual satisfaction with the help of these measures, job satisfaction across all members of a work unit is averaged. The general term used to describe overall group satisfaction is *morale*.

Affects of Job Satisfaction and Dissatisfaction: Organizational behavior scholars have linked job satisfaction and dissatisfaction to many types of employee behavior. Employees with higher levels of job satisfaction, particularly satisfaction with the work itself, are less likely to quit their jobs, be absent from work, and experience mental or physical health problems. The dissatisfied employees are more likely to steal, deliberately sabotage company products, and engage in acts of violence against their supervisor or co-workers. Dissatisfaction with pay or working conditions results in the employee joining labor unions and going on strike. Organizations are greatly concerned about all these outcomes. They find that happy and satisfied employees communicate and deal with their customers in a friendly and positive manner, and satisfied employees do not easily quit their jobs and can provide consistent service, which keeps getting better as they gain more and more experience in the field. All this leads to customer appreciation and satisfaction. Resulting in customer loyalty that is so essential for the success of the organization. Likewise organizations are interested in devising ways of controlling or averting disruptive behaviors that dissatisfied employees indulge in. Let us examine some of the important outcomes of satisfaction and dissatisfaction in detail.

Performance: Is employee performance related to job satisfaction? Do satisfied employees perform better than their less-satisfied counterparts? These are some of the questions that are brought about by the 'satisfaction-performance controversy'. A notion that has been long held by management personnel is that high satisfaction always leads to high employee performance; this notion has been refuted by many researchers to date. Research has shown that there is no strong linkage between job satisfaction and performance. The satisfaction-performance relationship is more complex than what it seems to be, and a continuously operating performance-satisfaction-effort loop seems to exist between the two. The relationship between satisfaction and performance may be more complex than what it seems to be, and it is quite possible that there exist many moderating variables such as rewards that affect this relationship. For example, better performance typically leads to higher economic, sociological, and psychological rewards. If these rewards are seen as fair

and equitable, then improved satisfaction develops because employees feel that they are receiving rewards in proportion to their performance. On the other hand, if rewards are seen as inadequate for the level of performance, dissatisfaction tends to arise. In either case, the level of satisfaction leads to either greater or lesser commitment, which then affects effort and eventually affects performance again.

Similarly satisfied workers can be high, average, or even low producers, so high satisfaction does not automatically mean high performance. The understanding of this issue is further complicated by debates of whether satisfaction leads to performance or performance leads to satisfaction.

Turnover: Turnover is an important consideration from the organization point of view especially when one takes training costs and the drawback of inexperience into account. However, researchers have found a moderately negative relationship between job satisfaction and turnover. They found that job satisfaction by itself does not contribute to low turnover, but found that when job dissatisfaction is high it did result in high turnover. The decision to leave the organization is influenced by factors other than job satisfaction alone. Factors such as age, tenure, organizational commitment, existing economic trends, and so on, also play a major role in this process. Some people cannot envisage of working anywhere else, so in spite of the amount of dissatisfaction that they experience in a job they still prefer to remain in it. Similarly, when things in the economy are going well people will look for better opportunities with other organizations, even if they are satisfied in their present job. On the other hand, if jobs are tough to get, even the most dissatisfied employees will not think of leaving and will voluntarily stay where they are.

Absenteeism: Research has indicated that a weak negative relationship exists between satisfaction and absenteeism. This is because many other variables other than job satisfaction (such as medical reasons) influence the decision of an individual to stay away from work. One such important factor is the degree to which people feel that their jobs are important. Individuals who believed their work to be important have lower absenteeism rates than those who did not feel this way. So, here too it is important to remember that although high job satisfaction will not necessarily result in low absenteeism, low job satisfaction is more likely to bring about absenteeism.

Tardiness (a type of short-period absenteeism ranging from a few minutes to several hours) is another way in which employees exhibit their dissatisfaction with job conditions. A tardy employee comes to work well beyond the designated starting time. This impedes the timely completion of work and disrupts productive relationships with coworkers.

Theft: The main reasons that people cite for indulging in the unauthorized removal of company resources or what is commonly known as theft, is that they feel exploited, overworked or frustrated by the impersonal treatment that they receive from their organization. Theft may range from insignificant items such as glue sticks, staplers, and stationary to making unauthorized long distance calls, use of office fax machines and sometimes to even involving criminal activities such as forging checks. Employees who indulge in such activities justify this unethical behavior as a way of reestablishing a perception of lost equity or even gaining revenge for what they consider ill treatment at the hands of a superior.

Violence: One of the most extreme consequences of employee dissatisfaction is exhibited through violence that is exhibited either verbally or physically at the place of work. Managers should keep a watch to catch any signs of employee dissatisfaction that might turn into verbal or physical harm at work, and take appropriate measure to prevent any such acts.

Organizational Citizenship: When employees hold a positive attitude towards their work they indulge in acts that promote organizational success. These tiny acts of help and extra effort of the different individuals help organizations to rise past their competitors. These voluntary acts are the result of the sense of organizational citizenship that is experienced by a satisfied employee. People in organizations behave in a certain way because of three main reasons, one – because their personality disposes them to do so, two – because they hope that by doing so they will receive special recognition or rewards, and three – because they are attempting to engage in image-enhancement, through managing the impressions that others form of them. Whatever the reasons, this type of behavior is usually appreciated by the organization and coworkers alike.

Guidelines to Enhance Job Satisfaction: After careful and extensive considerations the following guidelines have been formulated with a view to enhance job satisfaction in employee –

- i. Organizations should consider merging work with fun. Though this technique may not make jobs more satisfying, it does provide a chance to escape from boredom and thereby lessen the chances of dissatisfaction.
- ii. A typical way in which organizations can keep its employees satisfied is to provide fair pay, benefits, and promotion opportunities to all.
- iii. Organizations can ensure that there is a match between people's interests, skills and their jobs, by finding out interests and skills of potential new hires, as well as existing employees. The right fit between the person and job ensures greater satisfaction.
- iv. Another way of ensuring satisfaction is to design jobs to fit people, instead of finding people to fit particular job requirements. This is achieved by providing more responsibility and building in more variety, significance, identity, autonomy, and feedback into the job and thereby making it exciting and satisfying.

ORGANIZATIONAL COMMITMENT

Organizational commitment is an attitude that reflects the strength of the linkage between an employee and an organization. It is the degree to which an employee owes allegiance and identifies with the organization. While satisfaction relates to an employee's attitude towards the job, commitment is at the level of the organization. As quoted by Fred Luthans in his book organizational behavior, organizational commitment is most often defined as (1) a strong desire to remain a member of particular organization; (2) a willingness to exert high levels of effort on behalf of the organization; and (3) a definite belief in, and acceptance of, the values and goals of the organization. Therefore, commitment is a measure of the employees' willingness to remain with a firm in the future. Researchers John Meyer and Natalie Allen have identified *affective commitment*, *continuance commitment*, and *normative commitment*, as the three main reasons as to why employees prefer to stay with an organization.

Affective commitment reflects an employee's emotional attachment to, identification with, and involvement in an organization. An employee's allegiance to the organization based on a personal liking for the organization, the employee believes in the mission and goals of the organization and is willing to expend all effort in their accomplishment. It results from the interesting and satisfying work that one gets to do, or as a result of having one's expectations met.

Continuance commitment reflects an employee's belief that staying with the organization serves one's personal interests. It increases with the length of time an employee spends in an organization and is also affected by the prospects of alternate employment. Because as time passes and age advances it is unlikely that

the person could get a better job elsewhere or because the employee evaluates the costs associated with leaving the organization such as loss of seniority, promotions and other benefits.

Normative commitment reflects an employee's feeling of obligation or need to repay one's organization. It emerges out of a sense of duty to be loyal. Normative commitment is strongest where a sense of obligation or loyalty to the organization can be fostered.

Commitment among employees is usually stronger when they experience personal success in the organization and also when they are working within a committed employee group. Research has found that employees with high levels commitment have good attendance records, are willing to adhere to company policies and have lower turnover rates. Committed employees often translate into loyal customers who buy more from the organization, make referrals resulting in new customers and even pay a premium price. The only problem that an organization faces because of high commitment of its employees is in terms of low turnover and organizations loose out on the opportunity to recruit new employees with new knowledge and fresh ideas.

The present organizational situation is however paradoxical, because on the one hand they focus on teamwork and empowerment that greatly rely on self-motivation of the committed employees, and on the other they are resorting to downsizing and mergers, which undermine affective commitment and no longer protect employee jobs. As such managements and employers are experimenting with innovative ways to build a loyal workforce. Organizations now offer many benefits, such as providing shares to its employees, crèche's at the place of work, laundry facilities to enable employees to wear clean work clothes, canteen facilities providing subsidized food, flexible time arrangements, and sodexo coupons, which can be redeemed, for goods and items of the employee's choice. The increased competition for an educated trained, and committed workforce has also prompted companies to take a closer look at the impact of work/life initiatives. Work/life initiatives are a powerful tool to motivate people and encourage commitment to achieving business objectives. The following are some of the work/life benefits being offered by a company –

Work/Life Balance

- Flexible work arrangements such as flex-time, part-time work schedules, compressed work-week schedules and telecommuting, and by training managers and employees how to thrive in a flexible work environment.
- Resource information and referral services for childcare, adoption, and elder care and also providing information on public and private school systems, colleges, and vocational/technical schools.
- 'New Mothers Rooms' for nursing mothers.
- An on-line Parents Network for employees to share information on issues related to children and parenting.
- An on-site summer camp for employees' children.
- On-site seminars on topics such as parenting, childcare, elder care, and other work-life balance issues.
- Corporate Wellness programs, services, and recreation associations, which include a child care room.

Employee work/life programs are just one way that organizations use to improve affective commitment among employees. The following are some of the techniques being most prominently used by many organizations to enhance organizational commitment.

- *Fairness and Satisfaction:* The most important ingredients for building a loyal workforce is to provide a positive and equitable work experience to its employees. Employees and especially new recruits and lower level staff should not feel that the organization is earning huge profits at their expense, and that the senior executives are earning lucrative bonuses, while they face the burden of increased workloads. To remove any such ill-feelings, and to build commitment, organizations can share profits by distributing company shares to the employees.
- *Job Security:* Employees should experience a sense of security to be able to put in their worth and work for an organization. Organizations need not guarantee lifetime employments but they need to be able to instill a sense of confidence in its employees that their effort will be rewarded eventually and generally.
- *Organizational Comprehension:* To develop a sense of belonging and commitment, organizations should from time to time share with the employees information about what is going on in the company. All the organizational activities should be made known to the employees so that they have a sense of belonging and are able to empathize with the success of the company and also feel committed enough to do something when the company is passing through a bad patch. The focus should be to strengthen the affective commitment of its employees.
- *Employee Involvement:* Employees should be allowed to take part or have a say or at least a hearing in matters concerning important organizational decisions. Employee involvement also builds loyalty because giving this power is a demonstration of the company's trust in its employees.
- *Trusting Employees:* The organization should be able to build a relationship of mutual trust with its employees. It is a reciprocal activity; therefore if organizations expect its employees to trust its intention and to work for it with commitment, the organization must also demonstrate its trust in the employees. Trust is important for organizational commitment because it touches the heart of the employment relationship. Employees identify with and feel obliged to work for an organization only when they trust its leaders.

Organizational Citizenship Behavior

Organizational Citizenship Behaviors (OCB) are defined, as work-related behaviors that are discretionary, i.e., actions in which employees are willing to go above and beyond their prescribed role requirements, not related to the formal organizational reward system, and, in the aggregate, promote the effective functioning of the organization. They are the voluntary, informal behaviors that contribute to organizational effectiveness. OCB include helping co-employees with their work when they are absent, helping in orienting new employees into their department, assisting the supervisor with their duties, coming to work early or staying late that lie outside their job description and done without expectation of rewards from the organization. A more commonly used term to describe this type of organizational behavior is civic citizenship. Thus, the personality foundation for these OCBs reflects the employee's predispositional traits to be cooperative, helpful, caring, and conscientious. The attitudinal foundation indicates, that employees engage in OCBs in order to reciprocate the actions of their organizations (such as the work life balance benefits.)

3. VALUES AND BEHAVIOR AT WORK

Values are found in people at a deeper psychological level than work attitudes such as job satisfaction, job involvement or organizational commitment because they are more general and basic in nature. They direct our actions and offer stimuli for behavior. Values are the stable and long-lasting beliefs, that guide and influence our decisions in selecting socially desirable ways of achieving our individual needs and goals. In short they dictate a person's priorities, preferences, and actions.

3.1 The Importance of Values in the Workplace

People with different notions of what is right and what is wrong come together to work in an organization. Once people come to occupy a particular position they tend to espouse values that are generally held by all others members of that profession, for example, salespeople rank social values less than the average person, while professors value "equal opportunity for all" more than the average person. Thus, a major task of the organization lies in aligning these people with diverse values towards the attainment of a common set of goals. The knowledge of values also helps in understanding the attitudes, motivation, and perceptions of individuals. In the workplace, values underlying people's decision in the selection process, in resolving conflicts, and during intervention.

A self-analysis on the part of the individual helps in identifying one's values, and in identifying the value one attaches to critical things like money, recognition, moral fulfillment, time freedom, self-expression, creativity, security, working with others, or working alone. Information about the values that one holds enables the organization to employ the right person in each position. Similarly, organizations also need to identify and clearly state what they value in business, do they look for and reward creativity and initiative, or does it simply view its employees as bodies necessary to perform specific tasks and simply pays them to do so.

When employees and employers both conduct their own in-depth values inventory, it becomes much easier to match the individual and the job. For example, if a company values a total team approach, a person who strongly values decision-making and working alone could be rendered ineffective in this environment, whereas an individual who values harmony and working with others would probably excel. Similarly, if an individual holds the view that organizations should allocate pay and promotions on the basis of the work performed, and instead finds that the organization that he or she is working for rewards seniority and not performance, the individual is likely to be disappointed, and feels demotivated to exert a high level of effort on the job, as it would in anyway not lead to any recognition or additional money, this ultimately leads to job dissatisfaction and frustration.

3.2 Sources and Types of Values

The values of an individual develop as a product of the learning experiences they encounter as they grow up. Parents, friends, teachers, and others influence the values an individual holds. As values are deep seated it difficult though not impossible to change them.

Scholars over the years have described more than 100 values, such as basic values, instrumental values, personal values, cultural values, organizational values, professional values, espoused values, enacted values and so on. Attempts were made to classify these values; two approaches to developing value typologies are discussed in the following section.

Milton Rokeach defined the value concept as "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence". He designed an

instrument called the Rokeach Value Survey (RVS) to operationalize the value concept, and used it as an instrument for measuring personal and social values. The RVS classifies values into two broad categories – *terminal values*, and *instrumental values*. Each of these categories has 18 individual value items. Terminal values reflect a person's preferences concerning the 'ends' to be achieved; they are the goals individuals would like to achieve during their lifetime (Example: Eternal salvation). Instrumental values reflect the 'means' for achieving desired ends. They represent how one might go about achieving important end states. (Example: being honest in all situations, i.e., they believe that honesty is the best policy.) Therefore, it can be said that instrumental values refer to modes of conduct, which reflect behavioral characteristics that are seen as socially desirable and terminal values refer to end states of existence or ultimate modes of living that have been idealized.

Table 3

Terminal Values	Instrumental Values
A comfortable life (and prosperous)	Ambitious (hardworking)
An exciting life (stimulating)	Broad-minded (open minded)
A sense of accomplishment (lasting contribution)	Capable (competent, effective)
A world at peace (free of war and conflict)	Cheerful (lighthearted, joyful)
A world of beauty (beauty of nature and the arts)	Clean (neat, tidy)
Equality (brotherhood, equal opportunity)	Courageous (standing up for beliefs)
Family security (taking care of loved ones)	Forgiving (willing to pardon)
Freedom (independence, free choice)	Helpful (working for others' welfare)
Happiness (contentedness)	Honest (sincere, truthful)
Inner harmony (freedom from inner conflict)	Imaginative (creative, daring)
Mature love (sexual and spiritual intimacy)	Independent (self-sufficient, self-reliant)
National security (attack protection)	Intellectual (intelligent, reflective)
Pleasure (leisurely, enjoyable life)	Logical (rational, consistent)
Salvation (saved, eternal life)	Loving (affectionate, tender)
Self-respect (self-esteem)	Obedient (dutiful, respectful)
Social recognition (admiration, respect)	Polite (courteous, well mannered)
True friendship (close companionship)	Responsible (reliable, dependable)
Wisdom (mature understanding of life)	Self-controlled (self-disciplined)

The means adopted to achieve the desired ends depends upon the importance one attaches to the instrumental values, and both the instrumental and terminal values differ based on the group that holds (for example, executives, workers, and union members) them. People who are in the same categories of occupations tend to hold similar values, and when these different groups or categories of people interact, the inbuilt differences either encourage conflict or agreement.

Gordon Allport has developed another frequently used classification of human values. According to him values are of six major types – *theoretical, economic, aesthetic, social, political, and religious*.

- *Theoretical*: Interest in the discovery of truth through reasoning and systematic thinking, for example, a scientist values truth.
- *Economic*: Interests in usefulness and practicality, including the accumulation of wealth, for example, a businessperson.
- *Aesthetic*: Interest in beauty, for, and artistic harmony, for example, an artist naturally values beauty.
- *Social*: Interest in people and love as a human relationship, for example, a nurse may have a strong love of people.
- *Political*: Interest in gaining power and influencing other people, for example, a politician may value power.
- *Religious*: Interest in unity and in understanding the cosmos as a whole, for example, a monk or nun probably values unity.

Most of us, of course, have several of these values at more moderate levels. These classifications have a major impact on the value structure but are not specifically designed for classification of values in the workplace.

Maglino and his associates have identified four values that are important in the workplace. The four values are achievement, helping and concern for others, honesty, and fairness.

- *Achievement*: This value relates to getting things done and working hard to accomplish difficult things in life.
- *Helping and concern for others*: This value relates to the concern people show towards each other in the workplace, and how they tend to help each other.
- *Honesty*: Relates to telling the truth and doing what you feel is right.
- *Fairness*: Means being impartial and doing what is fair.

The Manglino et al. value schema helps in identifying the extent of *value congruence* (i.e., the extent of positive feelings expressed when one encounters another person who exhibits values similar to their own. If values differ there is incongruence) between leaders and followers. Congruence is greatest when there exists a congruence of values between leaders and followers in terms of achievement, helping, honesty and fairness values.

Individuals' values are also greatly influenced by societal values of the specific time period that one grows up in, and on one's cultural background. It has been observed that cultural differences often come in the way of successful business negotiations, as people are not able to appreciate the basic differences in work-related values across cultures. For example, work is valued differently in different cultures, for the Japanese work is central (work centrality) to their life and

existence, therefore they tend to work longer hours than their North American or British counterparts. The Chinese hold the concept of a job for life and expect to drink tea and read the newspaper on their jobs, which is in contrast to the work values of the US workforce, for whom holding on to jobs is entirely tied to their performance. These cross-cultural differences can create problems for the administrators as well as create adjustment problems for the foreign employees. Therefore, an understanding of the influence of these factors aids in explaining and predicting behavior.

Geert Hofstede a social scientist surveyed over 116,000 IBM employees' spread in around 40 countries and identified five value dimensions along which people from the different cultures varied in relation to their work-related values. The five value dimensions are, *power distance*, *individualism versus collectivism*, *quantity of life versus quality of life*, *uncertainty avoidance*, *long-term versus short-term orientation*.

Power distance – Is the extent to which people accept unequal distribution of power in society. It ranges from relatively equal (low power distance) to extremely unequal (high power distance). People from cultures with high power distance accept and value unequal power, whereas those with low power distance expect relatively equal power sharing. In high power distance cultures, employees are comfortable receiving commands from their superiors, and conflicts are resolved through formal rules and authority. Superiors are inaccessible and power differences are highlighted. In contrast, participative management is preferred in low power distance cultures, and conflicts are resolved more through personal networks and coalitions. Inequality is minimized, and power differences are downplayed with superiors being more accessible.

Individualism versus collectivism – The primary difference between these two dimensions is with regard to the emphasis placed by people on the individual goals versus the group goal. Collectivists define themselves by their group membership, they give group goals priority over their personal goals, put more emphasis on harmonious relationships, and experience more socially based emotions (indebtedness, friendliness). Individualists, on the other hand, view themselves autonomously, they give personal goals priority over group goals, put more emphasis on personal achievement, and experience more socially disengaged emotions

Quantity of life versus quality of life – People from cultures which emphasize quantity of life are achievement oriented and value assertiveness, the acquisition of money and material good, and competitiveness. People appreciate authority and favor the acquisition of material goods. In contrast people who prefer quality of life come from nurturing oriented cultures and emphasize on relationships, they show sensitivity and concern for the welfare of others rather than with competition and personal success.

Uncertainty avoidance – The degree to which people in a country prefer structured over unstructured situations. The extent to which people tolerate ambiguity and uncertainty (the low uncertainty avoidance) or feel threatened by ambiguity and uncertainty (high uncertainty avoidance). People from cultures with strong uncertainty avoidance, value structured situations where rules of conduct and decision-making are clearly documented. They usually prefer direct rather than indirect or ambiguous communications. People from such cultures work very hard and prefer security. Where as cultures with weak uncertainty avoidance are less concerned with rules, conformity and security and hard work is not seen as a virtue. Studies have shown that in countries that score high on uncertainty avoidance, people have an increased level of anxiety, which manifests itself in greater nervousness stress and aggressiveness.

Long-term versus short-term orientation – People from cultures, which value long-term orientations look to the future and strive for thrift, savings, and persistence. Whereas people from cultures that have a short-term orientation, values the past and present, and emphasize on giving respect for tradition and fulfilling social obligations.

Hofstede's study also revealed that values differs across cultures with regard to what is known as masculinity/femininity. More masculine cultures clearly differentiate gender roles, support the dominance of men, and stress economic performance. More feminine cultures accept fluid gender roles, stress on sexual equality, and quality of life.

These value dimensions are to be considered only as guidelines, and it is important to keep the cultural values of the specific country along with the impact of transformational changes specific to the region in mind, to be better able to manage people. It does not help to blindly transport and apply theories, research, and practices that are successful in one country to another. Instead, these theories, research, and practices, should be tailored and transformed to meet local cultural concerns. Further with globalization there is an increasing need for awareness of and sensitivity to differences in values across cultures, for example, some organizations have made major blunders while entering global markets because of a lack of understanding of the cultural values of the regions they were entering. In the 1970s, GM shipped automobiles to South America with the name NOVA, which in Spanish means no-go. Likewise, in the 1980s both McDonalds and Reebok made similar errors with the use of Arabic symbols, during the Olympics celebrations: McDonalds placed the flags of participating countries on take out bags. That was problematic because it was viewed as an offensive to place the flag on something disposable. Reebok used a symbol that represented Allah (God in Islam) on an athletic shoe. Needless to say each of the incidents were costly in terms of sales and international image for these firms, and highlights the need to understand the culture before entering a particular market. Therefore it is important for organizations to understand cultural values, and remember that these values are at many times expressed in symbols, stories, and language, and pay close attention not to hurt the feelings of the people from different cultures. That is why values alignment is also important between the organization and the society in which it conducts its business. Otherwise, the organization may experience conflict with the larger society and have difficulty attracting and retaining talented employees, and customers.

Following closely on the heels of identification of workplace values is the issue regarding *ethics*. Ethics are very similar to values and refer to the study of moral principles that determine whether actions are right or wrong and outcomes are good or bad. Employees and customers value organization with ethical values, integrity, and those with a sense of social responsibility. Organizations have a social responsibility towards the communities in which they conduct their business. Social responsibility refers to the organization's (or individual's) moral obligation towards others who are affected by its (his or her) actions.

Philosophers and scholars have identified several ethical principles. This multitude of principles can be condensed into three basic ethical values, utilitarianism, individual rights, and distributive justice. Organizations or individuals prefer one or the other of these based on their personal set of values.

Utilitarianism: Refers to the principle of seeking the greatest good for the greatest number of people. The focus is on the end result or consequence that results from an action. However, when placing priority on the *end* result people or organizations tend to make unethical choices (*the means*) to attain the chosen result.

Individual Rights: Individual rights are the entitlements that are given to individuals to act in a certain way. They include legal rights such as the freedom of movement, physical security, freedom of speech, fair trial, and freedom from torture.

Distributive Justice: This ethical value suggests that inequality is acceptable if (i) everyone has equal access to the more favored positions in society i.e., everyone has an equal access to high paying jobs and other valued positions in life. and (ii) the inequalities are ultimately in the best interest of the least well off in society i.e., some people can receive greater rewards if their job is risky and if this risk taking benefits those who are less well-off.

Values and ethics no doubt guide an individual's behavior and represent an important part of organizational life, but one should not discount the influence of *situational factors, ethical sensitivity, and intensity of issue at hand* on how exactly a person would behave in a given circumstance. For example, sales personnel would be forced in the process of doing their jobs effectively to selling things, which are beyond a customers' needs, or exaggerating the benefits of the products they sell. Similarly, people with higher ethical sensitivity, readily empathize with the ethical dilemma at hand and take appropriate action. Likewise the intensity of issue in consideration greatly determines behavior, the higher the moral intensity, the more that ethical principles should provide guidance to resolve the issue. For example, stealing from an employer is usually considered high on moral intensity, whereas using a company pen for personal use is much lower on the scale.

SUMMARY

- Personality is the relatively stable sets of psychological and behavioral attributes that distinguish one person from another and explain a person's behavioral tendencies. It is most often described in terms of measurable traits that a person exhibits.
- The Myers-Briggs Type Indicator (MBTI) developed by Katharine Briggs and Isabel Briggs-Myers provides a four-dimension model of personality with bimodal distribution of scores on each dimension. Extroverted or Introverted (E or I), Sensing or Intuitive (S or N), Thinking or Feeling (T or F), Perceiving or Judging (P or J).
- The Big Five model is an evolution of the MBTI and does not radically differ from it. The new model includes five dimensions of personality. The "Big Five", traits are stable and best predict performance in the workplace.
- The "Big Five" dimensions of personality according to this model are: Extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience.
- Though the "Big Five" are generally used to demonstrated how each of the five dimensions significantly relate to job performance, there are other major attributes of personality that influence OB. They are divided into social traits, personal conception traits, and emotional adjustment traits.
- Attitudes are a complex collection of feelings, beliefs, and expectations of an individual regarding other people, organizations, and things encountered. Attitudes form an intrinsic part of a person's personality, and can have a significant effect on the behavior of a person.
- Attitudes perform many important functions such as knowledge function, value-expressive function, the ego-defensive function, and the adjustment function.

- Attitudes comprise of a trichotomy of feeling (affective), knowing (cognitive), and acting (behavioral) components.
- The components that determine the attitude strength-behavior link are: knowledge, self-interest, social identification and value relevance, accessibility, and their specificity.
- The most popular method of obtaining information about attitudes is through the use of attitude surveys. Questions that are included in the survey are of two types the closed end and open-end questions.
- To change employee attitudes in a more favorable direction organizations may: providing new information, resolving discrepancies, use of fear, influence of friends or peers, and the co-opting approach.
- Psychologists have identified two important work related attitudes – job satisfaction and organizational commitment. Along with these is also taken into consideration a closely related aspect of organizational citizenship behaviors.
- Job satisfaction refers to the degree of pleasure an employee derives from his or her job. Job satisfaction typically refers to the attitudes of a single employee. Organizational commitment is an attitude that reflects the strength of the linkage between an employee and an organization. Organizational Citizenship Behaviors (OCB) are defined, as work-related behaviors that are discretionary.
- Values form the foundation for everything that happens in the workplace.

Chapter IV

Perception and Attribution

After reading this chapter, you will be conversant with:

- The Nature and Importance of Perception
- The Nature and Importance of Attribution
- Specific Application and Implications of Perception and Attribution in Organizations
- Impression Management

Behavior of an individual is based on his or her perception of what reality is and not on reality itself.

Perception and attribution are two important processes that enable individuals to interpret and understand the events that are taking place in environment and the people within it. A situation may be the same but the interpretation of that situation by two individuals may be vastly different. This happens because each individual has imposed upon the object, person or environment their own interpretations, their own judgment and evaluation. These processes affect an individual's responses to organizational events and influence their productivity more than the situation itself. Therefore, to influence productivity it is essential to assess how employees perceive their jobs. Further, work related behaviors such as absenteeism, turnover, job satisfaction and so on are the result of individual perceptions. Perception and attribution also determine the problem solving and decision-making ability of individuals.

1. THE NATURE AND IMPORTANCE OF PERCEPTION

Perception is a complex cognitive process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. The quality and accuracy with which information from the environment is processed results in how one forms an impression about oneself, other people and daily life experiences. The most important perceptions that influence organizational behavior are the perceptions that organizational members have of each other. Hence, the social aspects of perception are focused upon in this chapter. Social perception is defined as the study of how we form impressions of and make inferences about other people.

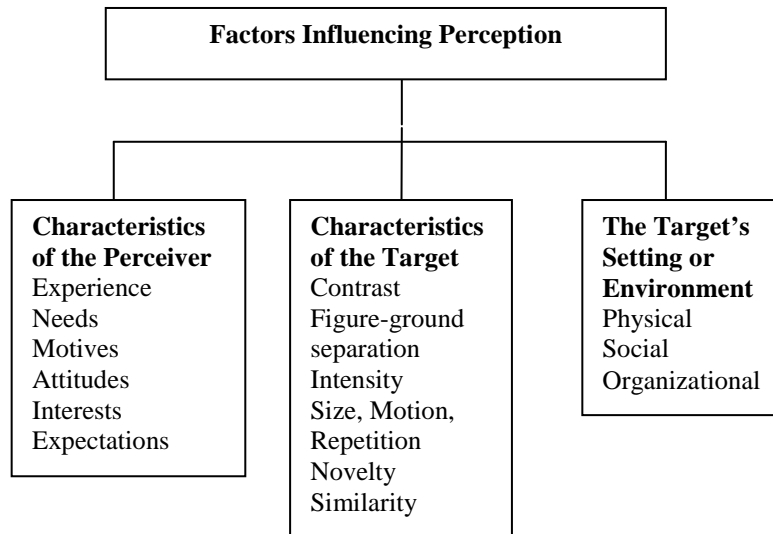
Understanding perceptions is important not only because all of us perceive things in unique and different ways, but also because each individual believes that his or her perception of people, events and objects is real. These impressions in turn have a major impact on how the person responds to a given situation. For example, a new management directive or policy may result in varied responses, not only amongst the individual members but also in how the department heads and the lower level employees respond to it. Differences in perception amongst individuals' is largely due to the differences in their learning experiences.

Perception is influenced by other factors such as characteristics of the target and the environment. All these aspects work together resulting in every employee filtering information in unique and different ways, and account for the unique thought patterns, feelings and behavior. Therefore, an understanding of 'perception' will in part enable us to understand the sources and nature of many organizational problems, and how it plays an important part in job interviewing, performance appraisals, impression formation, performance evaluations and decision-making.

1.1 Factors Influencing Perception

There are three factors that influence perception and contribute to the perceptual differences among people at work: (i) The characteristics of perceiver or the individual who is making the observation. (ii) Characteristics of the target (target is anything that the perceiver is focusing on.) and (iii) The target's setting, i.e., the circumstances or environment in which the target is perceived.

Figure 1: Factors Influencing Perception



The Characteristics of the Perceiver: The perceiver's emotions, experience, expectations, interests, personality, motives, values and attitudes affect his or her perceptions. People are influenced largely by the different experiences they have had in the past. These experiences give rise to certain expectations about outcomes in different situations and affect perceptions. The differences in perceptions, which are based on different individual experiences in the past, lead to problems in organizations as each individual tends to interpret events differently and expects different set of outcomes from the same situation. Further, the differences in needs at a given moment among the individual employee's leads to difference in perception and interpretation of the expected outcomes. Similarly the emotional state that an employee is in also affects the way he or she perceives and interprets an event, i.e., people tend to see what they want to see.

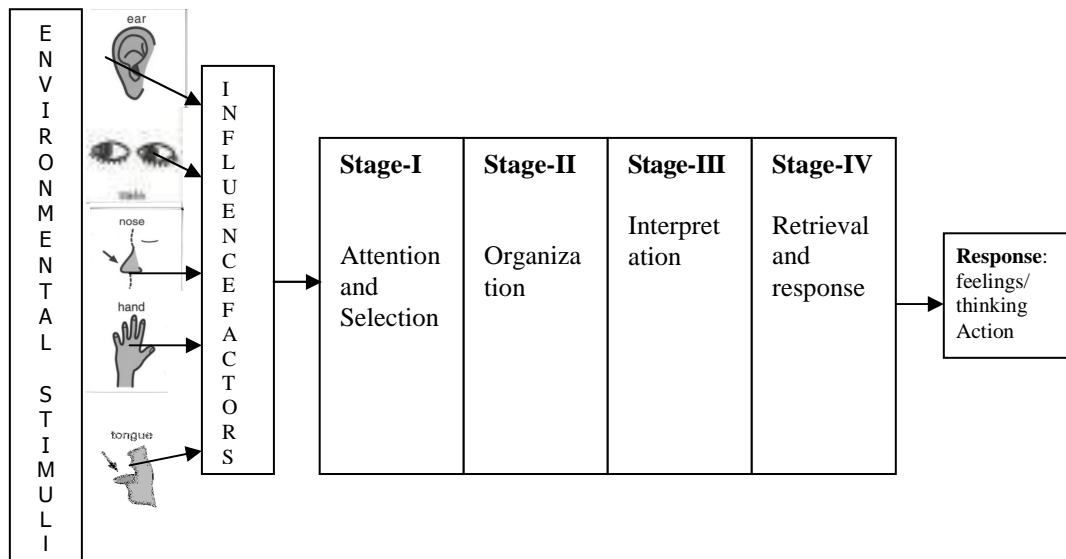
Characteristics of the Target that is being Observed: The size, intensity, contrast, figure-ground separation, motion, repetition, novelty, social status, ambiguity or lack of information and the perceptual grouping principles help to organize incoming information about the target.

The Targets Settings: The physical (time), social setting, and work setting, in which the target is being perceived (the situation or context in which an object, event or individual is seen) also influence the perceptual process. For example, a lady with make-up and jewelry may go unnoticed at a wedding reception, but if this lady were to turn up to work in this fashion, she would defiantly catch the attention of many people. In both the instances, the lady is dressed similarly and yet in one situation she is not noticed and in the other she is being noticed only because of a change in the setting or environment (wedding /office) in which she is being viewed.

1.2 Stages of the Perceptual Process

The stages involved in the perceptual process are: (i) Selective attention, (ii) Organization, (iii) Interpretation, and (iv) Information retrieval and response.

Figure 2: Stages of the Perceptual Process



Stage 1: Attention and Selection – From the multitude of information that surrounds us, the process of selective attention helps us to consciously decide what information to pay attention to and what to ignore. For example, when you are at a party, there is a lot of talking and laughter going on all around you. In spite of so much noise you are able to consciously screen out all the hub and selectively pay attention to what the person speaking to you is saying. Different people pay attention to, different parts of the same situation-the friend you are speaking to may be trying to listen to the conversation that is going on at the next table, and not to what you are saying – this is controlled processing wherein a person consciously tries to pay attention to something. In contrast many times selective attention takes place even without the perceiver’s conscious awareness.

Stage 2: Organization – It is not enough to selectively screen information, the screened information needs to be organized efficiently. We generally try to make sense of the stimuli that we pay attention to. So we try to fit the new stimuli with what we already understand and know. People use mental models or schemas to do this. Schemas are the mental models of ideal places, people, things or self, gained through experience. Schemas help people to simplify the incoming information, store it, aid memory and help in recall. Based on these schemas or cognitive frameworks people are able to remember all the information that they receive from the senses. To remember information people make use of event schemas, schematic schemas and person schemas.

Event schemas idealize how events should take place, Schematic schemas are the preconceived expectations about concepts, For example, when students are asked to evaluate their teachers, they first try to evaluate each teacher against their concept of what makes an ‘ideal’ or ‘good teacher’, i.e., each teacher is matched with the prototype held by the student. In organizations a worker may be evaluated against a prototype of a ‘good worker’, which might include hard working, intelligent, punctual, articulate, and decisive. Person schemas are the preconceived expectations about individuals.

Stage 3: Interpretation – Even when people view the same thing, they tend to interpret it in different ways and make different attributions about the reasons behind what is perceived.

Stage 4: Retrieval and Response – Encoded information or stimuli is sent to long-term memory. (Long-term memory is composed of three compartments containing categories of information about events, semantic materials and people.)

Information is retrieved from memory to be used, when people make judgments and decisions. Schemas play a major role in the retrieval process, and that is why it is very difficult to remember things that are not included in them.

Many times distortions are introduced into the perceptual processes; these distortions can make the perceptual process inaccurate and affect the response, as perceptions are usually structured to fit one's immediate needs and expectations, wishes, emotions, biases, previous experiences, and personality characteristics. Therefore, people see what they expect, or hope, to see.

1.3 Perceptual Distortions

Some common distortions that can make the perceptual process inaccurate and affect a person's behavioral response are primacy and recency effect, stereotyping, halo effects, selective perception, projection, self-fulfilling prophecy and contrast effects.

PRIMACY AND RECENCY EFFECTS

In an organization while coming to work with others one tends to quickly form an impression of those with whom one works. These impressions are based on the early cues or first impressions people form about others. This tendency to form impressions quickly based on the impact of what we first learn about someone without properly knowing him or her is known as primacy effect. Many times people may turn out to be very different from what you make them out to be in the first instances. Recency effect is similar to the primacy effect and occurs when the most recent information dominates our perception of others. People form impression about others they work with based on the recent cues or last impressions they have formed about them. For example, when doing a performance appraisal, a supervisor usually relies on the employee's performance over the previous years and based on it comes to certain conclusions.

STEREOTYPING

Stereotyping is the tendency to assign an individual to a group or broad category and to attribute the widely held generalizations about the group to the individual. It is common for organizational members to be categorized into stereotyped groups such as supervisors, union members, blue-collar workers, managers, workers and so on. In this way people are categorized into groups based on different criteria (age, gender, race, occupation). After a person is assigned to a particular group it is inferred that this person possesses the same characteristics and traits like all the others in the particular category. However, as every individual is unique, he or she may be quite different from the stereotyped overall group to which he is assigned. And the fact remains that a great deal of variability exists between the agreed-upon traits of each category and the actual traits of the individual members. Some of the common stereotypes that we come across in organizational settings are:

Sex-Role Stereotypes – A sex-role stereotype is the belief that differing traits and abilities make men and women particularly well suited to different roles. For example women are thought to be relatively more expressive, emotional, and participative and less independent, logical, and quantitative than men. The men are viewed as less warm, sensitive, expressive, and more quantitative, autocratic and directive compared to women. However, research in this field indicates that men and women do not systematically differ in the manner suggested by the stereotypes and yet the stereotypes persist even today.

Age Stereotypes – Age stereotypes depict that older employees as less satisfied, less involved, less motivated, not as committed, and less productive than their younger co-workers. Research suggests that these stereotypes are not accurate. In fact, evidence indicates that older workers have greater job satisfaction, job involvement, internal work motivation, organizational commitment and are less accident prone.

The relationship between age and job performance is more complex. Age is positively related to performance for younger employees. Older workers are not less productive.

Race Stereotypes – One study showed that blacks, when compared with whites, felt less accepted by their peers, reached career plateaus more frequently, had lower levels of career satisfaction, and received lower performance ratings.

Disability Stereotypes – Disability stereotypes depict the disabled as more likely to miss work, more costly to employ, difficult to manage, and defective.

Stereotyping leads to prejudice, or the unfounded negative emotions towards people belonging to a particular group. The consequence of stereotyping is that it results in injustice and individuals are often judged wrongly. For example, it is easy for people to believe that the workers cause a brawl. Similarly, accusations of sexual harassment tend to stick even without evidence because people believe that “men are like that.” In short hearsay about individuals is often judged as true, because they fit preconceptions about the class the individual fits into.

HALO EFFECT

The Halo Effect refers to forming an overall impression of a person or situation based on one attribute, or on a single trait, either favorable or unfavorable. This one characteristic overrides all the other characteristics of the individual or event. For example, consumers often buy a product because it is manufactured or produced by a company that makes other products they like. In organizations halo effects can seriously impede fair and objective performance appraisal, and result in biased and erroneous evaluations.

On the other hand when an individual is downgraded because of a single negative characteristic or incident it is known as ‘horns effect’.

SELECTIVE PERCEPTION

Refers to the selecting of information that is supportive of the viewpoints, needs, values and attitudes held by an individual and discounting those viewpoints that threaten them.

PROJECTION

It is the tendency of the perceiver to see their personal traits reflected in other people. For example, dishonest people tend to see dishonesty in others. It occurs because we believe that other people have the same beliefs and behaviors that we do. It is used more as a defense mechanism to protect one’s self-esteem.

SELF-FULFILLING PROPHECY

Our expectations and assumptions about another person, affect the way we interact with that person and in turn cause that person to act in a way that is consistent with our expectations. In simple terms it means that *we see what we expect or want to see*. Self-fulfilling prophecy is also known as ‘Pygmalion effect’ (named after the mythical Greek sculptor whose prophecy of getting an ideal mate came true when he created a statue of his ideal mate and then made her come to life!). Therefore, Pygmalion effect refers to the phenomenon in which people’s expectations of themselves or others leads them to behave in ways that make those expectations come true.

CONTRAST EFFECTS

Here a person’s characteristics are evaluated by comparing with other people recently encountered and who rank higher or lower on the same characteristics as the individual in consideration. For example, while evaluating an answer script distortion in evaluation can occur as a result of the examiner unintentionally comparing the answers with the answers in the paper corrected earlier. If the preceding paper was mediocre, then there is a likelihood of this paper being more favorably evaluated, and if the preceding paper was excellent then a less favorable evaluation would follow.

1.4 Dealing with Distortions

An understanding of major cognitive processes as is essential for all leaders and managers to run organizations successfully and smoothly. They should have a thorough understanding of the fact that perceptual differences exist and occur. They should realize that (i) There exists a great deal of difference between the filtered perceptual world and the real world, (ii) They should also realize that there exists a vast difference between the way they perceive different organizational strategies and problems and how the sub-ordinates in the organization view them. (iii) That perceptual differences can be due to cultural differences. Therefore, Sometimes even when equipped with such information, perception problems arise among the newly designated leaders and managers.

The common perception problems that one comes across in the newly designated leaders and managers are known as: (a) 'lifer syndrome', (b) 'decision gridlock', (c) 'poor people performance'.

When people who have been working with an organization for a long time come to take charge of the organization, they fail to make critical changes. This happens because during their long tenure with the organization they develop associations with many of the people in the organization, and this makes it difficult for them to take any kind of action against them. The new leader would discount the poor performance and argue that given a chance the person would definitely improve his or her performance, and cite past records in support of their argument. This is referred to as lifer syndrome.

The second kind of perceptual problem faced by new leaders and managers is known as 'decision deadlock'. It occurs when the new incumbent feels that looses and problems of the organization can be avoided if issues are properly analyzed and discussed. Many times this results in a series of meetings. Instead what needs to be done is to streamleg the decision-making processes and encourage rapid decisions.

Another common perceptual problem is 'poor people performance' which is typified by new leaders who mistakenly think that the leadership style being adopted by them is bringing out the best in the people in the organization, whereas in reality what is happening is that people are actually scared and alarmed at the strategies being adopted.

To avoid such mishaps new leaders should gain a complete understanding of the different concepts involved and then apply the best techniques available to reap maximum benefit and satisfaction for themselves and the organization.

1.5 Improving Perceptions

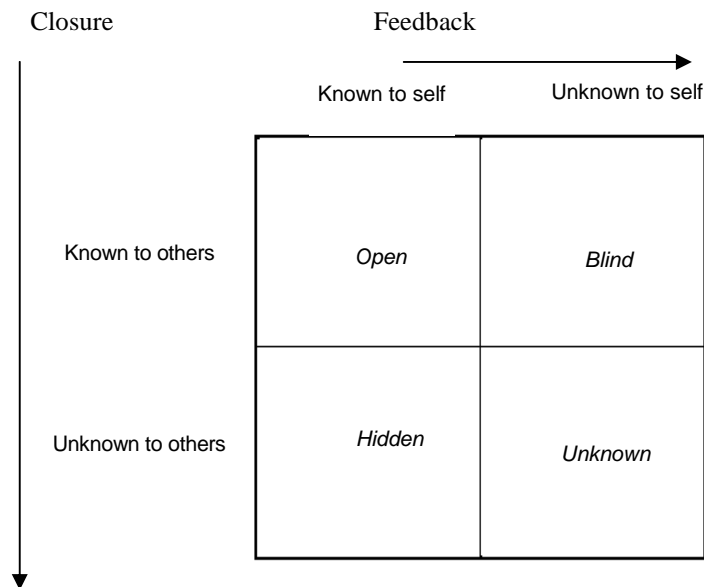
Improving perceptions is important both for the individual concerned and the organization. Perceptions may be improved by:

- i. Empathizing with others – Empathy refers to a person's ability to understand and be sensitive to the feelings, thoughts, and situation of others. It helps people to become more sensitive to external causes of another person's performance and behavior, thereby minimizing attribution errors. It helps to narrow down the psychological distance between prejudiced people and the targets of their prejudice.
- ii. Postponing forming any kind of impression about others until you are able to gather more information.
- iii. Do not try to understand others or make judgments about them by relying on stereotyped inferences. As far as possible, abandon the use of stereotype scripts while viewing others.

- iv. Always compare and cross check your perceptions about people, events or situations with others by sharing your perceptions and views with them. By sharing information you get to learn different points of view and thereby gain a potentially better understanding.
- v. Know yourself better by applying the Johari window.

Self-Awareness or the understanding that each of us have about our characteristics and behavior as compared to how others see us, can be represented by using Johari window. Johari Window is a simple popular graphic model, devised by Joseph Luft and Harry Ingram in 1961. It has four panes as shown in figure III. Information about the self is divided into four windows depending on whether (1) This information is known to both to self and others (open area), (2) Information known to others, but about which one is not aware of (blind area), (3) Information about self that is kept hidden from others (hidden area), and (4) An unknown area that includes information and experiences that one is not aware of and such information is also unknown to others.

Figure 3: Johari Window



The '*Open*' pane represents information about oneself. This information is well known to the concerned individual and is also known to other people. For example, information such as ones height, eye color. This is the pane of openness, honesty and frankness. Its size indicates the extent to which you and others can freely give and take, work together and share experiences. Therefore the more you know about yourself and the more you reveal of yourself to others, the larger will the open pane area. The bigger the pane is, the greater is your contact with reality.

The '*Blind*' pane represents characteristics and behaviors about the self that one is not aware of, but apparent to others. These include characteristics such as certain mannerisms and personality traits that one is not aware of, but which are very obvious to the others. We will remain blind to these things unless other people tell us about them.

The '*Hidden*' pane represents behaviors and characteristics that are personal and include information about the self such as ones beliefs, values, motives and feelings. This is the information that one does not share with others; i.e., the information is kept hidden from others.

The '*Unknown*' pane is the area representing undiscovered potential, latent skills, dormant abilities and creativity, all of which are neither known to you nor to others. We can assume that they exist because eventually some of them come to light given the right circumstances.

The main objective behind sorting information about the self according to the above criteria is to increase the size of the open area. This is facilitated by receiving and sharing information about oneself with others, so that both you and colleagues are aware of your perceptual limitations. A change in any one quadrant will however affect all other quadrants.

The size of the different windows indicative of the following –

A large open area indicates that the person is open about himself/herself, and the person is receptive to the feedback from others. If such a person comes to hold a managerial position, he/she would tend to have employees who tend to feel respected and encouraged to grow.

A large hidden area is indicative of a person who keeps information much to himself or herself. Such an individual is always trying to seek information from others but gives away little in return. If such a person comes to hold a managerial position he or she ends to be resented by others and the employees would feel defensive in their presence.

A large unknown area reflects a lack of self-knowledge and understanding. Such an individual is not understood by anybody and the behavior of such an individual tends to be unpredictable. Employees would feel insecure and confused when working with such a manager.

A large blind area is indicative of a person who is preoccupied with himself or herself. They talk a lot but do not listen to what the others have to say. People tend to get annoyed with such an individual.

We next turn our attention to understanding how people explain the cause of their own behavior and that of others around them.

2. THE NATURE AND IMPORTANCE OF ATTRIBUTION

Attribution is a cognitive process by which people draw conclusions or make judgments about what caused their own behavior or the behavior of other. It enables people explain one's behavior by assigning causes or motives to them based on a casual analysis. This casual analysis of the 'why' or reason behind actions and events we come across, helps us to both predict and control future events. For example, if we are able to interpret and analyze why a particular organization is able to earn profits consistently over the years, why a person is a successful leader? Why a particular project failed, then in future we will be able to adjust our behavior and other factors accordingly to achieve the desired results or outcome. The cause of an occurrence or behavior is interpreted and usually attributed to either–

- i. Internal causes that are believed to be under the control of the individual. For example, an employee X's performance is poor because he is lazy. Or it is due to
- ii. External causes that are outside the control of the individual. For example, X's performance is poor because he is working with obsolete machinery.

Attempts to explain how individuals pinpoint the cause of their own behavior and the behavior of others led to the development of the attribution theory.

2.1 Attribution Theory

Attribution theory has its roots in the work done by the cognitive pioneers in psychology. When applied to organizational behavior, locus of control (internal and external) is very relevant. According to the attribution theory people will believe others' actions to be caused by internal or external factors based on three types of information or three attribution rules:

- i. Distinctiveness,
- ii. Consensus, and
- iii. Consistency.

Distinctiveness: Distinctiveness is determined by comparing a person's behavior on one task with his or her behavior on other tasks. If the individual behaved in a similar fashion in different situations then such behavior lacks distinctiveness and is not unusual and is therefore judged as resulting from internal factors. However, if the individual behaves in a particular way only under certain situations then such a behavior is said to be distinctive, and we attribute its happening to external, i.e., situational causes, rather than to internal or personal causes.

Consensus: It involves a comparison on an individual's behavior with that of his or her peers. If other people behave in the same way as the *actor* (the person in question) in a similar situation then such behavior is said to have high consensus, and we attribute its cause to external (situational) rather than internal (personal) factors.

Consistency: Is determined by judging if the individual's performance on a given task is consistent over time. If "yes" then the actor's behavior is highly consistent and we attribute causality to internal (personal) factors rather than to external (situational) factors. Therefore,

- High consensus, high distinctiveness and low consistency lead to external attributions.
- Low consensus, low distinctiveness and high consistency lead to internal attributions.

Attribution theory has also shown that there is scope for three types of errors that might distort the attribution process. They are the fundamental attribution error, actor-observer effect, and the self-serving bias.

- i. The *Fundamental Attribution Error (FAE)* is the tendency to attribute the behavior of other people more to internal ("dispositional") rather than to external ("situational") causes. People fail to realize that the behavior of the observed individual may be distinctive to a particular situation only.
- ii. Actor-observer Effect: Actors and observers often view the causes for the actor's behaviour very differently. Actors tend to emphasize the situation while observers emphasize dispositions. This difference in attributional perspectives is called the **actor-observer effect**. People generally tend to underestimate the impact of situational causes and to overestimate the impact of internal causes when trying to understand the negative behavior of others, and at the same time they tend to attribute external causes for their own negative behavior under similar circumstances. For example, a worker may attribute the low productivity levels of a colleague to that person being a slow and lazy guy, and when reasoning out his own low productivity levels, he would conveniently ascribe it to the old or problematic machinery he is working with. When making attributions of one's own behavior, those people who attribute internal causes for their behavior believe that they can personally influence the outcomes through their own ability, skill, or effort and behave accordingly. And those who attribute external causes feel that luck or task difficulty determines the outcome and that they cannot control the outcome in anyway.
- iii. The *Self-serving Bias* is the tendency to attribute our favorable outcomes to internal factors and our failures to outside factors, i.e., we tend to take credit and responsibility for successful outcomes of our behaviors and to deny credit and responsibility for our failures. For example, if a manufacturer designs a new product that turns out to be a success, he might attribute the outcome to his expertise and creativity; but if the same product is a failure, he might attribute the outcome to the poor marketing network or advertising used.

The judgments made have important consequences for the organization. Managers appraise people as they come for their interviews, worker, sub-ordinates and co-workers performance on the job is constantly evaluated, and the loyalty of the organizational members is also often judged. Thus, one cannot undermine the importance of the attribution processes. Let us take a look at some of its specific applications in organizations.

3. SPECIFIC APPLICATION AND IMPLICATIONS OF PERCEPTION AND ATTRIBUTION IN ORGANIZATIONS

Career advancement and the future of an employee rest largely on how they are perceived and judged by their superiors and managers. Employees are judged during—

Employment Interview – to get a job it is imperative that one attends an interview, and evidence indicates that interviewers make judgments about the applicants. The early impressions that an interviewer draws generally get entrenched. Studies indicate that the impression that is formed within the first four or five minutes either positive or negative changes vary little during the rest of the interview.

However, it is common to find that members on the interview board arrive at different conclusions about the same applicant. Each interviewer sees different things in the candidate, and what is viewed as good by one interviewer may not be viewed by another in a similar way. It is important to remember that hiring decisions are greatly influenced by the interviewers judgment of the applicant, and eventually determine the quality of an organization's labor force.

Performance Appraisal – an employee's future in terms of promotions, pay raises and continuation in an organization are largely determined by how his performance is evaluated by others. This once again shows the importance of the perceptual and judgment processes in organizations. Though performance appraisal can be made on objective and measurable terms such as number of sales achieved, many jobs are more commonly evaluated in subjective terms. The subjective evaluations are judgmental, and are based on the evaluator's general impression of an employee's work.

Along with performance appraisal, the level of an employee puts into the work effort (*Employee effort*) is also given high importance. Once again an assessment of an individual's effort is a subjective judgment, which is susceptible to perceptual distortion and bias.

Another important judgment that managers make about employees is regarding their loyalty (*Employee loyalty*) to the organization. The assessment of an employee's loyalty is once again highly judgmental. Loyalty to the organization is taken into consideration while providing advancement opportunities and for providing training in specialized areas.

Understanding perceptions is important when planning incentive programs and reward systems for the employees. It is important for the managers to understand how the employee's perceive the reward or incentive being offered. Only if the employee perceives it as worthwhile will they be strongly motivated to work towards achieving it. Therefore, it is essential that managers clarify the employee perceptions before initiating any such programs.

When managers and leaders tend to disproportionately attribute behavior to internal causes, it leads to inaccurate performance evaluations and reduced employee motivation. The attributional biases of the leaders and managers may lead to inappropriate managerial actions, including promotions, transfers, or layoffs. Further, an employee's attributions for his or her own performance have important effects on subsequent motivation, performance, and personal attitudes.

Therefore, perceptions of the different people in the organization and the attribution that they make of each others behavior is vital to the success of the organization. So if people want to make a fine impression about themselves they need to project themselves properly, and see that they leave a positive impression about themselves wherever they go. So we deal with the interesting topic of impression management that is so essential in today's world in the coming paragraphs.

4. IMPRESSION MANAGEMENT

Impression Management (IM) is the conscious monitoring and manipulating of others' opinions about us. It is the actor's behavioral strategy that is designed to create some beneficial image about the individual both professionally and socially. The attention of OB researchers has been drawn to this subject only in recent years, and has its foundations in the work of Erving Goffman. In organizations people should become aware of how impression management is being used on them and at the same time also become aware of the different impression management strategies that they can use to their advantage.

People manage impression in different ways right from selecting what they do, how they do it, what they say, how they say it, furnishing and arranging their homes and offices, to how they dress and carry themselves. Impression management is a tricky affair and the particular pattern of impression management used by an individual is likely to determine whether that individual is viewed as a desirable work colleague by co-workers in an organization, or as insincere or manipulative. It also has considerable implications for areas such as performance appraisal, and a tool to build an image for being successful.

The impression management techniques are of two types- self-enhancement techniques and other enhancement techniques. Self-enhancement techniques boost one's appeal; the other enhancement techniques induce a positive mood in the others.

Some of the common impression management techniques that are used are –

- i. **Behavioral Matching** – acting like the person you are trying to impress.
- ii. **Conforming to Situational Norms** – such as wearing the right kind of clothes to suit the situation and exhibiting appropriate behaviors.
- iii. **Self-promotion** – increasing one's own power, by bragging or describing oneself in a positive manner for the situation at hand so as to be perceived as competent or good.
- iv. **Exemplification** – strategy to elicit perception of integrity and moral worthiness.
- v. **Ingratiation** – Influencing others' perception of our attractiveness by conforming, complimenting, being submissive, paying attention to them (“yes” men).
- vi. **Intimidation** – strategy used to arouse fear in others.
- vii. **Supplication** – advertising weaknesses, seeking sympathy.
- viii. **Enhancements** – claiming credit for more than what is.

Some of the common impression management techniques that are commonly used, the attributions sought, the negative attributions that the person using the particular impression management technique faces, the emotions that the actor aims at

arousing by using a particular technique and the resulting prototypical actions followed are given in the table below.

Table 1: Impression Management Techniques.

	Attributions Sought	Negative Attributions Risked	Emotion to be Aroused	Prototypical Actions
Ingratiation	Likable	Sycophant, conformist	Affection	Other enhancement
Self-Promotion	Competent "a winner"	Fraudulent, conceited	Respect	Performance claims
Intimidation	Dangerous ruthless	Wishy-washy	Fear	Threats, anger
Exemplification	Worthy, suffers, dedicated	Hypocrite exploitative	Guilt (shame)	Self-denial helping
Supplication	Helpless, unfortunate	Lazy	Nurturance	Self-depreciation

In organizations employees use two basic strategies of impression management. (i) Demotion-preventive strategy, (includes giving personal accounts or stories, apologies, disassociation) (ii) Promotion-enhancing strategy (which include making use of entitlements, enhancements, obstacle disclosures, association).

- i. Employees make use of a demotion-preventive strategy when they want to minimize their responsibility for some negative event or to stay out of trouble. a) They do so by either giving excuses for their actions or by justifying them. For example, the common excuses that they put forward for the delay in completing their assignments would be their sudden ill health or because of working on another higher-priority assignment. b) If they find that they cannot excuse themselves by providing the above explanations then they apologize, which gives a feeling that the person is really sorry and that such an event will not occur again in the future. And in instances where they are indirectly associated with something that have gone wrong because of a bad decision taken by a group, they tend to quickly disassociate themselves from such a group decision. They quietly meet the boss and say that they had tried their level best to persuade the group from taking the particular decision but to no avail. By taking such a stand they try to distance from the group as well as the responsibility for the problem.
- ii. When employees want to promote themselves, they adopt the promotion-enhancing strategies. For example, a) when they find that they have not been given the credit for their contributions to the success of a project or program, they make sure that people at the top of the organization come to know that the success is because of their proposal or the idea that they had given. b) When their contribution is recognized, they go about emphasizing that their contribution has a larger benefit than that has been recognized, and that their idea can be used in the future for greater benefits. c) Sometimes employees may go about disclosing the different personal family or organizational hurdles that they had to overcome in order to accomplish a particular task. This, they do to impress upon others that they deserve a lot of credit because they obtained the positive outcome despite the big obstacles. d) Some employees like to create the perception that they are well connected and are associated with successful projects, So they make sure to move around with the right kind of people at the right times.

4.1 Individual Differences in Impression Management

Impression Management research has shown that not all people consciously attempt to behave in ways that create and maintain a socially desired impression in other's eyes. It is only the *high self-monitors* who actively tend to project themselves, and mold their appearances and behavior to fit the demands of each situation and opportunity that comes their way and thereby control the image and impressions they give to others. High self-monitors rely on cues from the environmental setting and from others to determine how they should behave: They aim at promoting smooth social interactions. Examples of high self-monitors are actors, politicians.

The *low self-monitors* on the other hand present images of themselves that are consistent with their personalities, internal affective state and stable attitudes regardless of the beneficial or detrimental effect for them. Low self-monitors see themselves as principled and see high monitors as false.

Then, we have the *self-seeking opportunists* who modify their behavior in order to control others.

4.2 Guidelines to Help Recognize Impression Management Tactics and the Motives Behind Them

1. Recruiters and managers should avoid taking decisions based on the first impressions that they make of individuals. The first **impression error** is the tendency to form lasting opinions about an individual based on the initial meeting or perception.
2. They should lookout for high-probability impression management strategies being used, and should be able to distinguish them from genuine claims of competence.
3. They should be able to identify the ingratiating (buttering) techniques being used by the sub-ordinates.
4. Personal, situation and organizational features that foster undesirable impression management should be minimized. Organizations should provide for clear-cut role function and avoid giving scope for high levels of ingratiation.
5. Should not overlook the external causes of others' behaviors.
6. They should be able to identify the stereotypes they hold.
7. Avoid making rash judgments.
8. Evaluate people based on objective factors.

Keeping these things in mind would enable the managers to avoid biases and to objectively appraise staff member's performance.

In conclusion, it may be pointed out that there is nothing wrong in projecting and looking as good as one can, but one always be able to present their true self. Therefore, as William Gardner has stated "when selecting an image never try to be something you are not. People will see through the façade. In sum, make every effort to put your best foot forward-but never at the cost of your identity or integrity'.

SUMMARY

- Individuals behave in a given manner based not on the way their external environment actually is but, rather, on what they see or believe it to be.
- What individuals' perceive from their work situations will influence their productivity more than the situation itself.
- Perception is a complex cognitive process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

- There are three factors that influence perception and contribute to the perceptual differences among people at work: (i) The characteristics of perceiver or the individual who is making the observation. (ii) Characteristics of the target. (iii) The target's setting.
- The stages involved in the perceptual process are: (i) Selective attention, (ii) Organization, (iii) Interpretation and (iv) Information retrieval and response.
- Common distortions that can make the perceptual process inaccurate and affect a person's behavioral response are primacy and recency effect, stereotyping, halo effects, selective perception, projection, self-fulfilling prophecy and contrast effects.
- Attribution is a cognitive process by which people draw conclusions or make judgments about what caused their own behavior or the behavior of other.
- The attribution theory states that people will believe others' actions to be caused by internal or external factors based on three types of information or three attribution rules: (i) Distinctiveness, (ii) Consensus and (iii) Consistency.
- Attribution theory has also shown that there is scope for three types of errors that might distort the attribution process. They are the fundamental attribution error, actor-observer effect and the self-serving bias.
- Impression Management (IM) is the conscious monitoring and manipulating of others' opinions about us. It is the actor's behavioral strategy that is designed to create some beneficial image about the individual both professionally and socially.

Chapter V

Theories of Work Motivation

After reading this chapter, you will be conversant with:

- Understanding Employee Motivation
- Theories of Work Motivation
 - Content Theories
 - Process Theories

“Everything that is done in this world is done in hope”

– Martin Luther

1. UNDERSTANDING EMPLOYEE MOTIVATION

In an era marked by intense global competition the world of work has changed dramatically. Organizations are going-in for both downsizing and expanding at the same time, at different divisions and levels in the organizational hierarchy. With changes taking place at such a rapid pace organizations are keen on increasing their efficiency and productivity to meet organizational goals through employee motivation. This is not an easy task as globalization has resulted in increased workforce diversity with people having highly divergent needs and demands coming to work together under one roof. This makes the task of motivating employees all the more interesting and challenging.

Motivation is commonly defined as the force that energizes, directs and sustains behavior towards the attainment of a goal. While general motivation is concerned with the attainment of *any goal*, when studying organizational behavior we focus on *organizational goals* and are interested only in the motivational aspects of work-related behavior as it relates to the work place. Work motivation therefore refers to the psychological forces that determine: (i) the direction of a person's behavior in an organization, (ii) a person's level of effort, and (iii) a person's level of persistence.

- *Direction of Behavior* refers to the behaviors a person chooses to perform in an organization.
- *Level of Effort* refers to how hard a person works or the amount of effort a person puts in to perform the chosen behavior.
- *Level of Persistence* refers to how hard a person keeps trying to perform a chosen behavior successfully when faced with obstacles and opposition.

Increasing employee motivation is not an easy task. Managers need to promote creative, spontaneous, and innovative behavior of their employees, by stimulating the employees desire to participate and produce. They need to discover and identify the factors that motivate people at work to do what is necessary for the organization to succeed. Different employees respond in different ways to their jobs and their organization's practices. The main factors that affect work motivation include – individual differences, job characteristics, and organizational practices.

- i. *Individual differences* relate to the personal needs, values, and attitudes, interests and abilities of the different people that make up the workforce of an organization.
- ii. *Job characteristics* are the limitations and challenges that a particular position in the organization entails.
- iii. *Organizational practices* are the rules, human resources policies, managerial practices, and reward systems of an organization.

Organizations can motivate its employees externally by making use of the carrot and stick methods or by structuring its jobs in such a way that they meet the internal drives and values of its employees. The carrot and stick motivators such as: the better pay and benefits, employment security, opportunity for advancement, better working conditions and threats of suspension, reversal, cut in increments are effective only when people are in need or are afraid of facing the negative consequences. These methods however fail to motivate employees when all their basic needs have already been met. In such instances managements should focus on providing intrinsic motivation by designing challenging, meaningful, and enjoyable work, and at the same time see to it that the employees are provided

opportunities to experience a sense of accomplishment. This would ensure that its work force would stay motivated and works towards the achievement of its (organizational) goals.

2. THEORIES OF WORK MOTIVATION

Psychologists have developed different theories for explaining employee motivation. And many methods for motivating employee were developed focusing on both the person who motivates, i.e., the manager and the motivatee or employee.

Theories of work motivation have been influenced by the ideologies being followed by managements in the different years. For example, during the early part of this century, employees were portrayed as capable of making rational economic choices, and following a consequent logical pattern of behavior at work. Therefore, the focus at this time was on the philosophy that employees are driven by the desire to earn as much money as possible, and money was viewed as a primary motivator. And managements drew up elaborate financial incentive schemes to follow increased production. This line of thought was later amended and new theories began to be formulated. Researchers began to consider the influence of intervening variables that influenced behavior at work. The work of Elton Mayo (Hawthorne studies) brought to fore the influence of variables such as: lighting levels, temperature, frequency of breaks, provision of hot and free meals and other such things on productivity. The Hawthorne's studies revealed that employees are not motivated solely by money. 'Human Relations' as a means of motivating employees was increasingly focused upon.

With the publication of the results of Hawthorne studies, interest in the field of motivational research was renewed. Researchers began to examine the extent to which existing work motivation theories can be used or modified to reflect the realities of the new workplace.

Two primary approaches are used to categorize work-motivation theories, i.e., (i) the content and (ii) process theories. Of these, the theories that focus on equity and procedural justice are commanding most of the research attention in recent times.

2.1 Content Theories of Motivation

Content theories attempt to explain the forces that motivate human behavior by identifying the internal forces, needs or urges that control human behavior. These theories seek to identify *specific needs* that energize behavior at different times, and are aimed at explaining why people have different needs at different times. Based on these findings they prescribe the characteristics that ought to be present in jobs to make them challenging and motivating. Content theories warn organizations against relying too heavily on financial rewards as a source of employee motivation. The main content theories are: (i) Maslow's Hierarchy of Needs Theory, (ii) McGregor's Theory X and Theory Y, (iii) McClelland's Need Theory, (iv) Herzberg's Two-Factor Theory and (v) Alderfer's ERG theory.

A *need* is an internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives within an individual. These drives generate a search behavior to find particular goals that, if attained, will satisfy the need and reduce the tension.

MASLOW'S HIERARCHY OF NEEDS

Abraham Maslow developed the hierarchy of needs theory, which is an excellent model for understanding human motivation. According to this theory there is a hierarchy of five human needs that motivate an individual. The five human needs are:

- i. *Physiological needs*, which include – basic food, water, shelter. Managements can plan and provide for proper pay packages, lunch breaks, and rest breaks to take care of the physiological needs of its employees.

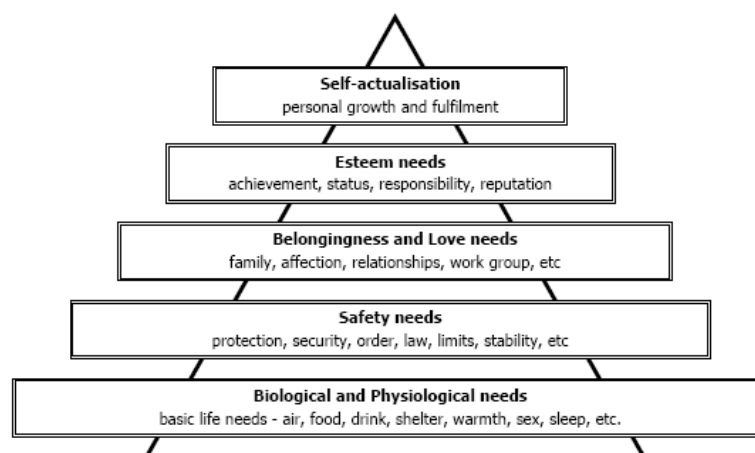
- ii. *Safety needs* such as: security and protection from physical and emotional harm. To meet these needs managements can provide a safe working environment, retirement benefit plans and job security to its employees.
- iii. *Social needs* such as: affection, belongingness, acceptance, and friendship. Organizations can create a sense of belonging and togetherness by formulating team-based projects and organizing social events.
- iv. *Esteem needs* are internal factors such as: self-respect, autonomy and achievement, and external factors such as – status, recognition, and attention. Managements can formulate plans to give proper credit and recognition for the achievements of its employees and offer them job titles to make them feel appreciated and valued.
- v. *Self-actualization needs* which include a person's drive to become what he or she is capable of becoming. At such moments the person is said to have a peak experience of profound happiness and harmony. According to Maslow only a small percentage of the population reaches the level of self-actualization. To meet this need of the individual, organizations must provide employees a challenge and the opportunity to reach their full career potential.

Maslow also separated the five needs into lower-order needs (which includes: the physiological and safety needs) and higher-order needs (which includes: the social, esteem, and self-actualization needs). The lower-order needs are satisfied externally by things such as: pay, tenure, and membership to organizational unions. The higher order needs are satisfied internally.

According to Maslow's hierarchy of needs theory people try to satisfy various needs according to a specific hierarchical pattern.

According to Maslow's hierarchy of needs (shown in figure 1) the lowest level unsatisfied need category has the greatest motivating potential. Therefore, motivation depends on the person's position in the need hierarchy. For example, if the physiological needs of a person are not met then this person's motivation will arise from the quest to satisfy these basic needs. Then as each need in the hierarchy is substantially satisfied, the next need becomes dominant and the individual turns his or her attention to the next higher level and moves up the hierarchy. Satisfaction-progression also indicates that even if a person is unable to satisfy a higher need, he or she will be motivated by it until it is eventually satisfied. Maslow's hierarchy also implies that a satisfied need is no longer an effective motivator.

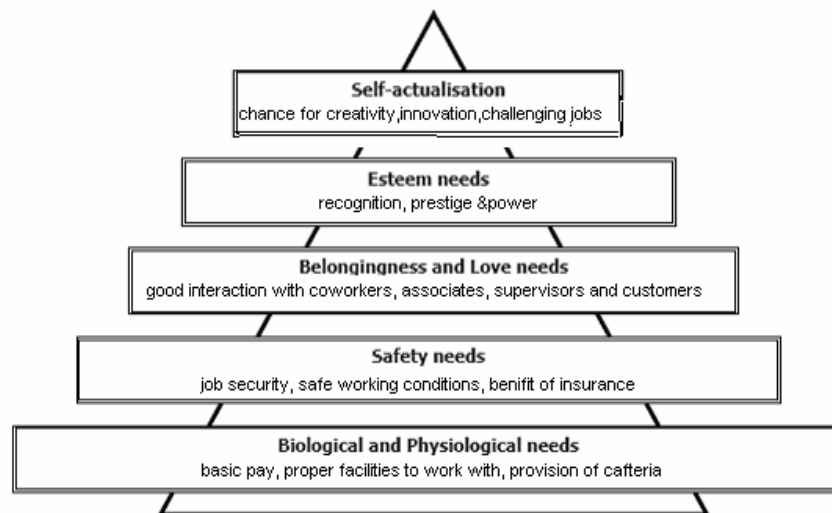
Figure 1: Maslow's Hierarchy of Needs



Source: <http://www.businessballs.com/maslowhierarchyofneeds5.pdf>

Though this theory was not developed to explain motivation in the workplace, it has greatly influenced management scholars and has been adapted to understanding motivation in organizational settings. From the standpoint of employee motivation, managers need to understand the need level at which an employee is operating, and use those needs as levers of motivation. They should devise programs or practices aimed at satisfying the unmet needs of the employee. Managements can make use of job design, company events, compensation packages and management style to motivate its employees. For example, if a manager attempts to build a group at work and wants the esteem needs of group members to be dominant, then the manager would have to make sure that physiological and safety needs of this group of employees are met, by paying them a reasonably good living wage and providing a safe and secure work environment. As shown in figure 2 below, providing employees with the following can meet the different needs in Maslow's hierarchy.

Figure 2: Hierarchy of Work Motivation



Maslow's hierarchy is also useful for the manager to understand that organizational members do not share the same way of looking at and understanding a situation, as their needs may be different even when they are working under the exact or same work conditions as others in the organization.

Although Maslow's theory is widely recognized, it has certain drawbacks such as:

- Maslow provided no empirical support for his theory.
- Several other studies that sought to validate it could not do so.
- Little support was found for the prediction that 'need structures' are organized along the dimensions proposed by Maslow. Further people from different cultural backgrounds do not have the same order of hierarchy of needs.
- There is no empirical support for Maslow's contention that unsatisfied needs motivate.
- There is no empirical support to prove that a satisfied need activates movement to a new need level.

In spite of these drawbacks, international findings prove that people throughout the world have needs similar to those described in Maslow's hierarchy. Variations do exist in the need-satisfaction profile of different countries based on their cultural values and geographic regions. Therefore, a reranking of these needs may be

necessary depending on the region making use of this theory to formulate their motivational practices. Further it is also to be noted that a single hierarchy of needs may not reflect the needs profile of the subcultures within the given culture, so this theory alone may not be sufficient for identifying motivational factors across cultures and geographic boundaries. However, like any simple model, Maslow's theory provides a broad framework of human behavior and motivation. It is a guide that requires a little interpretation and thought, given which, it remains extremely useful and applicable for understanding, explaining and handling many human behavior situations.

THEORY X AND THEORY Y

Though Douglas McGregor proposed the Theory X and Theory Y in the 1950's, these theories are still referred to commonly in the field of management and motivation.

McGregor's proposed two sets of assumptions or natural rules for managing people *Theory X* and *Theory Y*.

According to *theory X*, employees dislike work, are: lazy, lack ambition, dislike responsibility, and prefer to be led. They are inherently self-centered and indifferent to organizational needs and are resistant to change. As such they must be closely controlled to work effectively, and managers need to force the employee to work, using coercion and threats of punishment to get the employees to work hard enough. Most of the worker prefers to be directed, because they want to avoid taking responsibility for their actions. The main motivator for the employees is money, and they seek more compensation even for satisfying their higher-level needs in their work. Therefore, this theory assumes that lower-order needs as identified by Maslow dominate individuals' motivation.

Theory Y on the other hand, assumes that employees are: creative, seek responsibility, and can exercise self-direction. Employees need not be monitored closely, because they view work as natural, and a source of satisfaction. This view of work makes them highly committed and motivated. Managements also need to involve employees in the decision-making process and allow them to work along with the management to become motivated. Explaining and discussing organizational decisions with the employees will enable them to fully grasp the purpose of management actions. This would motivate the employees to exert self-direction and control to do better work, than if they were simply asked to carry out the given orders.

Theory Y assumes that employees will contribute more to the organization if their higher-level needs are catered to and if they are treated as responsible and valued employees. Managements can plan for decentralization and delegation, so that employees get to share responsibility and take part in the decision-making process. Job enlargement that broadens the scope of an employee's job also adds variety and opportunity to satisfy the ego needs of the employees. This type of management is beneficial for the organization and individual employees, as each one of them can work for the satisfaction of their higher-level personal needs through their jobs.

There is no evidence to confirm that either set of theory X or theory Y assumptions are valid, nor is there any proof that either theory X or theory Y is better. This theory serves as a guide to understand the way managers or employers think about and categorize the basic motivations of their employees, and this in turn determines the strategies that they would use in employee motivation.

McCLELLAND'S NEED THEORY

David McClelland and his associates developed a need theory 'the three-need theory' that focused on personality and learned needs. This theory focuses on three acquired needs that are major motives in work. According to McClelland human behavior is controlled by three basic: (i) needs for achievement, (ii) need for

power, and (iii) need for affiliation. These needs are acquired over a period time, and are shaped by the individual's life experiences. McClelland's suggests that most people possess and exhibit a combination of these needs and as such they vary in their drive to gratify these needs.

According to McClelland's needs theory, needs are to some extent acquired and can therefore be influenced, just as several simultaneous needs influence a person's behavior.

Need for Achievement (nAch)

It is the need within an individual to accomplish something difficult in a rapid and independent way. It is defined as the drive to excel, to achieve in relation to a set of standards, and to strive to succeed. People with this need or the high achievers differentiate themselves from others by their desire to do things better. The high *nAch* individuals prefer work that has a moderate probability of success, or a situation where there is a 50% chance of attaining the set goal, and where they feel that their performance is due to their own efforts. Therefore they tend to avoid both low-risk and high-risk situations. A low-risk situation does not appeal to them because they find no challenge in the task and therefore feel no sense of achievement on its attainment. They also tend to avoid high-risk situations, as they are achievement oriented, and do not want to aim at goals which are unattainable. They tend to view the outcome of all high-risk situations as one of chance rather than the product of their own effort. People with high need for achievement would rather prefer to work hard at a problem and accept personal responsibility for success or failure rather than leaving success to chance. High achievement oriented people need regular feed back in order to monitor their progress and their achievements. The high *nAch* individuals also prefer to work alone or with other high achievers.

Studies have shown that employees who have a high need for achievement do better than their counterparts with similar abilities but with a lower level of achievement need.

Need for Power (nPow)

People, who are motivated by this need, seize every possible opportunity to control and dominate others. The *need for power (nPow)* makes them behave in a way that they would not have behaved otherwise.

Need for power is of two types, personal and social power (or institutional power). Individuals' who need personal power are characterized by an 'if I win, you lose' mentality. They see almost every situation as an opportunity to control or dominate others. They like to change a situation, and assert themselves and try to dominate and direct others. This need is often perceived as undesirable as such people are more concerned with prestige and gaining influence over others than with effective performance. Individuals', who need institutional power, aim at accomplishing organizational goals, by organizing the efforts of others and help employees gain a feeling of competence. This type of power need is viewed as positive, and beneficial to all. It has been proved that people with the need for social power are more effective than those with a high need for personal power.

Need for Affiliation (nAff)

People with a high need for affiliation like: to socialize, be friendly, and have close interpersonal relationships with others. They tend to conform to norms and be cooperative, and like to work with people.

Using the Thematic Apperception Test (TAT) McClelland and his colleagues measured and identified underlying human needs and were able to understand behavior. Questionnaires are also sometimes used to find out motives and to identify the need that underlies behavior. The TAT is however, the most

commonly used for this purpose. Respondents are shown different pictures, each for a brief period of time and asked to write a story describing what is going on in the picture, what preceded this situation shown in the picture, and what will be likely to happen in the future. Each story is scored and a subject's rating on the three motives is obtained.

Implications of This Theory to Organizational Behavior

McClelland's need theory helps us to understand that people having these needs have different ways of dealing with their jobs. For example –

- i. People who are high in the need for achievement tend to be concerned with performing better than others, and are innovative as such these individuals should be given challenging and attainable projects or jobs and they will be the ones to accomplish the most. The managers would take care to provide them frequent feedback on their performance, and make use of monetary incentives as effective form of feedback rather than as a motivator by itself. While assigning people to the different jobs managers should try to create challenging work assignments and autonomous work environments for employees with high need for achievement. Because if an employee with a high need for achievement views his or her as boring or dull they tend to lower their performance accordingly. However, this does not mean that they are suitable for top managerial positions as research evidence suggests that a person high in *nAch* does not necessarily be a good manager.
- ii. The need for achievement is also related to the desire to become an entrepreneur; therefore an employee who feels that job is not challenging enough or if they feel that the employer is not interested with their ideas and efforts, such individuals are likely to start their own enterprise. So managements should take special care to cater to this need of their employees or they may soon see their employees turn into competitors.
- iii. Another interesting finding of McClelland is that people can be trained to be higher on their need for achievement. In achievement training, people are taught to bring about a change in their thought process and trained to focus on thinking about success, accomplishment and achievement. This would then over a period of time enable people to choose more difficult goals and situations in which they have more personal responsibility, and determination to achieve them. They are given constant feedback on their performance during the achievement training and this change would then positively affect the economy of a whole region.
- iv. Similarly, according to McClelland, people with high need for affiliations are also not very effective as managers because these people have a difficult time making decisions without worrying about being disliked, and managers need to take quick and effective decisions. Therefore employees with a high affiliation need should be placed in jobs that require a lot of communication and cooperation with others.
- v. Top managers should rather have a high need for power and a low need for affiliation to be effective and successful. People with a high need for power should be given positions that provide them an opportunity to manage others.
- vi. Therefore knowledge of the different kinds of needs will enable organizations to select and place the right kind of people in the different jobs. Managers can also devise ways to motivate workers by knowing what kind of needs they have. However, it is important to remember that along with needs, a person's values, habits, skills and environmental conditions also determine a person's behavior.
- vii. According to McClelland, it is possible to change an individual's motivation using systematic training.

HERZBERG'S TWO-FACTOR THEORY

Frederick Herzberg an OB scholar attempted to explain the factors that motivate individuals by identifying the factors that determine an employee's satisfaction or dissatisfaction in his or her work environment. Several employees were interviewed and asked to describe in detail the different situations in which they felt exceptionally good or bad about their jobs. The categorization of the responses showed that the job characteristics that caused job satisfaction were different from those causing job dissatisfaction. An interesting finding of this study is that Herzberg found that the opposite of 'satisfaction' is not 'dissatisfaction' but 'no satisfaction'. Similarly the opposite of 'dissatisfaction' is not 'satisfaction' but 'no dissatisfaction'. This finding indicates the existence of a dual continuum satisfaction – no satisfaction and dissatisfaction – no dissatisfaction. Therefore removing dissatisfying characteristic from a job does not automatically make the job satisfying; it only helps to pacify the employee, but does not help in motivating him or her in anyway.

According to Herzberg's two-factor theory, job satisfaction and job dissatisfaction are connected to various underlying factors known as: the motivators and hygiene factors.

To explain these findings Herzberg developed the two-factor theory or the motivation-hygiene theory. He concluded that job satisfiers are related to job content and that job dissatisfiers are allied to job context. Job satisfiers were termed *motivators* and the dissatisfiers were termed *hygiene-factors*. The presence of *motivators* in the workplace caused enduring states of motivation in employees but their absence did not lead to dissatisfaction. *Hygiene factors* on the other hand, produced an acceptable working environment but did not increase satisfaction – their absence did however cause job dissatisfaction. The term *hygiene factor* refers to factors that are preventive, i.e., those factors that prevent dissatisfaction. For example, when factors that surround a job such as: quality of supervision, pay, company policies, physical working conditions, relations with others, and job security are adequate, employees will not be dissatisfied, but this does not mean that they are satisfied either.

The following are the important *motivators* and *hygiene factors*:

Motivators	Hygiene Factors
Responsibility	Supervision
Recognition	Salary
Promotion	Work environment
Achievement	Company policies
Intrinsic aspects of the job	Relationship with colleagues

The most important contention of this theory of motivation is that the main motivating factors are not in the environment but in the intrinsic value and satisfaction employees gained from the job itself. That is, why, even when managements offer higher pay packets, more fringe benefits, and better working conditions, they find that they are not able to motivate their workforce. Therefore, to motivate employees Herzberg suggests that factors such as: promotional opportunities, opportunities for personal growth, recognition, responsibility and achievement that are intrinsically rewarding for the employees and which are associated with the work itself should be emphasized. This is based on the simple understanding of the fact that 'once the belly is full' dangling any more carrots (more of hygiene factors) in front of the employees will not motivate them.

Therefore according to this theory managements should focus not only on providing hygiene factors to avoid employee dissatisfaction, but must also provide for factors that are intrinsic to the work itself, so that employees are motivated and satisfied with their jobs. This theory suggests that people's jobs can be redesigned to incorporate more motivators. Herzberg points out that jobs should be

challenging enough and should be designed in such a way so as to utilize the full capability of the employees. If managements find that people are capable of achieving more than what they are presently assigned to do, they should be given increasing levels of responsibility. And the present job is to be given to an employee with lower level of skills and abilities.

In spite of its contributions to the understanding of work motivation, Herzber's theory has its share of criticisms, which are as follows: It has been argued that the methodology used by Herzberg is limited, and its reliability is questionable. It has been argued that, it is natural for people to take credit for satisfaction and to blame dissatisfaction on external factors. It has also been pointed out that the two-factor theory does not measure overall satisfaction, for it is quite possible for people to dislike certain parts of their jobs and yet at the same time find the job quite acceptable. Another major flaw with this theory is that though it assumes a relationship between satisfaction and productivity, its research methodology only looks at satisfaction and not at productivity.

In spite of the criticisms this theory is widely read and its recommendation of providing for vertical expansion of jobs to allow workers greater responsibility, is being followed in many organizations.

ALDERFER'S ERG THEORY

Based on empirical research Clayton Alderfer extended Herzberg and Maslow's theories of work motivation. According to Alderfer there are three groups of core needs and the letters ERG stand for these three levels of needs – Existence, Relatedness, and Growth

- The existence needs are similar to Maslow's physiological and safety needs and are concerned with providing the basic materials required for human existence.
- The relatedness needs coincide with Malsow's social and external esteem needs and stress on the importance of interpersonal, social relationships with others.
- The growth needs coincide with Malsow's self-actualization and internal esteem needs and are concerned with the individual's intrinsic desire for personal development.

According to Alderfer's ERG theory human behavior is controlled by three basic needs, whose relative importance changes with the opportunity to satisfy the needs.

The basic difference between Alderfer's theory and those of Maslow and Herzber theories is that, Alderfer suggests a continuum of needs rather than a hierarchical level or two factors of prepotency needs. Unlike Maslow's theory, which follows a strict hierarchy of progression of needs, the ERG theory contends that all three-need categories could operate at the same time. Therefore 'lower order needs', need not be satisfied before higher order needs become operative and become motivators. And it is not necessary that an individual would stay at a certain need level until that need is satisfied, it is possible that frustration in attempting to satisfy a particular need will shift the focus of the individual to increasing the desire for some other need. For example, inability to satisfy a need for social interaction, for instance, might increase the desire for more money or better working conditions. Thus frustration in attempting to satisfy a higher-level need can result in regression to a lower-level need (Robbins, 2001/2003). This is known as the frustration-regression principle. This theory helps managements to realize that employees are motivated by multiple needs simultaneously.

The need theories of motivation as a whole are important for the managers and have some important things to say about managerial attempts to motivate employees. They point to the importance of recognizing and accepting diversity that exists among employees. And the importance of identifying individual

employee needs and offering incentives or goals that correspond to their needs. The need theories emphasize that managers need to appreciate intrinsic motivational needs of the employees and provide an insight to them regarding the existence of higher-order needs, which often tend to be overlooked as managements try to provide more and more incentives in the form of increased pay packages and fringe benefits. It shows the manager that if they can help their employees reach the higher level of needs; they will be more satisfied and productive. And managements turned their attention to providing more satisfactory relationships, more interesting work, and more opportunities for self-fulfillment in order to motivate their employees on the job.

2.2 Process Theories of Motivation

The process theories of motivation attempt to explain 'how' and 'why' human behavior is directed towards certain choices or behavioral forms, i.e., they describe the cognitive processes through which needs are translated into behavior. Unlike content theories of motivation, these theories see an individual as an active decision-maker and not as an individual who is blindly struggling upward the hierarchy of predetermined needs. The process theories focus on the mental process that people go through in deciding on the level of effort to put forth in attaining various goals. The important process theories are (i) the expectancy theory, (ii) equity theory, (iii) goal setting theory and (iv) reinforcement theory.

EXPECTANCY THEORY OF MOTIVATION

The expectancy theory suggests that people expend effort to obtain the rewards that they value. They make choices about how much effort to expend on the different activities based on the expected payoff associated with each of them.

A widely accepted model of work motivation is the expectancy theory developed by Victor Vroom. This theory was later modified and expanded by many psychologist. Notable amongst them is the model developed by Porter and Lawler.

Vroom's Expectancy Theory of Motivation

Vroom's theory is based on the assumption that motivation is determined by employees' *expectations* of specific outcomes as a result of their actions on the job.

It states that employees will be motivated to exert high level of effort only when they believe that their efforts will lead to –

- i. Successful task completion.
- ii. Successful task completion would result in good performance appraisal and rewards.
- iii. The rewards obtained will satisfy their personal goals and needs.

Therefore this theory focuses on: (a) the effort and performance linkage or *expectancy*, (b) the performance – reward linkage or *instrumentality*, and (c) the rewards – personal goals relationship or *valency*.

Effort – Performance Linkage (Expectancy)

This is the individual's subjective perception that effort will lead to performance. It is the expectation or the probability perceived by the individual that exerting a given amount of effort would lead to successful performance or task completion. Since expectancy is the probability of a connection between effort and performance its value may range from 0 to 1. Zero (0) indicates effort has no anticipated impact on performance, and an expectancy of one (1) suggests that performance is totally dependent on effort. Therefore, if an employee sees no chance that effort will lead to the desired performance, the expectancy is 0, and if on the other hand, the employee is totally confident that the task will be completed, the expectancy has a value of 1. Usually, employee estimates of expectancy of successfully completing a task lies somewhere between the two extremes.

The estimation or belief that one can successfully complete a given task is based on a number of factors such as – (a) The confidence a person has in his/her own

capacities, and competencies (i.e., self-concept, self-efficacy, locus of control, which are an outgrowth of the nurturing, supporting, and developmental experiences). (b) Goal difficulty – if a set goal is difficult and beyond their ability to achieve, it leads to low expectancy perceptions and low motivation. For example, even if an organization was to promise its employee a hefty bonus for completing the assigned work in half the allotted time, no additional effort will be put into improving performance if the employees view the target as unattainable. The other factors that influence expectancy are previous success at the task, help received from a supervisor or subordinates, availability of information necessary to complete the task, and good materials and equipment to work with.

Performance – Reward Linkage (Instrumentality)

This is the belief that if one does meet performance expectations, then it would be instrumental in, or will lead to the attainment of desired rewards. Employees should believe that their improved performance would be recognized and rewarded. The reward may be in the form of a pay increase, promotion, recognition or sense of accomplishment. Many times employees may feel that no matter how hard they work; their chances of getting a good performance appraisal are low and as such will not be rewarded. (Because their skill levels are deficient, or because they may believe that their boss doesn't like them.) This belief would then become a source of low motivation. And only when they believe that their performance will be rewarded would they be motivated enough to put in the required effort. Similarly, if the employee feels that irrespective of the amount of effort put in, all would receive valued rewards even then instrumentality would be low. For example, if organizations were to give the same hike in pay to all its employees regardless of their performance level or efforts, then instrumentality is low.

Variables such as – trust and organizational policies greatly affect an employee's instrumentality perception. When employees trust their leaders, they're more likely to believe that the promises made by them that good performance will be rewarded would be upheld. Similarly if organizations have formalized and written policies regarding pay and reward systems, they tend to increase instrumentality.

Rewards – Personal Goals Relationships (Valence)

This is the importance or value that the individual places on the potential outcome (or reward) that can be achieved from the job. Therefore, the reward for improved performance should be something that the employee views as valuable. If the reward given is not something the employee wants or values then no extra effort will be put into performing better, or achieving the set goal.

Overall, Vroom's expectancy theory suggests that, employee assessments of expectancy, instrumentality, and valence all must be strong for motivation to be high.

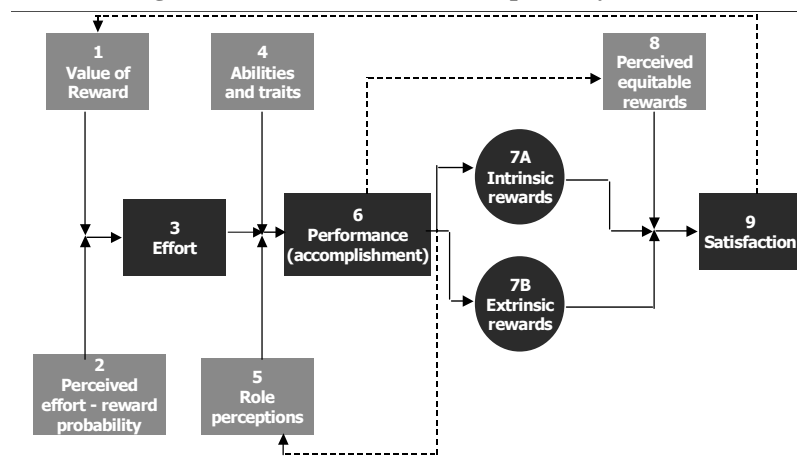
This theory shows that employees do not merely act because of strong internal drives, unmet needs, or due to the application of rewards and punishments. Instead it regards employees as capable individuals who consciously evaluate the outcome of their behavioral choices and act accordingly. This theory therefore recognizes the importance of taking into consideration the various individual needs for designing motivational strategies. It points out that individuals have personal goals that are different from organizational goals and hence, there is, necessity to harmonize them.

The Porter and Lawler Model

Lyman W. Porter and Edward E. Lawler refined and extended Vroom's model. They point out that motivation does not automatically lead to performance and satisfaction. According to them there exists a complex relationship between motivation, satisfaction, and performance. It is observed that though organizations provide motivators and incentives, they do not automatically result in increased performance or the attainment of the set objective. Employees performance would

depend not only on the value of the reward being offered but also on the employees perception of the amount of energy required to be expended in performing the given task, the probability of actually receiving the rewards, employees ability, knowledge and skills required for performing the assigned job, and also on the employees judgment of the value of their performance to the organization. Further according to this model, rewards do not automatically lead to satisfaction. Employees through the social comparison processes tend to form an impression of the equity of the rewards received, and experience satisfaction only when they regard the rewards as equitable. If employees feel that managements are not following a uniform policy of matching efforts or inputs to the outcomes or rewards amongst its employees, they feel that there is lack of fairness or equity and feel de-motivated and exploited. If the rewards are regarded as: equitable, the employee feels satisfied.

Figure 3: Porter and Lawler's Expectancy Model



The porter, Lawler model thus takes a novel view of the relationship between employee motivation, performance, and satisfaction. This theory shows that the linkages between beliefs (that employees hold about the likely consequences of their efforts) and values (that performance will be rewarded, with things that are personally valued) are multiplicative. Therefore,

- If members do not believe that their effort will result in good performance, then their motivation will be low even if they believe that good performance will result in valued rewards. or,
- If member do not believe that good performance will result in valued rewards, then motivation will be low even if they believe that their efforts will result in good performance.

Thus, to be highly motivated, members must strongly believe that their efforts will result in valued rewards, in turn a reward is satisfying only if it is seen as equitable. Therefore 'perceived equitable reward' which has been ignored by the earlier models of work motivation is the key concept of this theory. This theory also highlights the fact that it is important to ensure that the workers can actually carry out the task they are assigned and not challenged beyond their capabilities. The employees must also be aware of what the organization really expects them to do. Along with factors such as the self-esteem and self-efficacy of the employee, his or her previous success at the task, the amount of help received from a supervisor or subordinates, the ready availability of information necessary to complete the task, good materials and equipment to work with also influence the expectancy perceptions of individuals.

Based on these observations organizations are planning their reward systems and trying to obtain more motivational benefits from the rewards being awarded by linking them directly to members' performance and skill learning. (Lawler, 1981, 2000). They are coming up with contingent reward practices, such as: gain sharing and skill-based pay. Such reward systems encourage members to put forth high amounts of effort to perform (or learn) organizational tasks (or skills).

Implications of Expectancy Theory

Organizations need to design challenging jobs and make sure that employees can achieve the targeted performance levels. A link between an employee's desired outcomes and targeted level of performance should be established. Good performance is to be identified so that appropriate behavior can be rewarded. When making changes in outcomes they need to make sure that such changes are large enough to motivate high effort. But before they can proceed with linking reward to performance, they need to first of all communicate what standards are expected and as far as possible get accurate information about the performance of the employees. This theory suggests that managers need to constantly strive for enhancing the expectancies of the employees by providing proper equipment and training, demonstrating correct work procedures, carefully explaining how performance is evaluated, and listening to employee performance problems. Thus the managers can convince the employees that by working towards the organizational goals they would actually be working towards fulfilling their own personal goals (i.e., rewards such as, money which they would receive for accomplishing a set organizational goal could be used to purchase the car or home that they long for, or to go on a vacation, and so on. Or if the accomplishment of an organizational goal does not give them the reward they desire, it would still be beneficial for the employees to work towards the achievement of that goal so as to avoid negative consequences.) The expectancy theory urges the managers to understand and analyze the diverse preferences of the employees and to design individualized motivational packages to meet those needs. This is important because in the long run workers tend to value interesting work and recognition more than the monetary and other extrinsic rewards, or if the managers still considering introducing monetary rewards than all such rewards must be very large to generate motivation. Managers can make use of performance ratings to differentially reward employees.

Research has indicated that this theory helps to predict performance, effort, intentions, preferences, occupational or organizational choice, job satisfaction, decisions to retire, voting behavior in union elections, and even the frequency of drinking alcohol. However, this theory is difficult to test, and the validity of methods used to measure extent of expectancy, instrumentality, and valence are questionable.

EQUITY THEORY

Equity theory has its roots in cognitive dissonance theory and exchange theory. This theory explains that a very important factor in motivation is whether employees regard the reward structure being followed by their organization as fair and equitable. According to J. Stacy Adams, employees' sense of fairness is based on their subjective evaluation of fairness in the distribution and exchange of resources. Fairness is evaluated by an employee by comparing one's own input into performing a job (such as – effort, experience, education, competence, etc.) and outcomes or rewards (i.e., salary, fringe benefits, recognition) received for performing a given job to input-outcome ratio of relevant others in the organization. Therefore, the referent chosen by the employee is crucial, as it determines the consequences of the comparison. Employees usually make use of four types of referents for making comparisons: (i) self-inside, (ii) self-outside, (iii) other-inside, and (iv) other-outside.

People normally tend to compare themselves to others with whom they have close interpersonal ties and/or those who are similar. An individual's perception of equity or inequity is however different from how others perceive it, or even from the actual reality.

$$\frac{\text{person's outcomes}}{\text{person's inputs}} = \frac{\text{other's outcomes}}{\text{other's inputs}}$$

If an individual perceives the outcomes-input relationship for self in comparison with that of another person as being equal then the situation is seen as being fair. If the outcome-input ratio between self and others is perceived as unequal a person experiences inequity. A person experiences *negative inequity* if the comparison person is perceived to enjoy greater outcomes for similar inputs,

$$\frac{\text{person's outcomes}}{\text{person's inputs}} < \frac{\text{other's outcomes}}{\text{other's inputs}}$$

and experience *positive inequality* if they feel that they are being over rewarded for similar inputs.

$$\frac{\text{person's outcomes}}{\text{person's inputs}} > \frac{\text{other's outcomes}}{\text{other's inputs}}$$

In both instances, the situation is seen as being unfair and the individual experiences equity tension. In such a situation individuals are motivated to maintain an equitable exchange relationship and are motivated to do something to reduce inequity and achieve equity. This 'striving' to restore equity is used as the explanation of work motivation. According to this theory the strength of motivation is in direct proportion to the perceived inequity that exists. To restore equity, employees make use of a number of tactics. They may,

- Perceptually distort their own inputs and outcomes.
- Perceptually distort the inputs or outcomes of the comparison individual or group.
- Choose another comparison person or group.
- Alter their inputs – i.e., they don't exert as much effort, if the comparison person is perceived as receiving greater rewards for similar inputs, or they might work harder if they perceive that they are being over rewarded for similar inputs or may even discount the reward received.
- Alter their outcomes – for example, if an employee who is paid on an hourly basis feels that he or she is underpaid, they tend to lower their inputs by producing less work. And if an employee who is paid on a piece-rate basis feels he or she is underpaid, they tend to increase their pay by producing high volume of low-quality work. Similarly, if they perceive that they are being overpaid – a worker on a piece-rate incentive system will reduce his or her productivity to restore equity.
- Leave the exchange relationship or field, i.e., leave the job.

Researchers have pointed out that equity theory, which focused on distributive justice, which is an individual's cognitive evaluation regarding whether or not the amounts and allocations of rewards in a social setting are fair, should be expanded to include procedural justice, which is the perceived fairness of the procedures used to determine the distribution of rewards.

Research studies have indicated that distributive justice, has a greater influence on employee satisfaction compared to procedural justice. Procedural justice tends to affect an employee's organizational commitment, trust in the boss, and intention to quit organizations should therefore, consider sharing all relevant information regarding the process by which consistent and unbiased procedures are followed in making allocations, and thereby increase the perception of procedural fairness and

justice. They say that once the perception of procedural fairness is increased, employees are likely to view their bosses and their organizations as positive even if they are dissatisfied with their pay, promotions, and other personal outcomes.

Implications of Equity Theory

This theory provides the managers with an explanation of how beliefs and attitudes affect job performance. It states that perceived inequity leads to a variety of negative motivational consequences such as: low productivity, low quality, theft, and/or turnover. Therefore, this theory indicates that managers must be sensitive to the fact that employees' perceptions of what is fair and equitable is crucial to their sense of satisfaction. Therefore managers should make all attempts to enhance employees' perceptions of distributive justice and procedural justice by allowing them to participate in decisions that affect them. When employees start believing that the process being followed by the organization is fair and equitable it makes them more likely to accept and support any organizational change, and would be more likely to believe that it would produce equitable outcomes.

GOAL SETTING THEORY

Edwin Locke in the late 1960's proposed that the intentions to work towards a goal are a major source of work motivation. According to this theory the very process of setting goals helps to focus behavior and motivate employees to attain something specific. The theory also states that specific goals increase performance, and difficult goals, when accepted, result in higher performance than easy goals. Furthermore, motivation is increased if employees receive feedback about their performance. Feedback acts as a reinforcement that helps to keep motivation high. Therefore to maximize employee's motivation goals should be specific, relevant, challenging, accepted by the employee and employer, and accompanied by meaningful feedback. Goal setting theory presupposes that individual's stay committed to the achievement of the set goals. Commitment to the achievement of the set goals is seen to be higher when such goals are made public, are set by the individual himself rather than when they are assigned by someone else, the individual has an internal locus of control or higher self-efficacy, when there are rewards for goal attainment, and support from the supervisors. Supervisors must demonstrate that they are willing to assist the employees in goal accomplishment and ready to support if failure occurs, and adjust the goal downward if it proves to be unrealistically high.

Research by Edwin Locke has shown that when people start focusing on specific hard goals they tend to produce a higher level of output than when they try to simply do their best in achieving the goal. There is strong evidence that specific goals increase performance and that difficult goals when accepted result in higher performance. For example, considering all things to be equal a person with a specific goal in mind undoubtedly outperform a counterpart who has no specific goal expect to do his best on the given job. Similarly considering ability and acceptance of goals as being constant, when a person accepts a hard task, he or she undoubtedly exerts a higher level of effort to achieve the accepted task or if the task proves to be unrealistically high, they tend to exert high level of effort until the aimed target is lowered or abandoned altogether. However, it is important to note that goal setting tends to result in high performance for simpler jobs rather than more complex jobs. Further it is also important to note that research findings show that it is not necessary for commitment to the achievement of the set goals to be higher only if they are set by the individual themselves, several studies show that assigning goals to subordinates also works just as well.

Implications of Goal Setting Theory

The managerial implications of goal setting theory are that managers should set specific and challenging, and attainable goals for the employees and provide ongoing feedback so that individuals can compare their performance with their

goals. This theory also draws the attention of the managers to the fact that it is not enough to set goals and that acceptance and commitment of the employees to these goals is important. So managers should come up with ways and means of ensuring that employees accept the specified goals and that they stay committed in the attainment of the goals, because even difficult goals result in improved performance only if they are accepted. This theory also argues for tying up rewards with accomplishment of goals. The most significant contribution of this theory is that it lays the foundation for the management by objectives program (MBO, dealt with in a later section).

REINFORCEMENT THEORY

The reinforcement theory proposes that behavior is a function of its consequences, and that it is externally caused. This theory ignores the role of goals, expectations, perceptions and needs as motivators and focuses on reinforcers as controls of behavior, and states that behavior is a function of its consequences. This theory does not concern itself with what cause or initiates behavior and as such cannot be considered as a theory of motivation in the strict sense. Yet reinforcements have been widely accepted as motivational devices by many, because work behavior, i.e., the amount of effort that people put in to a given task are often determined by the consequences that follow from such behaviors, and focuses solely on what happens when a person takes an action. Therefore, many of the concepts that evolved from the works of B. F. Skinner (positive reinforcement, negative reinforcement, schedules of reinforcement, behavior modification) have been used to explain motivation. For instance, it has been shown that people will most likely engage in a desired behavior if they are rewarded for doing so, or that behavior that is not rewarded or is punished is less likely to be repeated and that these rewards are most effective if they immediately follow a desired response. Organizational behavior modification is the most significant offshoot of this theory and is based on the learning and reinforcement principles propounded by Skinner.

Integrating Theories of Work Motivation

Each theory of motivation helps us to understand a different part of the motivational process. When all these theories are taken to form an integrative model of motivation the result would be as follows: For example, according to the expectancy and instrumentality from expectancy theory, and goals from goal setting theory should lead to higher levels of motivation. Motivation along with the intervening factors of aptitude, skill, task understanding, and chance will influence performance. When performance is followed up with rewards that satisfy workers needs (need theory) and are positively valent (expectancy theory) they will lead to higher levels of motivation and job satisfaction provided they are perceived as equitable (equity theory).

Overall the theories point to the fact that for a motivational strategy to have its desired effect it is important to recognize the following key principles:

- i. Employees have different needs, therefore it is important to understand what is important to each employee and respect individual differences.
- ii. **Involvement of Employees:** Employees should be involved in the development of any new motivational strategy. In consultation with individual employees, managers should individualize and set-up specific goals to be achieved. Rewards can then be aligned to suit individual needs. This ensures commitment on the part of the employee to achieve the designated goals and thereby increase organizational productivity and at the same time attain satisfaction. The motivator offered should be such that employees are able to appreciate the reward being offered. Time should be spent to ensure that employees are interested in earning the proposed rewards. It is not enough if organizations merely announce motivational packages.

- iii. The goals, targets, or behavior changes that need to be achieved in order to earn the reward, should be made as specific and clear as possible. It is very important to establish the link between the rewards and performance. Rewards should be contingent on performance. Employees must clearly know the linkage only then will they indulge in appropriate behaviors in the attainment of the goals. If individuals perceive the relationship between rewards and performance to be low, the result will be low performance, a decrease in job satisfaction, and an increase in turnover and absenteeism.
- iv. Goal setting ensures that individual's remain committed to the accomplishment of their goals. After specific individual goals are set-up organizations must ensure that employees receive feedback on how they are progressing in their path to the attainment of these goals. Feedback allows them to make the necessary behavior modifications and changes wherever necessary.
- v. Reinforcement by way of encouragement, and guidance, should be provided on a continuous basis so that employees quickly learn how to earn the desired reward, by reaching the prescribed standard of productivity.
- vi. **Remove any Demotivators:** All factors that frustrate employees, and hold them from achieving high levels of performance should be removed. Motivation would not be fruitful or lead to high performance if employees' efforts to perform well are frustrated by not having the right quality and amounts of equipment, tools, space, materials, spare parts, instructions, support systems, co-operation from others, or other resources which they need.
- vii. **The Motivational Packages should be Equal for all Employees:** Fair, equitable and comparable motivational packages should be provided for all employees doing the same job in the same organization.

It will be noticed that many of the above principles require as much if not more effort from supervisors and managers as from the workers they are managing. However, one should be very careful when applying these theories and keep in mind that most of the motivation theories were developed in the United States keeping in mind the American people and applied to the American workforce. Therefore one should first decide on the cross-cultural transferability of these theories before applying them in their organizations in a different country.

SUMMARY

- Motivation is commonly defined as the force that energizes, directs and sustains behavior towards the attainment of a goal. While general motivation is concerned with the attainment of any goal, when studying organizational behavior we focus on organizational goals and are interested only in the motivational aspects of work-related behavior.
- Two primary approaches are used to categorize work-motivation theories, i.e., the content and process theories. Content theories seek to identify '*specific needs*' that energize behavior at different times, and are aimed at explaining why people have different needs at different times. The process theories of motivation attempt to explain how and why human behavior is directed towards certain choices or behavioral forms, i.e., they describe the cognitive processes through which needs are translated into behavior.
- The main content theories are the need theories, which include – Maslow's Hierarchy of Needs Theory, McGregor's Theory X and Theory Y, McClelland's Need Theory, Herzberg Two-Factor theory and Alderfer's ERG Theory.
- The important process theories are: (i) the expectancy theory, (ii) equity theory, (iii) goal setting theory and (iv) reinforcement theory.

Chapter VI

Motivation: From Theory to Application

After reading this chapter, you will be conversant with:

- Importance of Motivation in the Workplace
- Key Motivational Techniques Used in Organizations
- Hindrances in Application of Motivation Strategies

1. IMPORTANCE OF MOTIVATION IN THE WORKPLACE

When individuals join an organization in any capacity they bring with them their personal human capital in all its diversity. This enormous capacity lies unutilized if these people do not contribute to the organization's productivity. Employees fail to contribute to the organization because they lack commitment, motivation, or because their efforts are being misdirected as each person tries to pursue his or her own personal agenda. That is why in today's fast changing business environments, employee motivation is one of the greatest management challenges. Every organization wants to find ways and means of making its employees work harder to achieve organizational goal and to increase organizational productivity. Each of the theories of motivation help in this regard and each theory offers concepts that have relevance and can be applied in some situation or the other in an organization. The first step thus lies in the manager's ability in finding out what exactly motivates people in a particular situation. Motivation among employees varies according to the temperament and the career stage a given individual has reached. Based on this understanding, motivational strategies are devised. The strategies so devised (be it intrinsic fulfillment, financial rewards, non-monetary rewards, growth opportunities, or recognition) should be able to meet an employee's unique needs and desires. As such the real challenge of motivating employees lies in showing employee's how their personal goal can be achieved through the attainment of organizational objectives.

In an organization when motivation levels of employees drop the result is a fall in overall performance. When this happens it is time for the managers to explore the reasons as to why motivation to perform well is lacking, and then devise ways to enhance employee morale through various motivation strategies.

When we talk about diminishing performance, we need to differentiate between performance that is falling short of required standards, and performance that is falling short of the person's own previous standards. When performance goes down, the individual by himself tries to remedy the situation, but if the employee is not able to do so by himself or herself, then the organization must help the individual to understand the reasons behind this sudden drop and at the same time devise specific ways of motivating the employee.

Sometimes there is a drop in employee performance because of the changes that have been brought about by the organization in the job design of specific tasks or the overall objective of the organization, or because of some other major change. In other instances a drop in performance could be the result of changes in relationships with a colleague or a manager. Poor relationships are a source of great personal dissatisfaction (hygiene factors). In such a situation managers need to consider whether some form of perceived inequity has occurred in the relationship and immediately try to reduced this inequity. One experiences inequity when comparing themselves with others in areas of promotion, demotion opportunities, sharing of information, workload, rewards, recognition, feedback, relocation, developmental opportunities, career discussions and work environments.

Motivation of organizational members is critical because there is a persistently increasing pressure for increased productivity to meet competition, and to utilize scarce resources to provide goods and services to more and more people at less and less cost. Therefore the study of motivation in organizational settings is aimed at discovering the combination of factors which interact to produce motivation. However, discovering how motivation "works" or what motivational technique is "best" will not tell the whole story of motivation in an organizational context. The different theories of motivation only provide an explanation of employee motivation, and based on this understanding management need to develop their own unique strategies of motivation that best suit their requirement.

2. KEY MOTIVATIONAL TECHNIQUES USED IN ORGANIZATIONS

The previous chapter has shown that different motivation techniques were focused upon during different times, for example, in the industrial-bureaucratic era where organizations thrived on a rigid hierarchy structure, the task of the managers was to motivate employees to obey orders given by their superiors and to perform the set tasks within the time frame allotted. Compliance to authority was the order of the day, with little scope for personal judgment. The same technique cannot be applied in today's service oriented organizations. Managements' now need to look for ways and means of motivating its employees to take responsibility for solving problems, responding to customer needs, cooperating with team members, and continuously improving products and services to meet the ever changing needs of modern day lives. The focus therefore is now on empowerment and participation. Organizations now focus their energies on shaping a highly motivated work force to meet the challenges of globalization and diversity.

Researchers have found that motivated workers do more with less supervision and contribute more to the workplace. Further, workers are motivated when they do something *because they want to* rather *than have to or are forced to*, that is why it is all the more important that organizations devise motivators that stir an employee's inner desire to work. This way they have motivated workers who stay on the job and perform at their best. The methods that are often used to translate motivation into performance are (i) Goal setting (ii) Job design, (iii) Employee recognition programs, (iv) Employee involvement programs, (v) variable pay programs, (vi) Skill based pay plans, and (vii) Alternative work arrangements or flexible benefits.

2.1 Motivation through Goal Setting: Management by Objectives

Management by objectives as a concept has been practiced for more than forty years, and was initially coined and introduced by Peter Drucker in 1954 in his book, "The Practice of Management". It is a program designed to improve employees' motivation through having them participate in setting their own goals. Here goals are used as motivators rather than being used to control employees.

Management By Objectives (MBO) is based on two basic principles, (i) to get people committed to a goal, and (ii) to allow people to set the goal. Only then people will be more willing to work, towards the goal and will do everything possible to achieve the set goal. Ducker suggested that a systematic approach to setting of objectives and appraising by results would lead to improved organizational performance and employee satisfaction. Employees who have a personal interest in accomplishing the goal, and are no longer straining to do what their boss tells them to do. Therefore through MBO, management would also be able to reduce the gap between the employee and the organizational goals.

The overall objectives of the organization are translated into specific objectives for each succeeding level in the organization, resulting in the cascading of goals down from the top of the organization to the bottom. At the same time people at every level in the organization participate in setting their own goals and objectives and in setting the goals and objectives of levels higher than their own. This process enables them to get an understanding of the broader objectives of the organization and how their own specific objectives relate to the overall picture of the organization. The primary emphasis here is on relationship of each individual's specific personal performance objectives to the common goals of the organization.

MBO requires increased participation in the management of the affairs of the organization at all levels. Its implementation increases the precision of the planning process at the organizational level. People focus on predicting and influencing their future accomplishments, rather than on responding and reacting to day-to-day problems. Focusing on accomplishments or results increases both individual and organizational level effectiveness.

The four main components of an MBO program are (i) Goal specificity, (ii) Participative decision-making, (iii) An explicit time period, and (iv) Performance feedback – The top management first decides on and defines the organization's goals for a specific time period say for example the coming year. Based on these overall organizational objectives individual objectives are set and are determined by each superior-subordinate pair, i.e. goals, objectives, and the way in which performance is to be measured is determined in a joint participatory manner. The manager in consultation with each employee sets the performance goals and creates the action steps that will be necessary to achieve the goals. The goals that are set at each level are in conformity with the overall objectives of the organization, and help the organization achieve its goals. Achievement of specific goals at each level is time bound, so each employee has a stipulated time period within which to achieve the agreed upon goal. Each employee then receives continuous feedback on progress toward goals, and this helps the employees to make necessary corrections wherever necessary. Finally managers make periodic evaluation of the progress made by the employees, and based on the performance appraisal rewards are given. Therefore when implementing a goal-setting program it should be remembered that the established goals should be specific, measurable, attainable, result-oriented, and time bound. They should foster goal commitment in the individual employee and organizations must provide employees with support and feedback to enable employees attain the targeted goals.

The steps followed in MBO program can be summarized as:

- i. Top management decides upon the organizational goals for a specific time period.
- ii. Subordinate meets with the superior to discuss description of his or her job, and their role in helping the organization attain its objectives.
- iii. Then both subordinate and superior together cooperate in setting short-term performance goals that are to be achieved by the subordinates within the specified time frame.
- iv. Regular meetings follow this phase, between subordinate and superiors to discuss progress toward goals.
- v. Intermediate checkpoints are set to measure progress toward goals.
- vi. At the end of the set period, superior and subordinate meet and together evaluate the results of the subordinate's work for that period. And rewards are given on the basis of this appraisal.

Management by objectives is based on the goal-setting theory of motivation, which suggests that appropriate goal difficulty, specificity, acceptance, commitment and feedback will result in higher levels of motivated performance. MBO also advocates the setting up of specific goals and feedback that is necessary for motivated participation to take place. The only difference between goal setting theory and MBO is that MBO strongly advocates participatory decisions in setting up of goals, whereas goal setting theory states that assigning of goals to subordinates works just as well. The only obvious benefit that stems from following the participatory system is that employees tend to establish more difficult goals for themselves, as compared to the goals that are set and handed down by top management. Nevertheless, MBO is a means of applying the goal-setting theory in actual work settings. However, the MBO program will be successful only when both managers and subordinates feel comfortable with it.

The way in which organizations actually design their MBO programs varies from one organization to the other. The application of MBO in any type of organization results in higher morale, improved attitudes, improved levels of performance and contributes to the better understanding of overall organizational goals. Further, an MBO program benefits managements by improving employees' motivation through their participation in setting their own goals and by improving employee morale by improving communication between individual employees and their

managers. It forces a relationship between all units and becomes a way of life and can change the character and direction of an organization for the better. Today MBO has been developed into modern performance management schemes and performance-related pay.

2.2 Motivation Through Job Design

Managers can motivate employees by providing well-designed and challenging jobs. A well-designed job enables the employees to get the necessary work done in an efficient and timely manner. Poorly designed jobs on the other hand lead to employee disappointment, and unnecessary delays.

The concept of job design can be traced back to the theory of scientific management advocated by Fredrick Taylor. According to this theory, the more a job is specialized and standardized the greater the efficiency of the employee in getting the job done. Highly specialized jobs wherein each person did one specific task (as in assembly line production) enabled managements to exert greater levels of control over the workers. Lapses could be easily traced back to the exact location of production and to the individual responsible for it. This mechanistic view of work was slowly replaced as researchers began to contemplate on designing jobs that were interesting, challenging and motivating. They began to consider questions such as what is the best way to design jobs – have people adjusted to their work? i.e., fitting people to jobs, Or adapt the work to the people? i.e., fitting jobs to people. Based on these ideas, contemporary job design strategies such as job rotation, job enlargement, and job enrichment were developed. These methods of altering jobs generally made the jobs more appealing to do, and thereby improved the quality of employee job experience and their on-the-job productivity.

JOB ROTATION

This is the simplest form of job redesign. It involves moving employees from one job to another for short durations. This method has its own set of advantages and disadvantages. The advantages are that injuries that result from repeated performance of specific jobs are lessened. Job rotation also helps an individual to learn the intricacies involved in other tasks, this makes them more flexible and they can easily adapt to new jobs or find themselves comfortable with whatever task is assigned to them. From the organizational point of view this is advantageous as they can easily find a replacement for a vacancy that is caused by temporary absence or for someone who quits from within the organization itself. The main disadvantage of job rotation is that over a period of time employees begin to become bored with all the tasks that they get to do and job satisfaction and performance begin to decline.

JOB ENLARGEMENT

Means to simply expand a worker's present assignment to include additional, but similar tasks. Increasing the number of tasks at the same level brings in more variety into the job. It is also known as horizontal expansion of the job. The skills required and the responsibility level for all the additional tasks on the job are the same. Job enlargement is found to slow down work as people struggle to execute the various tasks assigned to them.

JOB ENRICHMENT

This technique of job design, involves redesigning the work itself. It is based on Herzberg's two-factor theory of motivation, according to which a job must be such that it provides an opportunity for achievement, recognition, responsibility and growth. This gives the workers more authority and responsibility to plan their activities and to decide how the work is to be accomplished. There is an increase in the amount of control they have over how they plan, direct and control their own performance. There is vertical expansion of jobs. This makes the work more stimulating for the employees who want more from their present jobs. It also allows the workers to learn related skills and more importantly take responsibility to complete an entire module by himself or herself. When this is done they are provided with an opportunity for recognition and advancement.

However, managers need to keep each employee's physical capabilities, mental skills, organizational competence and capacity for learning before asking them to take on an enriched job. Forcing employees who are not ready for such a responsibility is likely hurt the business interest of the organization and frustrate the employees. Similarly there are many instances wherein workers prefer the old familiar job to an enriched job, and resist any kind of change in their jobs, and as such job enrichment methods are difficult to implement.

To overcome these limitations of the Herzberg's approach to job enrichment, a job characteristics model was developed by J Richard Hackman and Greg Oldham. Hackman and Oldham showed that well designed jobs were significantly more motivating and that workers were more satisfied with their work, performed better and took fewer days off work. According to this model jobs can be redesigned in such a way that employees being to feel that they are doing meaningful and valuable work. This achieved by identifying certain features of jobs that result in psychological states that strengthen an employee's need for growth and achievement. The core dimensions of a job have been identified in this model are:

- **Skill variety:** The degree to which the job requires the employee to utilize different skills, abilities and knowledge. Whenever possible jobs should be designed to encourage employees to use a **variety of skills**. Examples of jobs that high and low skill variety are: **High variety:** The owner-operator of a garage who does electrical repair, rebuilds engines, does body work, and interacts with customers. **Low variety:** A body shop worker who sprays paint eight hours a day.
- **Task identity:** The extent to which a job requires completing a whole piece of work, from beginning to end. Example of jobs that are high and low on task identity are **High identity:** A cabinet maker who designs a piece of furniture, selects the wood, builds the object, and finishes it to perfection. **Low identity:** A worker in a furniture factory who operates a lathe solely to make table legs
- **Task significance:** Is the degree of impact the job is believed to have significance to the organization and it also includes the amount of significance an individual attaches to it. To achieve this the manager should see to it that each employee gets to understand why doing this particular job is important to the organization, how it actually helps in attaining the overall objective of the organization, and what problems might arise if this particular job is not done properly. The examples of jobs that are high and low on task significance are **High significance:** Nursing the sick in a hospital intensive care unit. **Low significance:** Sweeping hospital floors.
- **Autonomy:** How free the employee is to plan, to schedule, and to carry out the work as desired. And as far as possible a job should be designed in such a way that an employee gets to do a total job. Example of jobs that are high and low on autonomy are **High autonomy:** A telephone installer who schedules his/her own work for the day, makes visits without supervision, and decides on the most effective techniques for a particular installation. **Low autonomy:** A telephone operator who must handle calls as they come according to routine, highly specified procedure.
- **Feedback:** Does the job allow people to receive information about the effectiveness of their performance from their supervisor and superiors? Examples of jobs that are high and low on feedback are **High feedback:** An electronics factory worker who assembles a radio and then tests it to determine if it operates properly. **Low feedback:** An electronics factory worker who assembles a radio and then routes it to a quality control inspector who tests it for proper operation and makes needed adjustments.

These job dimensions result in three critical psychological states for example, skill variety, task identity, and task significance all contribute to an employee perceiving his or her work as meaningful. They thus feel that they are making an important and valued contribution to the organization.

Autonomy contributes to an employee feeling personally responsible and accountable for all that he or she does in the organization.

Feedback lets employees have knowledge of the results of their work, and make the necessary corrections where necessary.

The more these psychological states are present, the more the chances that the employee will feel good about themselves when they perform well. And when the core job dimensions and their associated psychological reactions are in proper relationship, motivation is at its peak. The relationship between these core dimensions can be assessed through the Job Diagnosis Survey (JDS) developed by Hackman and Oldham. Based on the responses to this survey a formula is used to compute an overall measure of job scope or job enrichment. The formula for this motivating potential score or MPS is-

$$\text{MPS} = (\text{Skill Variety} + \text{Task Identify} + \text{Task Significance})/3 \times \text{Autonomy} \times \text{Feedback}$$

The Hackman-Oldham model has been widely used to diagnose the degree of task scope that a job possesses. There are a number of ways a job can be designed with the help of the job characteristics model. Jobs can be redesigned by-

- i. Combining tasks – to enhance skill variety and task identity.
- ii. Opening feedback channels – to enhance feedback.
- iii. Establishing client relationships – to enhance skill variety, autonomy and feedback.
- iv. Load jobs vertically – to enhance autonomy.

Job design has been increasingly receiving the attention of organizational behavior experts as an important applied motivational technique. With more and more organizations focusing on quality of work life (QWL), job design has taken a broader perspective. So far organizations mainly focused on job enrichment approach job designing, but with the growing importance of QWL the focus is now on the overall work climate and culture in the organization and not restricted to any one particular job design technique. QWL is aimed at improving the interface between people, technology, and the organization for a more favorable work experience and desired outcomes. Some organizations have adopted a socio-technical approach to job design, while others are practicing the more recent high-performance work practices approach to design. Whatever the approach job design or the structuring of jobs helps to improve the efficiency of the business and improve employee satisfaction. Job design provides guidelines to help get appropriate fit between employees and their jobs, and helps people from doing uninteresting or boring jobs. Employers can capitalize on employees' interests (for example some people like repairing machinery more than operating it. Some people like office work, while others want to do a job that offers them to travel a lot) and design jobs that take into consideration these things which will enable the accomplishment of the job more efficiently and help the organization to succeed. Sometimes managers can take into consideration what the individuals want in their jobs, and make minor changes in job design. Such changes can dramatically improve an employee's performance on the job. For example, a designer who develops a new concept is provided the opportunity to present it by himself (instead of the team manager) in front of the board.

2.3 Employee Recognition Programs

People are an organization's greatest resource, and it is a recognized and established fact that people have a *basic need to feel appreciated and recognized*. That is why organizations adopt employee recognition programs that are aimed at meeting this need. Recognition involves all the techniques that draw attention to employees who consistently exhibit behaviors such as showing up for work on time, working with team members, or going over and beyond the call of duty. This not only makes the employees happy, but also results in a more motivated, loyal and productive workforce.

Employee Recognition is the application of the scientifically confirmed behavioral psychology principle of positive reinforcement. The basis for the creation of this program is to reinforce the positive behaviors that had made the company successful. Behavior that is recognized and positively reinforced is more likely to be repeated. The program ensures that recognition is provided to individual employees for their outstanding performance, meritorious contributions, practical suggestions that benefit the organization, exceptional initiative, and long-term service. It also recognizes individual and team accomplishments that reflect and promote cooperation, teamwork, positive attitudes and excellent service.

Recognition programs provide intrinsic and extrinsic rewards, an intrinsic reward is the "enjoyment of the work itself" and an extrinsic reward is "instrumentalities" administered to the individual for performing well. The programs can make use of both formal and informal means to appreciate its employees; the recognition can range from a simple "Thank You", to a significant monetary award. With a proper recognition programs in place it is amazing to find people going above and beyond expectations to gain the recognition of their employers. Recognition is often confused with the term incentive and the two are often seen as interchangeable. However, it should be noted that recognition involves all the techniques that draw attention to employees who perform well and an incentive is a selective technique that is used to induce people to achieve a specific objective, such as increasing sales.

A number of organizations are now making employee recognition programs an integral part of their daily schedules. It is being increasingly used as a significant strategy for getting better results by improving employee performance. However, caution should be exercised in providing recognition to employees, and care should be taken to ensure that the recognition programs are devised to reduce the perception of unfairness/or inequity (explained by equity theory). To reduce perception of inequity by making all employees eligible to benefit from the program, and by providing recognition based on peer evaluation and recognition. Peer recognition is where the employees are provided the tools and encouragement to reward each other for doing a good job. Peer recognition works because employees themselves know who works hard and deserves recognition. This also eliminates the feeling from the employees that managements are playing favoritism, and showering recognition to a few favored candidates. The guiding principles of good recognition program are as follows:

- The recognition program should link recognition to the attainment of organizational goals, and objectives.
- All employees should be given an equal opportunity to be recognized for the results of their work.
- Recognition should be given for specific achievements. Actions that produce positive and measurable outcomes should be rewarded. Managers should ensure that recognition is specifically linked to positive actions and contributions.
- Involve coworkers, customers, and partners in finalizing recognition decisions.
- Give recognition in a timely manner, as it is more effective.

- Emphasize on both individual and group recognition. Group recognition encourages teamwork and fosters cooperation. Individual recognition encourages people who make noteworthy contributions to be singled out and commended.
- Publicize recognition – all those who are recognized and praised need to be openly acknowledge and their actions should be publicized.

2.4 Employee Involvement Programs

In the rapidly changing work environments, organizations need to motivate employees by getting them to contribute their ideas and getting them involved in making decisions in all activities that affect them. Employee involvement has been defined as “a participative process that uses the entire capacity of the employees and is designed to encourage increased commitment to organizational success”. (Robbins 1993) Employees at all levels should be encouraged to be involved in activities such as goal setting, decision-making, problem solving, and change implementation. This makes them more committed to the organization and more productive, as they try to achieve the goals and decisions that they themselves have taken. Studies show that having workers involved at all levels has a major impact on improving morale and motivation. Though involvement has been defined as a participative approach, employee involvement and participation are not synonymous. Participation has a limited connotation, and is a subset within the larger framework of employee involvement.

Employee involvement programs include – participative management, representative participation, quality circles, and employee stock ownership plans.

PARTICIPATIVE MANAGEMENT

Management over the years have evolved different strategies for involving employees in the decision-making process of the organization. Participative management focuses on joint decision-making and involves the employees in the management practices. It is an ideal method of utilizing the knowledge, strengths, creativity and ingenuity of all employees towards creating continuous improvement in the workplace. Through participative management employees get involved in making suggestions, setting goals, improving methods, solving problems, and enhancing the quality of the organizations products and services. As progressive companies move deeper into participative management, managers need to learn to move away from directing the activities of workers to becoming facilitators, coaches and counselors who creates an effective team-building climate. Participative management is known to have improved the morale of the employees and enhance productivity. For participative management to be effective, the issues in which employees get involved must have some relevance to their interests, the employees must have sufficient time away from their regular duties to be fully participative, and they must have the required technical knowledge, relevant expertise, and necessary communication skills to make a significant contribution to the decision-making process. Joint decision-making enabled through participative management programs results in better decisions, increased commitment to decisions, provides intrinsic rewards for employees, and makes jobs more interesting and meaningful.

REPRESENTATIVE PARTICIPATION

Sometimes a small group of representative employees participate in organizational decision-making processes. The two forms of representative participation are *works councils and board representatives*. Works councils are a link between employees and managements. They consist of a group of employees who are either nominated or elected by the other employees in the organization. And organizations need to invariably consult the works councils when making important decisions involving personnel. Board representatives consist of representatives of the employees. They sit on a company's board and represent the interests of the organizations employees. Representative participation in either

form is a widely legislated form of employee involvement. In some countries employee representatives have the same number of seats as stockholder representatives. Evidence in this field shows that representative participation is satisfying and motivating to those employees who form the member of the works councils or board representatives, satisfaction has not been found to trickle down to all other employees in the organization.

QUALITY CIRCLES

The concept of quality circles originally began in the United States and was exported to Japan, where it received a new impetus from Dr Kaoru Ishikawa; it was later re-exported to the US and later to Europe in the 1980's.

QUALITY CIRCLES

Consist of a small voluntary group of employees from the same work area. These employees meet on a regular basis to discuss and recommend solutions to workplace problems. They operate on the principle that employee participation in decision-making and problem-solving improves the quality of work. All members of the quality circles receive training, in group communication skills, various quality control strategies and measurement and problem analysis techniques. And then under the leadership of a trained facilitator analyze, solve and recommend solution to quality problems to top managements. Quality circle advocates suggest a wide array of positive results when this participation technique is used. However, as quality circles needed the support of organizations which was sometimes difficult to obtain, and training of the volunteer required precious time and resources so the concept of quality circles was given up and an organizationally comprehensive approach to quality under the banner of total quality management (TQM) was initiated. TQM is a set of management practices aimed at creating organization-wide participation in the planning and implementation of improvement, and geared to ensure that the organization consistently meets or exceeds customer requirements.

EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs)

Employee stock ownership plans (ESOPs) are company-established benefit plans, in which employees acquire stock as part of their benefit. An ESOP allows employees to own stock in the company without having to purchase shares. However, an employee cannot take possession of their share of the stock or sell them as long as they are employed in the organization. ESOPs have been found to greatly increase employee job satisfaction and work motivation, as they now own a share in the organization, and therefore more willing to enhance organizational productivity.

The employee involvement programs are devised on the model provided by theory Y that fosters participative managements, similarly the two-factor theory provides the explanation for the intrinsic motivation that is provided by the employee involvement programs. In the fast changing face of today's organizations, which focus on participative managements, employee involvement programs offer an array of appropriate participative techniques that organizations can choose from. Further evidence shows that listening to employees and encouraging their involvement can have a positive impact on an organization's quality services initiative.

2.5 Empowerment

Empowerment is an important motivational concept that means to "enable". Empowerment involves developing employees' sense of power and meaning related to their job.

Four cognitions act in concert to foster a positive, proactive, and self-confident orientation toward one's job.

- i. Meaning – determined by the assessment of value of task compared to individual ideals, values, or standards.

- ii. Competence – Self-efficacy or the belief that he/she possess the ability to perform the task.
- iii. Choice – belief that an individual sees him/herself as the cause for his/her behavior.
- iv. Impact – idea that one has made a difference in accomplishing a task.

Empowerment affects the initiation and persistence of behavior at work. It allows managers to set higher goals for employees and will increase the likelihood that the goals will be accepted. Empowerment is generally associated with the act of sharing power with others. Delegation and decentralization are the two popular techniques that are often equated with the idea of empowerment.

It is important to understand a few factors related to power and control before empowerment can be truly understood. It is assumed that employees have a need for power relate to the urge to control and influence others. This need for power is related to self-efficacy. When an employee's self-efficacy is increased then he/she will feel more powerful. Similarly when an employee's self-efficacy is decreased then he/she will feel less powerful.

In addition, there are certain factors that contribute to a person's sense of powerlessness. These factors include:

- The psychological make up of the individual, and unrealistic standards of perfection they tend to set for themselves.
- Organizational factors such as intense competition, bureaucratic climate, poor communication and change.
- Supervisory style – authoritarian, inadequate feedback or reasoning, negative behavior/comments.
- Reward systems – arbitrary reward distribution, lack of incentives, lack of merit-based rewards.
- Job design – lack of role clarity, unrealistic goals, limited participation, lack of resources, lack of training, low advancement opportunities.

In order to increase empowerment and self-efficacy these factors should be eliminated and the opposite put in place. For example, organizations must recognize creativity and initiative, and express confidence in employees. Employees must begin to believe that they have a choice in their job, and that their tasks are meaningful, and important to the organization. Let us examine how empowerment impacts motivation and hence performance.

- i. **High meaning** results in increased motivation, commitment, involvement, and concentration of energy.
- ii. **High competence** results in greater initiation, higher effort, and persistence in the face of obstacles.
- iii. **Strong sense of choice** results in greater initiative, resiliency, creativity, and flexibility.
- iv. **A sense of impact** determines whether or not an individual feels like he/she is making a difference.

These four factors, taken together, impact motivation.

2.6 Variable Pay Programs

Variable pay refers to a set of practices whereby employee compensation is tied to job performance. An employee receives pay and promotion depending upon on some individual or organizational measure of performance. Therefore, there is no guarantee that an employee keeps receiving the same amount of income in successive years, instead the income that one gets fluctuates depending upon the

measure of performance of the employee. Variable pay programs benefit both the employer and the employee. Organizations can reduce their expenses when performance declines, as pay of employees is tied to performance and they receive lesser pay packets. And when employees learn that they can earn more if they produce more, they will make the extra effort to put up a strong performance to increase their personal earnings. In linking pay with performance, employers may further benefit by attracting highly productive workers to the company. Variable pay programs are of different types.

Organizations reward individuals on the basis of their output or performance, this includes **bonuses, piece-rate, commissions, and stock options**. Under the piece-rate plan the employee does not get any base salary and is paid only for each unit of product completed. So the harder the employee works and completes a greater number of units the larger is the amount he gets paid for his work. Some organizations also make use of a modified piece-rate plan, wherein an employee is given a base salary plus an extra amount for each completed piece of work. Similarly large organizations are coming up with bonus plans which not only reward the special efforts of individual members, but at times give bonus to every employee in the organization when exceptional organizational targets and standards are met.

Productivity gain-sharing and other group incentives: Organizations provide incentives to individuals based on the performance outcomes of their groups, in the form of bonuses for group performance, small-team rewards, employee stock ownership plans, and stock options. Gain sharing is a group incentive plan wherein improvements in group productivity are rewarded. Gain sharing is different from profit sharing that the focus here is on productivity gains rather than on profits, so employees under the gain sharing plan can receive incentive awards even when the organization isn't making a profit during a specified period.

Employees also receive a share of profits from the workplace which is known as **profit-sharing plans**.

Variable pay is designed along the prediction of the expectancy theory of motivation according to which individuals should perceive a strong relationship between their performance and the rewards they receive if motivation is to be maximized. The group and individual rewards under the variable pay programs encourage employees to sublimate their personal goals for the best interests of their departments and the organization. They build strong team ethics, and each employee puts in an extra effort, as each one is interested in earning the extra award that would accrue from team success.

2.7 Skill-Based Pay Plans

When organizations honor its employees with special capabilities and expertise, which enhances organizational productivity, they are provided **merit pay and skills-based pay**. Skill-based pay is also sometimes called competency-based pay, here an employee is paid on the basis of the number of skills they have and the number of jobs that they could do. For example, each additional skill an employee masters earns him or her an additional pay. Fostering skill-based pay ensures flexibility within the organizational members. Present day organizations need more generalists who can adapt easily to any kind of job demand and not specialists, who are good at only a particular job. This way organizations can keep the morale of the employee high even when they are not given promotion options, because the employees can keep getting an increase in their pay by enlarging their skills base. There are however disadvantages of such a pay plan: employees tend to get frustrated when they find they are unable to master new skills due to environmental, learning, or growth factors. When adopting this strategy organization also find themselves in a tight spot when using this pay plan as they may have to end up paying employees for having learnt certain skills, but which have no relevance in a new situation, or for acquiring skills that an organization

may not use immediately. The skill-based pay plans are consistent with many motivational theories, as they encourage employees to constantly update themselves and learn new ways of doing things, and to perform new tasks. Learning leads to growth, and this is also consistent with the achievement need, wherein employees are compelled to do things in a better and more efficient manner. This makes the jobs more challenging and when employees make an input-output comparison it is likely to increase the perception of equity, which in turn helps to optimize their motivation levels. A large number of organizations are now focusing on skill-based pay practices, and as such skills and knowledge are what really count in the modern day organizations. People are recognized for the specific skills they possess and are paid for those skills.

2.8 Flexible Benefits

The main idea behind introducing the flexible benefit plans in an organization is to enable the employees to choose a benefit plan that best suits their individual needs. Organizations are increasingly focusing on flexible benefits instead of having one benefit plan to fit everyone. In the new procedure employees can pick and choose from among the various benefit plan options being offered by the organization. Under this scheme organizations set-up a flexible spending account for each employee based on some percentage of the employee's salary, and from this account the employee can choose whether he or she wants the organization to provide them with medical plans and coverage, extended disability coverage, life insurance, tuition reimbursement plans, extended vacation time and so on. The combination that an employee chooses should be within the amount allotted to them in the company accounts. This plan is consistent with the expectancy theory's thesis that organizational rewards should be linked to each individual employee's goals.

Other flexible benefits that employees in an organization can utilize are **Flexible Work Schedules**. Flexible work-scheduling system allows employees to set work hours within the specified guidelines provided by the organization. The flextime concept allows employees to organize their various responsibilities with less pressure. The problems that arise due to such a system are that organizations may have to end up spending more on its electricity bills as different people come into work during different hours, and further this also hampers smooth production, as crucial people may not be available to take timely decisions. Other forms of flexible work schedules include:

- i. **Compressed workweeks** that involve scheduling work in such a way that employees get to spend fewer days on the job, but working approximately the same number of hours as that of a regular job. For example a regular faculty member may be required to put in 40hrs of work per week, under the compressed workweek arrangement the faculty member accomplishes the same in four 10-hour days. This arrangement is beneficial to the employee as they now have more leisure time, free weekdays to attend to personal works, and also lower the commuting costs. The organization also benefits, as it can save on energy bills, lower absenteeism, and extra time available for building and equipment maintenance. The problems that one encounters in this type of work arrangement is that the chances of complaints from customers increase, with no one to attend to their problems for long periods of time, sometimes unions may oppose this arrangement and demand that over time be paid for the extra time (more than the requisite eight hours) spent on the job.
- ii. **Job sharing** involves the division of a single job assignment between two or more persons. This type of arrangement is especially beneficial when organizations need to engage experts who can spare only a part of their valuable time for the services of the organizations. Under such an arrangement organizations such as multi-specialty hospitals have expert doctors coming in only on certain days of the week, and some other specialists on the rest of the days.

- iii. **Part-Time Work** is a common modern day work phenomenon, and suits the needs of the individual and the organization. People who only want to work part-time because of personal reasons find such an arrangement convenient, similarly organizations also find it easier to find and hire people on a part-time basis than the full timer, as part-time employees are paid on an *ad hoc* basis and organization need not incur additional expenditure on their health care, life insurance and pensions.
- iv. **Telecommuting** allows employees to work at home on a computer that is linked to a central office. For most part the telecommuter operates from the location of his or her choice and needs to attend office for meetings and other such important appointments. This is beneficial for organizations also as they can save on the overhead costs of maintaining office space and of providing other facilities to the employee.
- v. **Flextime** option provides the employees the freedom to choose any work schedule of their choice. For example an organization may require its employees to be at office during a particular time period say from 10 A.M to 2.30 P.M, with 30 minutes lunch break, for the remaining hours, the employee has the option of choosing any time that suits his or her needs, an employee X may choose to come in at 7 A.M and finish work by 3.30 P.M. while employee Y may decide to work from 10 A.M to 6.30 P.M or from 9 A.M to 5.30 P.M. this arrangement proves to be beneficial to both the organization and the individual as flexible working hour schedules are expected to encourage more positive work attitudes and organizational commitment.

3. HINDRANCES IN APPLICATION OF MOTIVATION STRATEGIES

Motivation as emphasized in the beginning of the chapter is not an easy job; managements face unique problems in their efforts to motivate people doing different types of jobs in the organization, and as such cannot use a uniform motivational strategy for its entire work force. It needs to keep in mind the special requirements of each category of the workforce. The problems that are commonly encountered with a few categories of the workforce is given to highlight the necessity of designing varied motivational strategies.

- **Problems Encountered in Motivating Professionals:** Organizations are increasingly engaging highly trained professional to handle its specialized works. These people are highly trained and are experts in their fields. So when an organization aims at motivating this highly specialized workforce, it should be remembered that these professionals are more loyal to their profession than to the organization they work for, so it is important to see that they are provided with a work environment that helps them to utilize their knowledge in the field and to provide them challenging tasks that kindle their interests, and enabling them to come out with new inventions and solutions to existing problems. There is no use in trying to tie them down with offers of higher pay or attractive fringe benefits; challenging work is what they seek. They are not interested in promotions, authority, or increased responsibilities. They can be motivated to stay on with an organization only if it caters to their academic interests. So the best way to motivate them is to provide them with as much autonomy as possible to carry out their tasks, give them opportunities to update themselves with developments in their field, by allowing them to attend conferences, workshops, trainings and seminars. Reward them with recognition, make them feel that they are important doing important work, ask questions about how the latest developments in their fields can be modified and/or applied to benefit the organization.

- ***Motivating Contingent Workers:*** Contingent workers are the numerous employees who work for the organization on a contract, part-time or temporary basis. The very nature of their jobs makes them less committed to the organization they work for. They just come in to do their part of the job, and take the remuneration agreed upon in return. They in no way identify with the organization they are working for. They are constantly on the look out for better opportunities and take the swing easily. The organization does not provide the temporary workforce with health care, pension, or other similar benefits therefore there is nothing that binds them to the organization once their contract is over. So motivating this segment of the workforce is a real challenge for organization, and research has shown that this can be achieved only when organizations can promise them a permanent status on certain conditions in the near future. This way organizations are assured of getting hard and sincere work from the employees who aim to attain a permanent position in the organization. Another way of providing motivation to the temporary workforce is to help them develop salable skills on their present jobs. Many organizations have found that by converting the temporary work force employees on to a variable-pay or skill-based pay plans also helps in enhancing their motivation.
- ***Motivating a Diversified Workforce:*** The workforce of an organization consists of not only the professionals, and the contingent workers but a whole lot of other people too. People with different needs and abilities, such as single women, the physically disabled, immigrants, senior citizens and others comprise an organizations workforce. The unique needs of the individuals force them to look out for job options that suit their needs better, for example a college student may look out for a job to earn the money to see him through college, such a person would prefer a job that offers flexible work hours. So to attract, motivate and retain the best people in the organization, managements need to keep the diverse needs of these people in mind and come out with strategies that suit the needs of a large number of people, they can begin by providing for child care centers at the work place, design adjustable work schedules, provide for job sharing and so on.
- ***Motivating Low-skilled Workers:*** Sometimes Organizations are faced with the dilemma, wherein they are unable to provide extra pay or provide promotion opportunities to certain categories of its employees such as those with limited education and skills i.e., servers, delivery boys and so on. So what do organizations do in order to provide motivation to these employees? The only way out seems to provide job environments that are unique, and to which the employees feel proud to be associated with. Or, these places should be able to provide the employees with an opportunity to exhibit their varied talents, and interests.
- ***Motivating People Doing Highly Repetitive Tasks:*** Organizations that require people to work on its standardized and repetitive tasks such as people working on its assembly line find that motivating such people is difficult indeed. The inherent repetitive nature of the jobs easily makes the workers bored and stressed out. In such instances, the answer to the problem seems to lie in selecting people who prefer a minimal amount of discretion and variety in the execution of their jobs. The other option available to organization is to automate these jobs. Increasing pay or providing other benefits may get people to do the jobs but do not ensure a motivated workforce.

Therefore choosing a particular strategy of motivation is at the discretion of the management. Organizations need to take into consideration the type of work being done, the needs of the employees, and the nature of the environment in which rewards are being given, and other such things before deciding on the type of compensation that would best motivate employees in their organization. Likewise the organizations must also identify the criteria necessary to make fair and

accurate decisions about raises, promotions, and other rewards. Organizations can make use of approval, praise and recognition, or provide financial incentives to motivate their employees. The best bet is to refrain from coercing the employees and to instead persuade and appeal to them. It is important to remember that though money is an important motivator, it is not the sole motivators; people look for other incentives to put in their best into their work. It is up to the management to find out what the individual actually seeks, and to keep them motivated.

However, when selecting motivators' managers need to remember that certain rewards such as providing seniority based privileges (higher pay, retirement benefits, and so on) no doubt increase job applicants and reduce turnover, at the same time they have certain disadvantages, they are known to lead to organizational politics, induce perception of inequality in terms of input-output ratios, and create a psychological distance between employees and management. When opting for the use of competency-based rewards managements should take into consideration the high costs that result from employees constantly spending a large amount of time in learning new skills. And when opting to use team-based rewards, it should be remembered that though the gain sharing and employee stock ownership plans create a ownership culture amongst the employees, they fail to establish a strong link in the minds of the employees regarding the connection between individual performance and the organizational reward. Therefore, managers need to increase the effectiveness of the rewards that organizations use as motivators by ensuring that the rewards are not only linked to work performance, but such performance is within the employees control, and the rewards being given are the ones that are valued by the employees. Further the basis on which a reward is being given i.e., the way, in which performance is measured to decide the eligibility for a reward, should be clearly explained to all employees and maintained as official records. Measuring performance in an organization is done through individual assessment methods and comparative techniques such as rating scales, checklists, essays, forced choice techniques. The results so obtained are compared with established standards. Based on these results organizations take decisions regarding compensation, personnel planning, and employee training and development. Measurement of performance is also useful to practice total quality management (TQM). Continuous improvement the cornerstone of total quality management requires effective performance management. And performance is enhanced through training and development programs, through participative management and empowerment techniques. Therefore a diverse workforce requires diverse motivational techniques that improve employee-supervisor relations, reducing absenteeism and increasing productivity.

Although different people bring different intrinsic motives to work, all want to express themselves and satisfy a combination of needs for survival, mastery, dignity, sociability, pleasure, understanding, caring for others, and creativity. All want their needs for fair pay and good working conditions satisfied. But they will be motivated only if organizations empower them to perform their responsibilities, and if leaders present them with visions and goals that make their work meaningful and give them hope for a positive future. In the final analysis, most people need to work, not only for material rewards, but because they want to exercise their abilities and to feel valuable to themselves and to others. A major challenge of our time is to create meaningful work for all those who want it.

SUMMARY

- Every organization wants to find ways and means of making its employees work harder to achieve organizational goal and increase organizational productivity.
- In an organization when motivation levels of employees drop the result is a fall in overall performance.

- Researchers have found that motivated workers do more with less supervision and contribute more to the workplace.
- Management by objectives (MBO) requires increased participation in the management of the affairs of the organization at all levels.
- Job design involves structuring job elements, duties, authority and tasks to achieve effective job performance and optimal employee satisfaction.
- Job rotation, job enlargement, and job enrichment make jobs more appealing to do, and thereby improved the quality of employee job experience and their on-the-job productivity.
- Employee recognition programs that are aimed at meeting the basic need of human beings to feel appreciated and recognized.
- Employee involvement has been defined as, “A participative process that uses the entire capacity of the employees and is designed to encourage increased commitment to organizational success”.
- Employee involvement programs include – participative management, representative participation, quality circles, and employee stock ownership plans.
- Variable pay refers to a set of practices whereby employee compensation is tied to job performance.
- When organizations honor its employees with special capabilities and expertise, which enhances organizational productivity, they are provided merit pay and skills-based pay.
- The main idea behind introducing the flexible benefit plans in organizations is to enable the employees to choose a benefit plan that best suits their individual needs.

Chapter VII

Work Groups and Teams

After reading this chapter, you will be conversant with:

- Work Groups
- Types of Work Groups
- Stages of Group Development
- Group Structure
- Group Tasks, Goals, Rewards, Resources and Technology
- Group Processes
- Group Decision-making Techniques
- Work Teams
- Key Components of Effective Teams
- Implementing Teams in Organizations

Groups and teams are social entities that interact in a larger social context of an organization. It is important to study groups and teams in the organizational setting, because they profoundly affect individual behavior. The work groups and teams are also the primary means by which managers in organizations coordinate the behavior of different individuals in order to achieve organizational goals. In this chapter we shall explore the dynamics of both groups and teams. In the first section we will learn about how groups are formed, the different types of groups, and their functions. In the next section we will look into the formation and importance of work teams, the process of making effective teams and the challenge of turning individual members in an organization into effective team players. Ultimately we will also examine the dysfunction associated with groups and teams.

1. WORK GROUPS

A **group** is defined as two or more people coming together and interacting regularly to accomplish a common purpose or goal, members of a group interact with one another in such a way that each person influences and is influenced by others. The general kinds of groups one comes across in organizations are **work groups**. Work groups are generally formed based on similarities in what people do or in what they make. An organization's success greatly depends on the performance of its groups. Just as individual contributions are essential to the success of an organization, the group's contribution is also essential if the organization is to prosper in the long run.

2. TYPES OF WORK GROUPS

Groups may be differentiated on the bases of relative permanency and degree of formality. Work groups are of two types, (i) formal work groups and (ii) informal work groups.

- Formal work groups are those designated as functional units by the organization, to facilitate the achievement of organizational goals. The members of these groups usually have shared task objectives, such as: (a) the command, (b) task, and (c) affinity groups.
 - A *command group* is determined by the organization chart and is a relatively permanent work group. The individuals in such groups report directly to a given manager.
 - *Task groups* are also established by the organization, but are relatively temporary and exist only until the specific task is accomplished. The major difference between the command group and the task group is that unlike the command group, the task group's boundaries are not limited to its immediate hierarchical superior, and can cross command relationships.
 - *Affinity groups* are also formed by the organization; the members of this group are comprised of employees who are at the same level and doing similar jobs in different wings of the organization. The members of this group come together regularly to share information and discuss organizational issues. The quality control group, the project development group and so on are examples of formal work groups.
- Informal work groups are not designated by the organization, they nevertheless exert influence on organizational behavior and emerge naturally in response to the need for social contact among the employees. (a) Interest and (b) friendship groups are examples of informal work groups.
 - An *interest group* is formed when individuals with common interests come together and work towards their attainment. *Friendship groups* are formed when individuals who share one or more common characteristics come together. The affiliation among the members arises from the close social relationships and the enjoyment that comes from

being together. Informal groups not only satisfy the social needs of the individuals, they also deeply affect the behavior and performance of the members of the group.

People join groups to pursue a career or due to interpersonal attraction, interest in the activities being carried out by the group, group goals, or because they expect to satisfy their personal needs by being a member of the group, or because of the potential instrumental benefits that follow from their membership to the group.

3. STAGES OF GROUP DEVELOPMENT

Many different theories have been put forward to explain group formation. As groups involve multiple individuals learning to work together, it takes some time for them to become fully functional and to be productive. Different models have been developed to predict the formation and development of groups: (i) the five-stage model and (ii) the punctuated equilibrium model have been proposed as an explanation for group formation processes. According to the five-stage model, group development occurs in different stages.

3.1 The Five-stage Model of Group Development

The different stages of group development according to this model are: (i) Forming, (ii) Storming, (iii) Norming, (iv) Performing, and (v) Adjourning.

- i. During the first stage of group development or the *forming stage*, the concern of an individual is centered on how to gain an entry into the group. And as they begin to identify with the members of a group, they begin to think about the possible benefits that they would receive by being a member of the group. They would also want to know what they would be expected to contribute in return for their membership into the group. They are also concerned about getting to know the other members of the group and getting accepted by them. They begin to learn acceptable behavior and in defining group rules. So during this stage members are unsure about the purpose, structure, task and leadership of the group.
- ii. During the *storming stage* of group development, there is high emotionality and tension among the group members, as each member tries to compete and impose their preferences on the group and try to achieve a desired status and position among the members of the group. There is conflict among the members regarding the roles and duties to be carried by the different members of the group. Pressure among the group members increases as they try to achieve performance results. Ultimately this process allows the members to begin to understand each other's interpersonal styles, and they begin to make efforts to find ways of overcoming the obstacles that stand in the way of their achieving the group goals.
- iii. During the *norming stage* that is also known as the initial integration, groups for the first time come together as a coordinated unit. Members begin to experience a preliminary sense of closeness, and criticism of any sort is discouraged. Members for the first time begin to experience the "we" feeling, and there is high cohesion, group identity and camaraderie among the group members.
- iv. The *performance stage* of group development is the stage of total integration. During this stage a mature, organized and well-functioning group emerges. The group is now in a position to deal with complex tasks and is able to handle internal disagreements in creative ways. The group is now fully devoted to effectively accomplishing the tasks that they have agreed upon in the norming stage and work towards the attainment of the group's goal. Achievement of group goals satisfies and motivates the group members.

- v. The stage of *adjourning*, sometimes when a group is formed with the objective of accomplishing a specific task, it needs to be disbanded once the objective is attained. A well-integrated group is able to achieve this without much ado. This represents the end of the group. This stage is never reached in the permanent groups, but is however, quite common amongst the groups that come together with the objective of completing a specific project or task.

It is believed that in the five-stage model, the group becomes more effective as it progresses through the first four stages, while this assumption is generally true, the actual factors that make a group effective are more complex than what this model acknowledges. It has also been found that groups do not proceed clearly from one stage to the next as assumed in the five-stage model. An alternative model, 'the punctuated equilibrium model' has been proposed as an alternative model for the explanation for group formation and development.

3.2 The Punctuated Equilibrium Model

According to this model group formation and development occurs through three stages: (a) Phase I, (b) Midpoint Transaction and (c) Phase II.

- a. **Phase I:** In the first phase the group is formed, and the target mission is set, and the group decides on the future course of action. And once the group's direction is set it is rarely reexamined during the first phase of the group's life. The group is fixed into and follows the general approach that has been decided upon during the first meeting, this is a period of inertia. New insights that occur during this period are not acted upon, and there is a systematic resistance to any kind of change. This phase continues until the midpoint in the group's existence. Though regular meetings are held the group makes little progress towards the goal.
- b. **Midpoint Transition:** Typically as the group reaches halfway between its first meeting and its official deadline it experiences a midlife crisis. Members become conscious of the approaching deadlines and realize that they need to really "get moving". They begin to realize that if they don't change their tactics, the group's goal or mission cannot be accomplished. There is a sudden burst of activity wherein old patterns of thought and work are discarded and new perspectives are adopted, resulting in a revised direction for Phase II.
- c. **Phase II:** This is a new equilibrium or period of inertia, wherein the group begins to execute the plans created during the transition period. It concludes with a final meeting that is characterized by a final burst of activity as the group tries to finish its work, as group members concern for how outsiders will evaluate their work grips them. Therefore the punctuate-equilibrium model characterizes groups as exhibiting long periods of inertia interspersed with brief revolutionary changes triggered primarily by its members' awareness of time and deadlines. This model doesn't apply to all groups and is essentially a model for temporary groups that come together to accomplish a task under a time-constraint.

Formation of a group does not automatically ensure good performance of the group. Several factors affect the performance of the individual members of the group and thereby the performance of the group as a whole.

4. GROUP STRUCTURE

Early studies of organizational behavior show that work groups profoundly influence individual behavior. The results of these studies suggest that the characteristics or the structure of the social setting or group are as important as the

technical aspect of the work in explaining performance. The basic structural characteristics of a group are:

4.1 Role

Roles are positions in a group that have attached to them a set of expected behaviors. Each individual is expected to play a specified role as a member of the group, and at the same time is required to play a number of diverse roles both within and outside the organization. Understanding this aspect is very important as the behavior of an individual varies with the role that is being played. For example the behavior of an individual when he or she attends a religious gathering is different from the behavior they would exhibit when they are out at a party with friends. Therefore role refers to the set of behavior patterns, which an individual, occupying a certain position is expected to display. So in order to understand the behavior of an individual it is important to understand the role that is being currently played by the individual. In organizations there are two basic kinds of roles, those that are designated or assigned by the organization, and roles that emerge naturally in the process of meeting the social-emotional needs of group members or to assist in formal job accomplishment. Along with this (a) role identity, (b) role perception, (c) role expectations and (d) role conflict experienced by the individual also greatly influence their behavior.

- i. Certain attitudes and behaviors are consistent with a particular role and they create *role identity*. People tend to easily change their attitudes and behaviors so that they are consistent with the role they are currently playing. For example, the attitude of supervisory and the management staff is generally pro management, therefore even when a union worker is promoted to occupy a supervisory position it is found that their attitude is changed from pro union to pro-management. And when the goals of the job or the method of performing it are unclear, or when the limits of one's authority and responsibility are not clearly defined a person experiences role ambiguity. Ambiguity leads to job stress, dissatisfaction, reduced organizational commitment.
- ii. *Role perception* is an individual's view of how he or she is supposed to act in a given situation. Based on this supposition, people engage in certain types of behavior in a given situation. Usually people tend to pick up the cues as to how one is supposed to behave in a particular role by observing the behavior of another individual in the same role, one expects to play.
- iii. *Role expectations* are defined as to how others believe that one should act in a given situation. For example, the employer and employee have certain expectations about the behavior of the other. This is the basis of the psychological contract between the employer and the employees. The employee expects the employer to provide acceptable working conditions, provide feedback on how well the employee is doing the allotted duty and the employer expects the employee to follow the instructions given and show loyalty towards the organization that he or she is working for.
- iv. When an individual is performing diverse roles with divergent role expectations, it results in the person experiencing *role conflict*. Role conflict emerges when an individual finds that compliance with one role requirement may make the compliance with the other role requirement difficult. Role conflict often results in increased tension and frustration for the individual faced with the conflict, and this conflict greatly impacts the behavioral response of the concerned individual. The behavioral responses may include withdrawal, or trying to redefine the facts or the situation to make them appear congruent with each other thereby reducing the dissonance being faced by the individual.

4.2 Norms

Norms are the acceptable standards of behavior within a group that are shared by the group's members. All groups have established norms, which tell the members what they ought or ought not to do in different situations, and all group members agree to follow these established standards of behavior. Therefore norms are

developed to regulate and predict behavior. Organizations have both (i) formal and (ii) informal norms.

- Formal norms are the written rules and procedures that one finds in organizational manuals, which all organizational members are to follow.
- The unwritten or informal norms are generally agreed upon by the members, and these norms help to attain organizational goals effectively.

The common classes of norms that appear to in most work groups are the norms regarding performance, appearance, norms concerning social arrangements, and allocation of resource. Performance norms provide the members of a group explicit cues on what is expected of them. The cues tell the members how hard they should work on the job to get it done, their level of output and so on. Though an individual's motivation and ability generally influence their performance, it has been found that performance norms are the ones that ultimately determine the performance level of the individual. The appearance norms tell an individual the appropriate and acceptable dress code that needs to be followed when working in the group. They also tell an individual the importance of loyalty both to their work group and to the organization that they work for. These cues help the individual to exhibit an appearance of loyalty and tell that it is inappropriate to look for alternative job options openly. The social arrangement norms regulate social interaction within the group. These determine the friends that people make within the group, with whom they have their lunch and so on. The allocation of resource norms regulates how projects, new tools and equipment are allocated within the group. Norms therefore help people function and relate to one another in predictable and efficient manner. They also facilitate the survival of the group and simplify the manner in which one can understand and predict the behavior of the group members. Conforming to the group norms helps individuals to become accepted members of the group. Defying these norms can bring about pressure from other group members in an attempt to change the attitude of the concerned individual and to bring his or her behavior in line with the rest of the group.

4.3 Status

Status can be defined as a position or rank, that is, given to groups or group members by others. Status is an important factor in understanding human behavior because when an individual perceives a disparity between what they believe their status to be and what others perceive it to be, it results in major behavioral consequences. The status of an individual in an organization is established through (i) the formal status systems or through (ii) the informal status system.

Sometimes organizations identify some people and confer a higher status on them by conferring titles or certain status symbols. They are provided special pay packages, work schedules, positions, or better working environments and amenities. The criteria for conferring formal organizational status are seniority or special skills, and higher levels of education and training. Sometimes people acquire status by virtue of their characteristics such as: age, experience, skills and so on. The higher the status of an individual in the organization or group the greater is their freedom to deviate from the norms established. They are under less obligation to conform to the pressure from others in the group. However, the status and freedom that a person enjoys must be perceived as equitable by others in the organization, otherwise it creates a disequilibria and unrest in the group. However, groups generally agree within themselves on status criteria and hence there is usually high concurrence in, group rankings of individuals and the status being enjoyed by an individual.

4.4 Size

The size of a group is found to greatly influence a group's overall behavior. Evidence indicates that smaller groups are faster at completing tasks and taking action than larger ones. The large groups on the other hand are more effective when the task at hand relates to fact finding, or when the task on hand requires diverse inputs. In general it has been found that members of large groups find a reduced opportunity for participation and inability to identify contributions that they make to the group, and that is why they report less satisfaction with group membership than those who work in small groups. The most important finding relating to the size of a group is that as a group gets larger, performance decreases because of what is labeled as *social loafing*.

Social loafing is the tendency for individuals to withhold physical or intellectual effort when performing in a group task. They tend to expend less effort when working collectively than working individually. Social loafing occurs in two forms, one is known as the *free rider effect* and the other is known as the *sucker effect*.

- When people lower their effort to get a free ride at the expense of other group members it is known as the free rider effect.
- And when people lower their effort because they believe that others in the group are free riding it is known as the sucker effect.

It has been found that group size is inversely related to individual performance. Which means that the total productivity of a group of four is no doubt greater than that of one or two people, but definitely less than the sum of the efforts of individuals within the group, i.e., the productivity of individual members declines when in a group and the larger the group the greater the decline. The implications of this effect for OB on work groups are significant. When organizations plan to utilize collective work situations to enhance morale, and curtail social loafing, managements should be careful and take the following steps: (i) to provide certain means by which the individual efforts of each member of the group can be identified, and thereby minimize social loafing. (ii) the work that is entrusted to the group should be interesting, so that each member participates in the activity enthusiastically. (iii) each member in the group should be made to feel indispensable, (iv) good performance should be immediately rewarded and (v) feedback on performance should be given consistently and self-correction encouraged.

Similarly research in the area of optimal group size has shown that a group of five to seven members has the advantages of both the large and small groups. Groups of five or seven members have been shown to be large enough to allow for diverse inputs, and they are small enough to avoid the negative outcomes associated with large groups. These groups are at the same time small enough to avoid the domination by a few members, or to allow the development of subgroups.

4.5 Composition

When a group is made of members who have a variety of skills, knowledge and abilities, it is more effective and is able to execute its tasks in a better way. A group's composition in terms of common demographic attributes such as age, gender, race and educational level is also a critical factor in determining the performance of the group members and in predicting its turnover. Diversity in a group to a certain extent increases group productivity, but when diversity is high group members find it difficult to communicate with each other effectively, conflicts arise and people feel like leaving the group.

4.6 Cohesiveness

Cohesiveness is the degree to which group members are attracted to each other and are motivated to stay in the group and tend to describe the group in favorable terms. The factors that influence group cohesiveness are:

External Threat and Competition: When a group is faced with external threat and competition which challenge the very existence of the group or pose a threat to the attainment of its goals, the members of the group begin to work together to ward off these dangers. Working together under such conditions increases group cohesiveness.

Success: Similarly when a group accomplishes a goal, it induces a sense of pride in the group members. This increases cooperation among the members and the group becomes more attractive to its members.

Toughness of Initiation: When acquiring membership into a group is tough, its attractiveness is more than those that are easy to join. The cohesiveness that exists among such group members is also higher than in other groups.

Cohesiveness brings about a lot of positive outcomes, members of a cohesive group participate more in group activities. Conformity to group norms is high among the members, as they willingly do all that is required to be accepted and to remain a part of such groups. Cohesiveness also contributes to group success, because each member strives to achieve his or her goal in the stipulated time period.

4.7 Leadership

The leader of a group plays an important part in the group's success, therefore the type of leader a group has greatly influences their performance and productivity. The aspect of leadership and the effects that leaders have on individual and group performance is dealt with in detail in a later chapter.

Understanding the influence of these factors makes it possible to explain and predict a large portion of individual behavior within the group as well as the performance of the group itself. Similarly the effectiveness of a group is moderated by the nature of (i) group tasks, (ii) the goals, (iii) rewards, (iv) resources and (v) technology along with various group processes.

5. GROUP TASKS, GOALS, REWARDS, RESOURCES AND TECHNOLOGY

The effectiveness of the group is determined by the nature of the task the group takes up. Tasks can be either simple or complex, and therefore place different demands on the group. The more complex a task the greater is the pressure on the group members to actively cooperate and achieve the desired results. When groups accomplish such tasks the levels of satisfaction that they experience are also higher than what the group would experience on completing a simpler task. However, the successful completion of the task and experiencing satisfaction is also dependent on the group's ability to set-up appropriate goals, well-designed reward systems, and having the right technology to deal with the tasks-on hand. When goals are unclear or insufficiently challenging or arbitrarily imposed performance suffers. Likewise if adequate budget is not allotted for the completion of the task, or if the right facilities, procedures and the best technology is unavailable, or when the group members do not envisage adequate rewards, group performance suffers.

6. GROUP PROCESSES

Understanding processes is important in understanding group behavior, because as mentioned earlier we find that when working in a group the contribution made by each member is not clearly visible, and therefore there is a tendency on the part of some individuals to decrease their effort or to refrain from contributing to their fullest abilities. When people resort to such acts or social loafing the output of the group tends to be less than the sum of individual inputs. As such social loafing

illustrates how a process loss occurs as a result of using groups. Another line of research that enables us to have a better understanding of group processes is the social facilitation effect. Social facilitation describes the effect on performance due to the mere presence of others, and social facilitation effect is the tendency for performance to improve or decline in response to the presence of others. For example a dancer may perform much better in front of an audience than when practicing alone. Or when making the class presentation that you rehearsed to perfection, you may flounder and make a mess of the whole thing when you actually stand in front of the class. These instances show how individuals are influenced either positively or negatively by the presence of others. While this effect is not directly related to a group phenomenon, yet it shows us the possible effect the presence of others can have on the performance of an individual as he or she works in a group. Research on social facilitation has shown that the performance of simple, routine tasks tends to be speeded up and made more accurate by the presence of others. While, working on the more complex tasks, which require closer attention, the presence of others is likely to have a negative effect on performance. The most significant contribution of this finding to organizational behavior and specifically to process gains and losses is regarding the benefit of learning and training. Process gains can be maximized by training people for simple tasks in groups, while it is beneficial to train people for complex tasks in individual private practice sessions.

Group processes in an organization include – communication patterns used by members for exchange of information, group decision-making processes, leadership behavior, and conflict interaction. Communication, leadership and conflict are dealt in subsequent chapters. In this chapter we deal with aspects such as group decision-making, and how groupthink and groupshift affect performance.

6.1 Group Decision-making

Many organizational researchers and consultants believe that members of formal work groups make better decisions than members working alone. And yet a good deal of research shows that social processes can undermine the effectiveness of group decision-making. So before we arrive at any conclusion on the superiority of group decisions over individual decisions let us examine how groups make decisions, the strengths and weaknesses of decision-making, and the techniques that are used in decision-making.

Edgar Schien a noted scholar observes that groups make decisions through any of the following six methods:

- i. **Decision by Lack of Response:** In this method, a member of the group begins by suggesting a certain idea and before the group members can begin to evaluate the idea, another member suggests another idea, and this goes on until the group eventually finds the one that it will act on. Which means that all the other ideas have been bypassed or discarded due to lack of response from the group members and thereby stand rejected.
- ii. **Decision by Authority Rule:** In this type of decision making the chairman, manager, leader or someone else in authority makes a decision and puts it forward. The ultimate decision may be taken after discussion with other group members or even without a discussion. But the ultimate decision rests with the authority figure and his or her plan is then executed. Whether this method is effective depends a great deal upon whether the authority figure is a good listener and how well he or she has been collecting the right kind of information on which to make the decision. Furthermore, it also depends on how far the group is willing to accept the decision and implement the decision.

- iii. **Decision by Minority Rule:** Under this method decisions are arrived at because of the force tactics employed by one or two people. They usually put forward their idea and then “railroad” others into agreeing to their decision. This type of decisions does not have the consent of the majority. However since others have remained silent when the idea was put forward it is interpreted as “silence means consent”. This conclusion is also reached when the person who puts forward the idea immediately follows it up with a question does any one object? And without waiting for an answer he/she may proceed by saying well, then let’s go ahead. However, if the group members are interviewed later, chances are that an actual majority was against the given idea, but that each member had hesitated to speak up because he or she thought that since all the other’s in the group were silent they thought they were in favor of the decision and as a consequence were trapped by “silence means consent.”
- iv. **Decision by Majority Rule:** This decision-making procedure is often taken for granted as applying to any group situation, under this method everyone's opinion is polled and following a discussion, the opinion of the majority of participants is taken as the decision.
- v. **Decision by Consensus:** The other method is to have a discussion regarding the alternative decisions available, and based on the discussions the more favored alternative is taken as the ultimate decision. This type of decision making is fraught with certain inherent problems for example members who support a particular decision are in a minority they feel that there was an insufficient period of discussion, and that they could not really get their point of view across. Another drawback of this method that members feel that voting creates two camps within the group, and group members face a win-lose situation, and the members who are to support an alternative idea feel obligated to go along with the majority decision.
- vi. **Decision by Unanimity:** Ideally this is the most favored method, as all group members agree on one decision. However, it is very difficult and rare for a group to arrive at a decision through this method.

Generally groups do not confine themselves to making use of a specific method instead they select a method based on the typical situation that is involved and the type of problem that needs to be tackled with the decision being made. The right decisions help meet the group goals in an efficient and timely manner.

STRENGTHS AND WEAKNESSES OF GROUP-DECISION MAKING

Diagnosing the strengths and weaknesses of a group’s decision-making process helps the group to select appropriate interventions and to improve its efficiency and effectiveness. During evaluation the focus should be on the processes involved in decision-making rather than on outcomes and the focus should be the group and not the individual.

The following are the major strengths and weaknesses of group-decision making:

Strengths: The main advantage of group-decision making is the involvement of several individuals in the decision-making process. Therefore more knowledge and expertise is pooled in making the available information and knowledge about the task at hand to make it more complete. This helps the group members to avoid tunnel vision, and to consider many alternatives before deciding on the best course of action. Discussions help the members to gain an in-depth understanding as to why a chosen decision is the best course of action to deal with the problem at hand. This helps the group members to stay committed to acting on the decision taken and to achieve the targeted results or outcome.

Weaknesses: The greatest drawback of group-decision making is that it is time consuming. Dialogues and discussions tend to take up a substantial amount of time before any conclusive decision or course of action is decided upon. And in spite of the time spent in the process many of the group members are still left with the feeling that they were under social pressure to conform to the decision that was taken. Therefore, group decisions are usually the forced or “railroaded” decisions of one individual or a few members. Finally the onus of responsibility is watered down, and it is not clear as to who is accountable for the final outcome.

Sometimes *personality factors* may also influence the way a member participates in group decision-making process: some members may be too shy to offer their opinions in front of others or may not be able to assert themselves, and as such fail to contribute fully to the group’s decision-making process. Sometimes lack of proper *communication skills prevent the members from* presenting their views and knowledge successfully, while others who are good at ‘impression management’ may disproportionately influence group decisions, even in the absence of expertise and adequate knowledge.

Therefore deciding whether groups or individual decisions are more effective actually depends upon the criteria that are being used for defining effectiveness. If the criterion under consideration is accuracy, then evidence indicates that groups make better-quality decisions. If the speed at which decisions are taken is considered as the criterion, then individual decision-making definitely scores higher. And if one were to consider the degree of acceptance of the final solutions as an indicator of effectiveness, then groups score the point. However, when it comes to efficiency, groups generally prove to be less efficient than individuals, except when the task on hand requires diverse inputs.

At this point it is very important to understand that a group’s ability to appraise alternatives objectively and to make quality decisions is affected by two by-products of group decision-making, (a) groupthink and (b) groupshift.

6.2 Groupthink

Social psychologist Irving Janis identified a potential problem that plagues effective group decision-making. This phenomenon is known as groupthink. Groupthink deters group members from critically appraising each other’s views especially when the views belong to minority or when the view is unusual or unpopular. This happens because the group members are overly concerned about avoiding unpleasant disagreements. The focus of the group members is on seeking concurrence and hence they overlook any possibility of appraising alternative courses of action. Group leaders and members should guard themselves against becoming victims of this phenomenon, which deteriorates their mental efficiency, reality testing abilities and their moral judgment under group pressures. The symptoms of groupthink phenomenon can be easily identified, group leaders and members must therefore learn to spot the symptoms and take necessary action to prevent its occurrence. The symptoms of groupthink phenomenon are:

- Group members begin to rationalize and reinforce the assumptions they have made in spite of the existence of strong evidence contrary to their opinion.
- Group members may try to suppress doubts expressed about any of the group’s shared views or those who support an alternative idea.
- Group members who have doubts or those who hold a different point of view prefer to remain silent and not express their ideas because they are more concerned about the norm for consensus.
- Group members should realize that silence does not imply consent.

Janis opined that groupthink played a role in many decisions that led to disastrous consequences such as the lack of preparedness of US forces at Pearl Harbor, the invasion of north Korea, and the space shuttle ‘challenger’ disaster. To overcome

groupthink group leaders and members can begin by critically evaluating each idea that comes up during discussions, the leaders should avoid showing any kind of interest in any particular course of action that has been suggested, especially in the initial stages of deliberation and should wait for the group to decide upon the best course possible. Opinion of outside experts should be sought before plunging into action on crucial issues. At each meeting at least one member of the group should challenge the majority decision and stimulate an active discussion on alternative possibilities.

6.3 Groupshift

It is the tendency of the group members to exaggerate the initial position that they hold when they are discussing a given set of alternatives to arrive at a solution. Evidence shows that in group discussions due to excessive caution, the group members tend to make a conservative shift. This shift is most often towards greater risk. This happens because discussions create familiarization among the members, and as the discussion progresses they tend to express more bold and daring views. Members do not feel the pressure associated with taking risky and daring decisions because people who dare are admired. There is also diffusion of responsibility even if anything were to go wrong. No individual can be singled out or made accountable for faulty decisions. A lot of caution should be exercised by groups to counter this effect from clouding their rational and judicious decision-making abilities.

Therefore in order to take the full advantage of the group's decision-making abilities certain decision-making techniques are used.

7. GROUP DECISION-MAKING TECHNIQUES

The common decision-making techniques are: brainstorming, nominal group technique, Delphi technique and computer-mediated decision-making.

7.1 Brainstorming

This is an idea generating process that specifically encourages members to come up as many alternatives to a stated problem as they can in a given period of time, no criticism is allowed and the entire process is recorded so that the ideas that have been freewheeled during the brainstorming session could be further discussed and analyzed.

7.2 Nominal Group Technique

It is a form of structured group discussion. In this procedure group members assemble and a nominal question is presented, they are then given time to write down their ideas independently. Later members are asked to present their ideas one by one and each one reads out their ideas and are recorded. No discussion or comments are allowed to take place when the ideas are being recorded, but once this process is over the group discusses each of these ideas and each group member is asked to silently and independently rank-order the ideas. The idea with the highest aggregate ranking is considered for the final decision.

7.3 Delphi Technique

In this technique a series of questionnaires are given to a panel of decision makers, and they are asked to submit their responses to a decision coordinator. The coordinator then summarizes the solutions and sends the summary back to the panel members, along with a follow up questionnaire. The panel members once again send in their responses and this process is carried on until a consensus is reached and a clear decision emerges.

7.4 Computer-mediated Decision-making

Recent technology has enabled researchers to come up with another techniques that can reduce many of the problems that are inherent in the traditional group decision-making procedure. This technique blends the nominal group technique of decision-making with sophisticated computer technology. Group members are connected through a series of computer terminals and each one of them is required to type in their responses as issues are presented on their computer monitors. This method allows members to interact and get to know the ideas of others but at the same time allows anonymity of comments and aggregation of votes. The individual comments and the aggregate votes are then displayed. Anonymity, speed and honesty are advantages of making use of this procedure.

Each of these techniques has its own inherent advantages and drawbacks; therefore the choice of a technique depends entirely on the requirement and the cost-benefit trade-offs involved. However, with the changing scenario of increased and stiff competition becoming the order of the day, organizations are increasingly becoming aware that the successful completion of a task requires multiple skills, judgment, and experience. Therefore, organizations are now turning their attention to **teams** as a way to better utilize employee talent.

8. WORK TEAMS

A **team** is a group of workers that functions as a unit, however. Groups and teams are not the same. A team is made up of a small number of people with complementary skills, who work towards the attainment of a common goal often with little or no supervision. All the members of a team are mutually accountable to each other. Teams have been found to be more flexible and responsive to changing events than traditional departments or other forms of permanent groupings. They have the capacity to assemble, deploy, refocus, and disband quickly. Teams have also been found to increase employee motivation and are increasingly being used by managements as an effective means of democratizing organizations.

The most common types of work teams are the *problem-solving teams*, the *self-managed teams*, the *cross-functional teams*, the *virtual teams*, and *quality circles*. A **problem-solving team** consists of five to twelve employees from the same department who meet for a few hours each week to discuss ways of improving quality, efficiency, and the work environment whenever they are set-up to solve a particular problem. **Self-managed work teams** consist of ten to fifteen people who perform highly related and interdependent jobs. The members of work teams take on the responsibilities of supervisors such as selecting the team members, planning and scheduling their work, assigning tasks, controlling the pace at which work is to be carried out, making operating decisions, taking necessary action in the event of facing problems and ultimately evaluating each other's performance. As the groups are self-managed there have greater opportunity to do challenging work. Challenging work in turn requires high interdependence among team members for task accomplishment. The members of a **cross-functional team** are drawn from the same hierarchical levels from different work areas and with different functional specialties, the members so drawn exchange information, develop new ideas, and solve problems to coordinate complex projects. The **virtual teams** are teams that make use of computer technology to communicate and establish links between dispersed members of the team who work together to attain a common goal. The virtual teams do not interact face-to-face, and often have fluid membership. Collaboration and exchange of information among different members of the virtual teams is made possible vide video conferencing and e-mail to solve problems or for completing a project. Quality circles are small groups of employees from the same work area who meet regularly to discuss and recommend solutions to workplace problems. They are relatively permanent and exist alongside the traditional management structure.

People join teams for the same reasons as that of joining groups, i.e. to pursue a career or due to interpersonal attraction, interest in the activities being carried out by the group, group goals, or because they expect to satisfy their personal needs by being a member of the group or because of the potential instrumental benefits that follow. Yet groups and teams are not the same. The basic differences between work groups and teams are that – (a) While work groups interact primarily to share information and to make decisions to help each member perform within his or her area of responsibility, members of the work group do not engage in collective work that requires joint effort. Work teams on the other hand generate positive synergy through coordinated effort and achieve goals through collective performance. The efforts of each individual team member results in a level of performance that is greater than the sum of the input of the individual members. (b) Among the conventional groups the activities of the group members are directly controlled by the group leader, whereas in teams, the team discusses what activities need to be done and determines for itself who has the necessary skills to do each task and will accordingly finish the task. Team members also hold themselves mutually accountable for any outcome of their joint actions.

Organization makes use of work teams as their use results in – enhanced performance, reduced costs, employee benefits, and organizational enhancements.

Enhanced Performance: Enhanced performance results from improved productivity, quality and customer service. Working in teams enables workers to avoid or reduce wasted effort thereby reducing errors and reacting better to customers. All this put together results in more output for each unit of employee input.

Reduced Costs: When teams make fewer errors, there are fewer worker's filing for compensation claims, there is also a drop in the number of absentees and also fewer turnovers. Thereby resulting in significant reductions in costs for the organization.

Employee Benefits: Employees tend to benefit as much as the organization when they work in a team environment. Teams provide its members' human dignity, identification with the work, and a sense of self-worth and self-fulfillment. Teams allow its members the freedom to group and gain respect and dignity by managing themselves, making decision about their work. These factors allow team members to have a better work life, face less stress at work, and make less use of employee assistance programs.

Organizational Enhancements: Teams allow innovation, creativity, and flexibility. They flatten out hierarchy and the team members thus feel closer and more in touch with top management. And when employees feel that their expertise and skill are important for the organization they tend to make significant contributions.

9. KEY COMPONENTS OF EFFECTIVE TEAMS

The key components of effective teams can be categorized into four domains, work design, composition, contextual and process.

9.1 Work Design

Work design characteristics motivate and increase a member's sense of responsibility and ownership and make the work more interesting to perform. The variables in the work design category are- freedom and autonomy, the opportunity to utilize different skills and talents, the ability to complete a whole and identifiable task or product, and working on a task or project that has a substantial impact on others. These variables enhance member motivation and increase team effectiveness.

9.2 Composition

This category relates to finding people with: (i) the right abilities and (ii) personality as team members, (iii) allocating roles to them, (iv) deciding on the size of the team, (v) member flexibility, and (vi) members' preference for teamwork.

- **Abilities of Members:** The efficiency of a team depends on the technical expertise, problem-solving and decision-making skills, and interpersonal skills of its team members. All the three types of skills are required if the team is to reach its full potential. Therefore, if a team is deficient in any one of these skills, it should immediately arrange for its members to learn these skills.
- **Personality:** Many dimensions in the Big Five Personality model have been shown to influence team behavior and its effectiveness. The most significant contribution of this theory to improving team effectiveness is to see that all members of a team have the same minimal level of the five dimensions of personality. For example if even a single team member is unequal even on one single dimension, can negatively affect the whole team's performance. For example, if a person is low on agreeableness, conscientiousness, or extraversion it results in strained internal process and decreased overall performance.
- **Allocating Roles and Diversity:** A team should consists of people who have different skills so that the team is able to perform its task successfully. Basically a team requires its members to perform nine different kinds of roles. These nine roles are that of a linker, creator, promoter, assessor organizer, producer, controller, maintainer, and adviser. The team should therefore comprise of members who are able to fulfill the demands of each of these roles.
- **Size of Teams:** The ideal size of a team should not be less than four or five members and not more than twelve members. When the size of the team is very small its members may not be able to perform all the roles that are required for the team to be successful. And if there are more than twelve members in the team, the members may have to face problems regarding cohesiveness, commitment, and mutual accountability that are so vital to achieve high performance. When a team happens to have more members on its team, breaking the team into sub teams should be considered.
- **Member Flexibility:** High team performance is facilitated when the members of team are adaptable and capable of performing multiple tasks. Flexibility ensures that the team is not reliant on any single member. It means that even in the absence of any single members the work still gets done, because other members can complete the task.
- **Member Preferences:** Some individuals prefer to work alone rather than being a part of a team. Therefore, when selecting members of a team it is necessary to keep the preference of the individual in mind, as high-performance teams need people who prefer to work as part of group and not those who would keep to themselves.

9.3 Context

Presence of adequate resources, effective leadership, and a performance evaluation and reward system that reflects team contributions, are the three significant contextual factors related to team performance.

- **Adequate Resources:** When organizations are able to provide its teams with adequate support by providing them timely information, technology, adequate staffing, encouragement, and administrative assistance teams will be successful in achieving their assigned goals.

- **Leadership and Structure:** Distribution of workload, and assignment of different tasks should be done with the consent of all the team members. When the team members possess good leadership qualities are able to resolve conflict, amicably make and modify decisions, and discuss the best way to integrate their individual skills. This in turn helps the team to attain better team performance and lower turnover.
- **Performance Evaluation and Reward Systems:** Teams must be evaluated for overall efficiency and productivity to enhance and reinforce team effort and commitment. Though individual performance evaluation is required to ensure that all members of a team contribute to the overall productivity, team based evaluation is also essential. Based on this appraisal the team should be rewarded with group incentives, profit sharing, and gainsharing.

9.4 Process

Processes related to team effectiveness include member commitment to: (i) a common purpose, (ii) establishment of specific team goals, (iii) team efficacy, (iv) a managed level of conflict, and (v) the reduction of social loafing.

- **A Common Purpose:** The strength of teams is the *common purpose* that they come together to achieve. Working towards a common goal gives direction, momentum, and commitment for members. Team spirit among the members is enhanced as they discuss, shape, and agree upon the course of direction, and procedure to attain this common goal. The common goal keeps the members united in their efforts under all circumstances, until the objective attained.
- **Specific Goals:** As the common goal is discussed in detail, it is broken down into specific, measurable, and realistic performance goals. Specific goals streamline the efforts of the team members as they individually and collectively focus on attaining these goals.
- **Team Efficacy:** Effective teams build confidence among the team members and raise their beliefs about future success.
- **Conflict Levels:** Disagreements regarding task content among the team members actually improves team effectiveness. The members have a greater chance of critically assessing each other's views and coming out with better decisions. Conflict eliminates the chances of groupthink and stimulates discussion.
- **Social Loafing:** As team members are accountable to each other individually and collectively the possibility of social loafing is eliminated. Members are made accountable for their individual and joint contributions to the team's success.

10. IMPLEMENTING TEAMS IN ORGANIZATIONS

Teams are a reality in today's organizations. And changing from a traditional organizational structure to a team-based organization requires a lot of analysis and planning. Owners and managers need to work hard to build high performance teams and master the challenges that arise in the initial stages of team development. An effective team is carefully built through a sequence of planned activities.

10.1 Planning the Change

Changing from a traditional hierarchical orientation to a team-based organization requires a lot of careful preparation, planning, and training. Planning takes place in two phases, the first involves making a decision regarding whether to change to a team-based organization or not, and the decision is in favor of a change and the second phase involves the preparation for implementation.

When organizations contemplate to bring about a change in their organizations, they first need to assess the feasibility of such a change and the chances of it being beneficial to the organization. To achieve this objective, a steering committee under the leadership of an able leader is set-up. The steering committee carefully analyzes the work processes to see if they are conducive to team use. They assess the ability of the employees to work in the team environment, and the willingness of the management to adopt the hands off approach that is necessary for effective teamwork. Based on the outcomes of this study, organizations make the decision to 'go in' or 'not to go in' for the team-based organization. If the go-ahead signal is given, the committee then starts preparing for training and implementation.

10.2 Implementation Stage

Having decided to go in for a team-based organization a clear mission is established and work teams are prepared to take on the responsibility of functioning independently. Teams go through a number of phases before they begin to realize their goals. In the first phase the team members are selected and trained to become effective team members. The training prepares the members to deal with all the technical, administrative and interpersonal skills that are necessary to work with people in the team. There is a lot of enthusiasm during this phase of team development. This new euphoria of the team members lasts till about six to nine months, and then team members begin to experience frustration and confusion about the ambiguities of the new situation. At this stage the team members need encouragement from the organization to let them know that they are progressing well towards the goals they have set out to meet. Slowly group members learn self-direction, and begin to manage themselves without looking for outside support. With this the group enters the third phase and begins to develop its own sense of identity. At this stage the teams need to be given continued training in problem solving, tools and techniques. And as the teams' identity develops, teams begin to come out with a distinct name a logo and other items that show off their identity. This is the sign that the team is moving into the fourth phase. The fourth phase is marked by the teams increased confidence in their ability to do everything. Team members tend to manage their schedule and resources well, internal conflicts are resolved and team heads into healthy competition with outside teams. An inherent problem that teams face in this phase is that of intense team loyalty and isolation. To avoid this danger communication and cooperation between different teams in the organization is to be encouraged and rewarded. The final stage is marked by the team achieving its performance goals. Even at this stage the team needs to continue with its training sessions to help the teams build internal and external relationships that would make the teams stronger, and to facilitate team development and productivity.

10.3 Training Individuals into Effective Team Players

Training of individual members, to become effective team player is an integral part of the sequence of planned activities in an organization. We deal with it separately, as it is an important factor that decides the success of the team. When individual members become part of a team, they must learn to communicate openly and honestly, and most importantly learn to sublimate their personal goals for the good of the team. Sublimating the self in the interest of the team is vital as performance and success are no longer identified with any one individual, and every success is defined as the teams' success. Preparing individuals into accepting this kind of change is all the more difficult when (a) The national culture is highly individualistic and (b) The teams are being introduced into an established organization that has historically valued individual achievements. Similarly managements face less demanding challenges when teams are to be introduced into cultures that have strong

collective values. When turning individuals into effective team players managements have the following primary option before them:

- When selecting team members' managements can ensure that people possess not only good technical skills but also good interpersonal skills.
- In the eventuality that managements had to take in some members who are technically very well qualified but lag behind on interpersonal skills, the candidates can undergo training to mould them into good team players.
- Training enables employees to experience the satisfaction that arises out of teamwork. They are further trained in problem solving, communication, negotiation, conflict management, and coaching skills so that they integrate into the team, and become effective team players.
- Rewards are now designed to encourage cooperative efforts. And even instances where individual efforts are to be recognized, it is given to individuals for how effective they are as collaborative team members. The efforts an individual puts into training a new colleague, sharing information with team members, helping resolve team conflicts, and mastering new skills that the team needs are recognized and rewarded.

And once the teams begin to function smoothly periodic advice, guidance and training are provided to keep the teams performing effectively and not becoming stagnant.

SUMMARY

- A group is defined as two or more people coming together and interacting regularly to accomplish a common purpose or goal, members of a group interact with one another in such a way that each person influences and is influenced by the others. The general kinds of groups one comes across in organizations are 'Work groups'.
- According to the five-stage model, group development occurs in different stages – (a) Forming, (b) Storming, (c) Norming, (d) Performing, and (e) Adjourning.
- According to the punctuated equilibrium model group formation and development occurs through three Phases. Phase I in the first phase the group is formed, and the target mission is set, and the group decides on the future course of action. Phase II – wherein the group begins to execute the plans created during the transition period. It concludes with a final meeting that is characterized by a final burst of activity as the group tries to finish its work.
- Edgar Schien a noted scholar observes that groups make decisions through any of the following six methods: Decision by lack of response, Decision by authority rule, Decision by minority rule, Decision by majority rule, Decision by consensus, Decision by unanimity.
- The common decision-making techniques are: brainstorming, nominal group technique, Delphi technique and computer-mediated decision making.
- A team is a group of workers that functions as a unit, however. Groups and teams are not the same. A team is made up of a small number of people with complementary skills, who work towards the attainment of a common goal often with little or no supervision.
- The key components of effective teams can be categorized into four domains, work design, composition, context and process.

Chapter VIII

Communication in Organizations

After reading this chapter, you will be conversant with:

- Functions of Communication
- The Communication Process
- Barriers to Effective Communication
- Fundamentals of Communication
- Strategic Forces Influencing Communication

Communication is a process through which people exchange information. Organizational communication is increasingly becoming important to overall organizational functioning and has been found to play a vital role in the success of any organization. Challenges such as the increasing complexity of work require greater coordination and interaction among workers; similarly globalization and distribution of work force and distributed work process require coordination and dissemination of knowledge and information. All this is possible only when organizations have open and effective flow of communication amongst its members. That is why most business schools now include organizational communication as a key element of study.

Usually people in organizations communicate through written, oral, and nonverbal means. Written communication includes letters, memos, email, reports, and the like. Oral communication is the verbal communication that takes place between individuals and is the most commonly used means of communication. Nonverbal communication involves the use of facial expressions and body language. However, effective communication does not occur automatically, the message or idea that is being communicated by a person should have meaning and the addressed person should understand this meaning. Therefore communication must include both the transference and the understanding of meaning and as such communication can be thought of as a process or flow.

1. FUNCTIONS OF COMMUNICATION

The objective of the organizational communication is to reach all of those who would be responsible for making the organization work and attaining its goals. Therefore, the basic function of communication is to affect the knowledge or behavior of the receiver by informing, directing, regulating, persuading, motivating, gaining compliance, and to help in the process of problem solving, decision-making, conflict management, negotiating and bargaining. According to Stephen P. Robbins communication serves four major purposes i.e. it acts as a control, fosters motivation, provides for the emotional expression of feelings and fulfillment of social needs, and provides information necessary for making decisions and evaluating alternative choices.

2. THE COMMUNICATION PROCESS

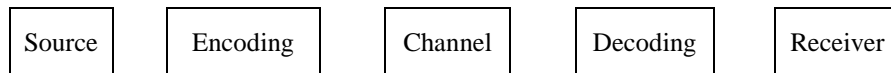
Communication is the process by which two parties exchange information and share meaning. In an organization communication takes place among individuals, groups, or between one organizations and another to achieve coordinated action, to share information, and to express feelings and emotions. In this process a source (sender) sends a message and a receiver responds.

The Communication Process Model: The entire communication process is made up of several parts

- i. The communication source,
- ii. Encoding,
- iii. The message,
- iv. The channel,
- v. Decoding,
- vi. The receiver, and
- vii. The feedback.

The sender first decides on the message to be communicated. The message is then worded carefully, so that it clearly conveys the meaning of the message as is intended to, to the receiver, this process of selecting and organizing the message is referred to as **encoding**. Knowledge about the receiver's vocabulary, experience and other information enable the sender to encode the message. Care should be taken to avoid the usage of ambiguous and non-specific ideas, and high sounding

words and jargon, which the receiver may not understand. Successful communication also depends upon the knowledge and skills (speaking, reasoning, writing and listening) of the sender. If a sender has a very good idea but is not able to word it properly its meaning and purpose are lost on the receiver. Similarly, a message is affected by the amount of knowledge that a sender holds about the information he or wishes to communicate, if the sender has too little knowledge about the topic to be communicated then he or she cannot convincingly convey what they themselves do not know. Such a problem also arises when the sender has an extensive knowledge about the issue. The sender then finds it difficult to communicate what he knows in a simple manner. Effective communication is also influenced by the position the sender holds in the socio-cultural system, and by the attitudes and values they hold.



A **message** is the actual product that is communicated to the receiver. A message can be in the form of a speech when one is speaking, or when one writes the writing is the message, just as a picture becomes a message when one tries to communicate through a painting. And when one uses non-verbal communication, the gestures and facial expressions become the message.

The sender at this stage selects an appropriate **channel** or medium to transmit the message. Message can be sent through either formal or informal channels. For communication regarding job-related activities of the members the sender makes use of the formal channels that are established by the organization. To transmit messages that pertain to personal or social issues the informal channels in the organization are made use of. Communication can take place in:

- i. A two-way, face-to-face meeting between the sender and the receiver, such as when giving oral instruction, conducting interviews, giving speeches or during a videoconference, or
- ii. It could be through a two-way, no face-to-face communication such as in a telephonic conversation or an on-line chat, or
- iii. It could be a one-way, no face-to-face channel of communication such as through written documents, letters, memos, reports and press releases, sent through regular post or through the electronic media such as e-mails, facsimile, web pages and so on.

A face-to-face meeting is most appropriate when one needs to communicate sensitive and unpleasant messages. A face-to-face meeting also enables one to get an immediate feedback from the receiver and to clarify any inaccuracies and misunderstandings that might otherwise occur. A face-to-face meeting helps both the sender and receiver to read and observe the nonverbal cues that the other person exhibits in the course of the meetings. And depending on the situation an appropriate way to communicate the message can be decided upon.

Once the sender sends the message, the receiver at whom the message is directed receives the message. The content of the received message, must then be translated into a form that can be understood by the receiver, this process is known as **decoding**. Just like the sender who needs to be good at writing and speaking for effective communication to ensue, the receiver should be good at skills such as listening and reading to be able to understand what exactly the sender is aiming to communicate. Here too the ability, attitudes, values, and cultural background influence the ability of the receiver to receive the message.

The receiver then responds to the sender by returning another message, this response is called **feedback**. This may if required prompt the sender to modify and adjust the original message to make it clearer to the receiver, resulting in what is known as the feedback loop. Feedback loop is the check on how successful one has been in transferring a message as originally intended. It finally determines whether or not understanding has been achieved between the sender and the receiver regarding the communicated message.

The purposes of communication in organizations are transmission and receiving information, motivation, expression of emotion, and control. And if communication is to have the desired effect then any barriers that come in the way of effective communication must be done away with. There are a number of interpersonal and intrapersonal barriers that stand in the way of messages being properly encoded by the sender, and decoded by the receiver. When there is a problem with either encoding or decoding it results in the message being understood in a totally different manner from what is intended.

3. BARRIERS TO EFFECTIVE COMMUNICATION

As communication is a critical factor in organizational functioning, it is essential to understand the different barriers that interfere with effective communication. The sender and receiver need to realize that barriers may arise from the communication process itself or from organizational factors such as status differences. They need to learn to deal with these problems effectively to allow a clear and smooth flow of communication in the organization. As mentioned earlier **differences in sender and receiver** such as difference in educational levels, experience, culture and values cause problems in encoding and decoding a message. Apart from these factors the following are some of the prominent barriers to effective communication:

- **Physical Interferences:** Physical interferences in communication can be caused by loud noise in the place where face-to-face communication is taking place. For example, if a supervisor is trying to explain to the workers the process of loading raw material into the feeding machine in the midst of a lot of loud noise, the staff may miss out on many points. Likewise, the disturbance in a phone line interrupts and impedes communication on the phone. Other distractions such as people walking in and out of the room, interrupting when one is speaking, answering phone calls in the midst of the communication process, seriously hinder effective communication from taking place. Comfortable seating and other physical settings also effect communication.
- **Mental Distractions:** When a sender or receiver is preoccupied with other matters they cannot either encode or decode a message properly. Distraction may also result because the receiver may be too occupied with developing a response than paying attention to what is being communicated.
- **Time Constraint:** When a supervisor or manager is too rushed to clear any doubts that are raised a formidable barrier to effective communication occurs.
- **Mixed Messages:** When the words expressed by a sender convey something, and their body language communicates something different, the receiver gets contradictory signals and this becomes a barrier to effective communication. And the receiver is no longer sure of what to make of these mixed signals.
- **Filtering:** It refers to the process where a lot of information is filtered out especially when communication is flowing upward in organizational hierarchies. Individuals at each level try to put forward what they think their boss wants to hear. Thus when the apex body takes action on the basis of the information communicated to them they often tend to end up taking wrong decisions.
- **Information Overload:** In the regular working environments specially senior executives may find themselves attending to different and diverse kinds of information. It becomes highly impossible for them to process all this incoming data, and assimilate what is being communicated to them. This results in matters getting either ignored, put off, passed over, or simply forgotten. This often results in serious problems for the organizations as their efficiency depends on timely action.

- **Apprehension:** Many people dread the very thought of having to communicate something to others, and especially so if the other person happens to be in a senior position.
- **Characteristics of the Sender and Receiver:** Characteristics of the sender such as sending nonspecific messages, lack of sympathy for the receiver, distracting and or offensive mannerisms, voice, and expression intimidate the receiver and hinder effective communication from taking place. Likewise, the characteristics of the receiver such as poor listening habits, lack of empathy, negative feelings about the sender cause problems in communication.

To overcome these obstacles and to foster an environment of trust and mutual sharing of information, one needs to know certain fundamental concepts of communication.

4. FUNDAMENTALS OF COMMUNICATION

Knowledge of the fundamental concepts of communication include an understanding of concepts such as levels of communication, flow patterns of communication, formal Vs informal networks, understanding the importance of nonverbal communication, and how individuals select communication channels.

4.1 Levels of Communication

Communication in an organization is frequently divided into the following levels:

- **Interpersonal communication:** Communication that takes place between two individuals.
- **Group level communication:** Communication at a group level is essential when a task requires the combined efforts of a number of people. Group members need to sit together and communicate with each other for planning a strategy or the course of action necessary for the successful accomplishment of the given task.
- **Organizational level communication:** Organizations need to communicate their goals, future plans, and course of action to motivate members into achieving the organizational overall objectives, and to achieve efficiency.
- **Inter-organizational level communication:** When communication between two different branches of the organizations is required for cooperation or coordination of activities they need to communicate their needs, achievements and areas where they need to work together.
- When organizations need to reach out to the public to achieve its goals then make use of mass communication, they set-up corporate websites to communicate with the public and make known their stand and status.

Sometimes the different levels are known as micro, meso, and macro levels of organizational communication. Micro level communication includes interpersonal communication; meso refers to group, organizational, and inter-organizational communication; and macro level communication refers to all higher order communication. In organizations interpersonal and group level communications are mainly focused upon, and efforts are focused on improving the communication skills of all organizational members.

4.2 Direction of Communication

The flow of communication in an organization takes place vertically, horizontally or diagonally.

Vertical Communication: Vertical communication occurs between hierarchically positioned persons and involves communication flow in both the *downward* and *upward directions*.

Downward Communication: In this type of communication, information flows to a lower level in the organizational hierarchy, such as from a supervisor to an employee working under him. Downward communication is made use of to instruct employees on how to perform their specific tasks, or to convey to all members the organizations rules, procedures, and goals. This is achieved through both oral and written means of communication.

Upward Communication: Upward communication generally occurs when communication flows from the lower level to the higher levels in the group or organization. This happens for example when feedback is sent, or when managements ask for information about work progress, or to report problems. When the information that is sent to the upward is accurate, managements can take timely action to avert any potential problems that may eventually disrupt the smooth functioning of the organization. Attempts to enhance upward communication include employee surveys, suggestion programs, employee grievance programs, and employee participation programs. In spite of all these attempts on the part of managements it is found that there are a number of hinderances to this process which include *fear of reprisal*, it means that people in the lower levels of the hierarchy are usually afraid to speak their minds, and in the instances where they do communicate they *filter out* ideas or modify them so as to transmit ideas that they feel the higher ups would be interested in or pleased to hear.

Lateral Communication: Lateral communication or horizontal communication involves interaction among persons who are members of a group or team, or managers at the same level, or personnel on the same hierarchical level. The main advantage of lateral communication is the coordination of activities, and increasing the speed of production through simultaneous, as opposed to sequential, work processes. There is also a greater emphasis on communication across distributed workers and geographically separated work groups doing similar kinds of work. Lateral communication aims to promote learning and the sharing of expertise, best practices, among organizational members.

Diagonal Communication: New organizational forms, such as matrix and project-based organizations brought with them new communication challenges. To deal with these challenges a relatively new direction of communication i.e., the diagonal communication is increasingly being made use of. Diagonal communication refers to communication between managers and workers located in different functional divisions. However, both vertical and horizontal communications still continues to be important, but are not adequate to meet the communication needs in modern organizations.

4.3 Formal Vs Informal Communication Networks

Networks are the channels by which communication flows. In the past, the flow of communication was through the formal networks, such as through the authority network or chain of command that exists in the organization. Communication was mainly formal, and flowed in a *top-down* manner and concerned with task related communication. This type of communication was intended by managements to control individual and group behavior and to achieve organizational goals. The organizational chart indicates the routing for official messages that are passed on from one level of hierarchy to another. In contrast, the informal channels are the main channels of networking in an organization, and they cut across the formal hierarchical chains and across vertical chains of command. Communication that flows through this channel is believed to encourage more open exchange of ideas. The *grapevine* or the network of friendships and acquaintances through which rumors and other unofficial information passes is an important informal channel of communication.

Formal Networks: The three common small-group communication networks include the wheel, chain, and all-channel networks. In the wheel network the leader acts as the central conduit for all the group's communication. In the chain network communication follows the formal chain of command. In the all-channel network all the members are allowed to actively participate in the communication.

Informal Networks: Grapevine also called the rumor mill is the best-known informal system of communication. This channel of communication develops on its own as members of the organization meet during lunch and tea breaks sharing information about work progress, supervisors, or team members. It is not controlled by the management and hence believed by many as a more authentic and early source of information. Grapevine has certain advantages – the informal conversations in the workplace provide important social outlets for members and builds trusting relationships. This serves to satisfy a basic human need to develop human connections and relationships, and gives members a great sense of member identification and a sense of belonging to the organization. From the organizational point of view grapevine acts as a filter and feedback mechanism. It helps the organization to pick up issues that are important from the employees' point of view. The disadvantage of grapevine is that they transmit rumors and untimely information.

It becomes clear that without appropriate and well-functioning communication systems, it is difficult for organizations to achieve their goals.

4.4 Non-verbal Communication

Non-verbal communication includes the messages that are conveyed through body movements, the intonations and emphasis given to certain words, facial expressions, and the physical distance that is maintained between the sender and receiver.

Body language is an important aspect of face-to-face communication. The body and facial expression a person displays communicate to the onlooker many nonverbal cues, which if understood are just as effective as oral or written communication. Body language specially sends out two important messages, (i) it shows the extent of interest, like and dislike a person has for another, (ii) it conveys the relative perceived status between a sender and a receiver. For example, the physical proximity a person maintains with another signifies the extent to the person has a liking or interest in the other person. People generally tend to stand closer to people they like and touch them more often. Similarly every body movement conveys a message, for example walking with head held high signifies confidence, a brisk gait signifies purposefulness, slouched shoulders a sense of loss or weariness. Like wise the raising of the eyebrows, widening of the eyes and so on display the emotion being experienced by the individual.

Paralinguistic or the nonverbal aspects of communication such as the tone, and pitch, express the intention and seriousness of the issue being communicated. Paralinguistic emphasize that it is not the mere expression of a word that renders meaning but also how it is expressed that adds an equal amount of meaning to it. Sometimes the way a message is communicated may convey something that is contradictory to the literal meaning of the words in it.

When there is consistency between both the verbal and nonverbal message that are communicated a clear message is communicated, whereas a contradiction between the verbal and nonverbal message leads to suspicion and confusion.

4.5 Choice of Communication Channel

Choosing the right channel for communication can help avert many unpleasant feelings, and avoid hurt feelings and sentiments. Therefore, the selection of a particular channel over others is determined by the nature of the message to be communicated. Routine communication is unambiguous and formal channels of communication can be used for such purposes. Whereas non-routine and sensitive information needs to be communicated with utmost care and the channel should be chosen with the utmost care. Therefore depending on the nature of the type of

information the information medium has to be chosen, the different information mediums being used are:

- i.. Flyers, bulletins and general reports,
- ii. Memos and letters,
- iii. Electronic mail,
- iv. Telephone, and
- v. A face-to-face talk.

5. STRATEGIC FORCES INFLUENCING COMMUNICATION

Increasing globalization has brought in a diverse work force into organizations. Communication in organizations is being influenced by the differences that exist between the sender and receiver, due to the differences that exist between them as a result of culture, age, gender, and education. These issues need to be kept in mind by both the sender and receiver so that effective communication can take place between both men and women of all ages and with people from other cultures or minority groups.

Communicating effectively with people who come from different cultural backgrounds is a challenge that most members of international organizations are facing today. One needs to overcome the barriers of language, and also understand culturally based behaviors. Four specific cross-cultural problems relating to language difficulties have been identified. They are barriers caused by semantics, barriers caused by word connotations, barriers caused by tone and pronunciation differences, and barriers caused by differences among perceptions. Words mean different things to different people, and certain words cannot be translated into another language, as equivalent of the words may not exist in that language. Sometimes the same word may have different connotations in different languages. Likewise, the tone one uses to speak in different social settings may differ, and an inappropriate use of a particular style leads to embarrassment. So one needs to first appreciate these differences if channels of communication need to be kept open to allow free flow of information. In addition to this the broadening of the age span in the workplace, leads to differences in perceptions, values and communication styles of different generations. Another important difference relates to barriers in communication between men and women. The communication patterns used by men and women are greatly different, men tend to use communication as a means of maintaining status and independence, whereas conversation for women is a means of negotiations for closeness, and support. Therefore, when a woman approaches a man with problem the intention is to get a patient hearing leading to closeness and support, whereas men on hearing a problem tend to offer solutions as a consequence of their desire to control and independence. This contributes to the creation of distance between men and women when they make an effort to communicate.

Another important factor that exerts a tremendous influence on organizational communication is the rapid strides in communication technologies.

Technological breakthroughs significantly affect organizational communication. It has enabled organizations to rapidly acquire and disseminate knowledge to and communicate with a widely dispersed workforce. The popular use of the telephone during the early part of this century reduced the need for regular face-to-face meetings. And the technological onslaught that began in the early eighties changed the very nature of work. The availability of cell phones, facsimile machines, videoconferencing, electronic meetings, e-mail, voice messaging, personal computers have made communicating efficiently and fast over long distances. And it is no longer necessary for a person to be available on site to provide the required information they can be contacted even if they are in a different place.

These advances now enable individuals to work from the comforts of their homes without having to travel long distance over traffic jam-packed streets to the office location. Thus saving valuable time, energy and fuel in the process. The teleconferencing and videoconferencing are providing an alternative to a face-to-face meeting. People in different geographical regions can now electronically communicate and at the same time have the advantages of the face-to-face meeting. The receiver and sender are able to observe each other facial expression and gestures, provide immediate feedback. These meetings at the same time eliminate the high costs that are incurred in face-to-face meetings such as travel expenses, hotel stay, food and time lost in transit. The only problem that one faces due to these advances, is that one should be adapt at using these facilities.

SUMMARY

- Communication among individuals, groups, or organizations is a process in which a source sends a message and a receiver responds. The source encodes a message into symbols and transmits it through a medium to the receiver, who decodes the symbols. The receiver then responds with feedback, an attempt to verify the meaning of the original message.
- Communication networks are systems of information exchange within organizations. Patterns of communication emerge as information flows from person to person in a group. Typical small-group communication networks include the wheel, chain, and all-channel networks.

Chapter IX

Leadership in Organizations

After reading this chapter, you will be conversant with:

- History of Leadership Research
- Theories of Leadership
- Contemporary Issues in Leadership

Leadership is a complex concept that is defined as the process of influencing people and providing an environment for achieving team or organizational objectives. The study of leadership was formalized in the early 20th century as management science that aimed at promoting greater efficiency in the age of industrialization and increased competition. Leadership is a critical factor in any organization to enable it to implement its strategies, and to thrive and survive. In essence, leadership therefore involves the accomplishment of organizational goals with and through the coordinated effort of people in the organization.

Leadership is often confused with management. However, these words actually describe two different concepts. The basic difference between the two is that – the main aim of management is to maximize the output of the organization. To achieve this, managers' draw up formal plans, design rigid organizational structures, direct the staff, and monitor results against the plans. While leadership is about providing direction by developing a vision, and then motivating, inspiring and aligning people to work towards the attainment of this vision without requiring to use either force nor coercion. Therefore leadership and management are related, but are not the same. Therefore leadership is just one of the many assets a successful manager must possess, but not all managers are good leaders and not all leaders are good managers. Managers get their power through the formal appointment to the position of authority. Leadership can emerge from both within a group or by formal appointment. Formal leadership, which is exerted by a person appointed to or elected to position of formal authority in an organization, and informal leadership, which is exerted by persons who become influential because they have special skills that meet the resource needs of others.

Leadership is vast, diverse, and complex field of knowledge. Therefore, it is beneficial to have some knowledge of the history of leadership research, the various theoretical streams of which it is composed, and emerging issues that are currently pushing the boundaries of this domain forward.

1. HISTORY OF LEADERSHIP RESEARCH

Leadership is the most researched area in the field of organizational behavior. The leadership literature is vast and as one researcher rightly said probably more has been written and less is known about leadership than about any other topic in the behavioral sciences. The vast number of studies led to a voluminous body of knowledge, and quite a number of false starts, and contradictory findings. There have been several paradigm shifts and after a lot of struggle today we have an integrated, theoretically cohesive view of the nature of leadership. Here we shall consider one of the most important leadership studies that laid the foundation for the traditional and modern theories of leadership, i.e., the Iowa leadership studies.

1.1 The Iowa Leadership Studies

The Iowa leadership studies conducted in the late 1930's by Roland Lippitt and Ralph K. White, under the guidance of Kurt Lewin started the quest for Behavioral Leader styles. The studies found three different styles of leadership – (a) authoritarian, (b) democratic, and (c) laissez-faire.

- The authoritarian leader is autocratic, very directive, and did not allow for any kind of participation. There is centralization of authority and the leader alone made all the decisions. The leader tended to give individual attention when praising and criticizing, but tried to be friendly or impersonal rather than openly hostile.
- The democratic leader tended to share and consult, encouraging group discussion and decision-making. They delegate authority and encourage participation in deciding work methods and goals. The leader tried to be objective, be it in giving praise or criticism and abided as one of the group in spirit.
- The laissez-faire leader gave no direction at all, complete freedom is provided to the other members to complete their work as they see fit. This often resulted in frustration, disorganization, and low quality of output.

The initial studies by Lewin, Lippitt and White of *Boys Hobby Clubs* found quantity of work in groups led by democratic and autocratic leaders equal, but quality and group-satisfaction higher in democratic groups. However, Subsequent studies by other researchers showed mixed results – democratic leader styles sometimes had higher quantity and quality results than autocratic styles, and other times lower or equal to. Further the studies that were conducted using surveys found positive effects of democratic participation with effectiveness, whereas lab and field experiments that made use of independent raters had weak results.

2. THEORIES OF LEADERSHIP

There are several distinct theoretical bases for leadership. We shall examine some of the theories here.

2.1 Trait School of Leadership

The scientific study of leadership began at the turn of the 20th century with the “great man” perspective. According to this perspective leaders are born and not made, i.e., certain dispositional characteristics or stable characteristics or traits differentiated leaders from non-leaders. The researchers of this school of thought felt that some individuals are born with certain traits that allow them to emerge out of any situation to become leaders, and therefore they focused on identifying these individual differences or traits associated with leadership. This effort evolved into the trait theory of leadership. To predict leadership effectiveness the characteristics of many leaders – both successful and unsuccessful were observed and the resulting lists of traits were then compared to those of potential leaders to assess their likelihood of success or failure. Evidence suggests that most, successful leaders share certain traits such as: intelligence, maturity and a broad range of interests, inner motivation and achievement drive, and honesty. However, a review of the research literature using this trait approach to leadership has revealed few significant or consistent findings. There is not a single set of personality traits that can be used to discriminate leaders and non-leaders.

However, in recent times the trait perspective appears to be enjoying a resurgence of interest. It is now increasingly being recognized that certain traits increase the likelihood that a leader will be effective, but they do not guarantee effectiveness. According to the results of a recent study conducted by Warren Bennis and published in *Training and Development Journal*, there are four common traits or areas of competence shared by leaders. Bennis studied ninety leaders during a five-year period and found that all of them shared these four common traits.

- i. **Management of Attention:** The ability to communicate a sense of outcome, goal, or direction that attracts followers.
- ii. **Management of Meaning:** The ability to create and communicate meaning with clarity and understanding.
- iii. **Management of Trust:** The ability to be reliable and consistent so people can count on them.
- iv. **Management of Self:** The ability to know one’s self and to use one’s skills within limits of strengths and weaknesses.

Studies conducted by other researchers suggested that leadership is a dynamic process, varying from situation to situation with changes in the leader, the follower, and the situation. Because of this there is no universal set of traits that will ensure leadership success. If researchers were ever able to identify leadership traits, organizations would only be required to select the right persons with the requisite traits to assume formal positions that required leadership in the organization.

2.2 Behavioral School of Leadership

In the late 1940's the trait movement gave way to a new approach. Researchers turned to an examination of leader behaviors, as behaviors, contrary to traits, could be observed. They began to examine successful leaders and tried to determine behaviors that are associated with effective leadership. Therefore unlike the trait approach that concentrated on what leaders are, the behavioral researchers concentrated on what leaders do. Their main aim of the behavioral theories was to identify specific behaviors that leaders possessed and to design programs to teach leadership behavior patterns to individuals who desired to be effective leaders. So the basic assumption of the behavioral approach was that leadership is not inborn, and that leaders can be trained.

THE OHIO STATE LEADERSHIP STUDIES

The Bureau of Business research at Ohio State University initiated a series of studies similar to Lewin and Lippitt's exposition of democratic versus autocratic leaders. This line of research tried to identify independent dimensions of leader behavior by focusing on the behaviors that leaders enacted and how they treated followers. An interdisciplinary team of researchers from Psychology, Sociology, and Economics developed the Leader Behavior Description Questionnaire (LBDQ) to determine the leadership behavior of an individual in different groups and situations. The responses of the questionnaire were subjected to factor analysis and the study revealed that most of the leadership behavior described by employees falls into two dimensions, i.e. (i) consideration and (ii) initiating structure.

- Consideration is described as the extent to which leaders have job relationships characterized by mutual trust, two-way communication, respect for employee's ideas, and empathy for their feelings. There is a high degree of psychological closeness between the leader and subordinates. The leader is willing to help employees with their problems, and willing to make changes where necessary.
- Initiating structure refers to the extent to which leaders are likely to define and structure their own roles and the roles of their employees for attaining goals. Leaders with this style aim at achieving goals by directing the team or individual employees' activities thorough planning, communicating, scheduling, assigning, emphasizing deadlines, and giving orders.

Thus by including task or goal orientation (initiating structure) and recognition of individual needs and relationships (consideration) the study for the first time emphasized the importance of both task and human dimensions in assessing leadership. They found that a leader could exhibit varying degrees of both initiating structure and consideration at the same time. This two-dimensional approach lessened the gap between the strict task orientation of the scientific management movement and the human relations emphasis.

However, these studies came in for a lot of criticism. The LBDQ method is criticized as relying upon recall and perceptions of respondents, and not on leadership behavior study. The validity of the questionnaire is also questioned. Further research on these lines revealed that a leader who emphasized initiating structure generally improves productivity, at least in the short run. However, leaders who rank high on initiating structure and low on consideration generally have large numbers of grievances, absenteeism, and high turnover rates among employees. Other studies revealed that even when a leader who rated high in initiating structure and consideration (a high-high leader) could not generate positive outcomes on all occasions. This indicated that the influence of situational factors also needs to be taken into consideration. However, the universal appeal of two-factors keeps it alive to this very day.

THE MICHIGAN LEADERSHIP STUDIES

At around the same time as the Ohio State studies, Rensis Likert and his group of social researchers at University of Michigan launched a series of leadership studies at the Prudential Insurance Company. Once again, two-dimensions, this time production-oriented and employee oriented leadership behaviors were the focus of the study. Twelve high-low productivity pairs were selected for the study. Each pair therefore represented a high-producing section and a low-producing section, with other variables, such as: type of work, methods of work, and work conditions being the same in each pair. The study revealed that the supervisory styles of the high-producing sections were significantly more employee-oriented, and the supervisory styles of the low-producing sections were more production-oriented. Leaders who were employee-oriented emphasized interpersonal relations, they took personal interest in the needs of their employees and accepted individual differences among members. The production-oriented leaders, tended to emphasize on the accomplishment of the group's tasks. These two styles of leader behavior were presumed to be at opposite ends of a single dimension. The Michigan researchers found that leaders who were employee-oriented achieved with higher group productivity and job satisfaction, while the converse was true under the production-oriented leaders.

THE LEADERSHIP GRID

The Leadership Grid was developed by Blake and Mouton as a framework for portraying types of leadership behavior identified by the Ohio and Michigan studies.

The Grid is a graphic portrayal of a two-dimensional view of leadership style and their various potential combinations. It is a nine-by-nine (9 x 9) matrix, which depicts nine possible positions along each axis. The first dimension is concern for production and the second dimension is concern for people. Thus depicting 81 different possible leadership behaviors positions. However, no substantive evidence to support the conclusion that a (9 x 9) style was the most effective in all situations was found.

Ohio State, Michigan, and Grid behavioral models attracted considerable attention. However, later research showed that the behavioral theories were not able only able to identify consistent relationships between leader behavior and group performance. And these studies too failed to identify universal leader-behavior and follower-response patterns and relationships. The failure of researchers to obtain consistent results led to a focus on situational influences. Consequently, researchers began to focus on how different situations demand different forms of leadership, and how leader behavior varied across settings.

2.3 Contingency Theories

Contingency theories of leadership focus on determining the leadership styles that would be most effective under specific conditions. These theories were among the first to recognize that organizational environments played a role in influencing leader effectiveness. Contingency theorists realized that leadership involves intricate social relationships in diverse organizational settings and thus there is no one best leadership style. Literature is replete with references to numerous contingency models such as: Fiedler's Contingency Theory, Yukl's Multiple Linkage Model, House's Path-Goal Theory, Vroom-Yetton Model of decision-making, Hersey and Blanchard's Situational Leadership Theory and many other theories. We shall consider a few of these in this section.

FIELDER'S CONTINGENCY MODEL

The contingency theory movement of leadership is credited to Fred Fiedler and his associates. According to this model leadership effectiveness is the result of interaction between the style of the leader and the characteristics of the environment in which the leader works, i.e., the degree to which the situation gives control to the leader. Therefore according to Fiedler leadership effectiveness depends on both the leader's personality and the situation, thus a leader who has been effective in one situation may not be effective in other.

Identifying Leadership Style

The first major factor in Fiedler's theory is known as the leadership style. Fiedler believed that leadership success depends upon his or her leadership style. In order to classify leadership styles, Fiedler has developed the Least-Preferred Coworker (LPC) questionnaire.

The LPC questionnaire asks all respondents to think of all the persons with whom he or she has ever worked, and then to describe the one person with whom he or she least enjoyed working with. This person can be someone from the past or someone he or she is currently working with. The rating of this person is done on a scale of 1 through 8, for each of the 16 sets of contrasting adjectives on a bipolar scale, such as:

Unfriendly 1 2 3 4 5 6 7 8 Friendly

Uncooperative 1 2 3 4 5 6 7 8 Cooperative

Hostile 1 2 3 4 5 6 7 8 Supportive

Guarded 1 2 3 4 5 6 7 8 Open

The responses to these scales are summed and averaged. A high LPC score suggests that the least preferred co-worker is described in relatively positive terms, and that the respondent is primarily interested in good personal relations with this co-worker and thus has a human relations orientation or is relationship oriented. When the respondent is a leader, it shows that this person feels that good interpersonal relations as a requirement for task accomplishment.

If the least preferred co-worker is seen in relatively unfavorable terms as indicated by a low LPC score, it shows that the respondent is primarily interested in productivity and is thus labeled as task oriented. Such people are more concerned with successful task accomplishment and do not much worry about interpersonal relations.

Fiedler's logic is that the least preferred coworker in fact is on average about equally unpleasant, but people who are relationship oriented tend to describe their least preferred coworkers in a more positive manner. Therefore individuals who rate their least preferred coworker in relatively favorable light on these scales can be said to derive satisfaction out of interpersonal relationship and those who rate their coworker in a relatively unfavorable light get satisfaction out of successful task performance.

Fiedler assumes that an individual's leadership style is fixed, and hence the effectiveness of a leader is determined by the degree of match between a dominant trait of the leader and the favorableness of the situation for the leader. For example, if a situation requires a task-oriented leaders, and the person in the leadership position is relationship-oriented, then either the situation has to be modified or the leader has to be removed if effectiveness is to be achieved.

After an individual's basic leadership style has been identified with the help of the LPC, it is then necessary to match the leader with the situation.

Defining the Situation

The second major factor in Fiedler's theory is known as situational favorableness or environmental variable. These variables defined the degree to which a situation enables a leader to exert influence over a group. Fiedler identified three key situational factors, that determine leadership effectiveness, they are: (a) leader-member relations, (b) task structure and (c) position power.

- a. **Leader-Member Relations:** It is the degree to which the employees accept the leader. It is indicated by the degree of confidence, trust, and respect members have in their leaders.

- b. **Task Structure:** It is the degree to which the subordinate's jobs are described in detail, i.e., wither structured or unstructured.
- c. **Position Power:** It is the amount of formal authority the leader possesses by virtue of his or her position in the organization to hire, fire, discipline, promote and increase the salaries of the subordinates.

When there is a good leader-member relation, a highly structured task, and high leader position power, the situation is considered to be a "favorable situation".

Fiedler next evaluates the situation in terms of these three contingency variables. For leader-member relations, Fiedler maintains that the leader will has more influence if they maintain good relationships with group members who like, respect, and trust them, than if they do not. Fiedler explains that task structure is the second most important factor in determining structural favorableness. He contends that highly structured tasks, which specify how a job is to be done in detail, provide a leader with more influences over group actions than do unstructured tasks. Finally, as for position power, leaders who have the power to hire and fire, discipline and reward, have more power than those who do not.

According to Fielder by mixing these three variables, it is possible to identify eight different group situations in which leaders usually find themselves. These eight different possible combinations were then classified as either task-orientation or relationship-orientated. Then by (a) matching the leadership style (that has been identified with the help of the individual's LPC assessment) and (b) the situational factors, maximum leadership effectiveness can be achieved.

Matching Leaders and Situations

According to Fiedler, a task-oriented style of leadership is more effective than a considerate (relationship-orientated) style under extreme situations, that is, when the situations, is either very favorable (structured) or very unfavorable (unstructured). For example, Task-orientated leadership would be effective in a situation where a natural disaster, like a flood or fire has taken place. In such a situation when the task of helping the victims and survivors is to be taken up, leader-member relations are usually poor, the task is unstructured, and the position power is weak. The person who emerges as a leader to direct the group's activity usually does not know any of the rescue team members personally. In such a situation the task-orientated individual who gets things accomplished proves to be the most successful. If the person is considerate or relationship-orientated, he or she may waste much time leading things to get out of control and lives might get lost.

The considerate or relationship-oriented style of leadership is appropriate when the environmental conditions are moderately favorable or certain, for example, when (a) leader-member relations are good, (b) the task is unstructured, and (c) position power is weak. For example, research scientists do not like superiors to structure the task for them. They prefer to follow their own creative leads in order to solve problems. Under such a situation a considerate style of leadership is preferred over the task-orientated style. And when the leader and the situation do not match, some things have to be changed. Since personality traits are relatively permanent, a better solution is for the leader to be moved to a better-matched situation.

The criticism levied against Fielder's theory is that researchers have expressed some doubt whether the LPC is a true measure of leadership style. There are also some uncertainties about Fiedler's measurement of different variables. Despite these criticisms Fiedler's contingency theory made a major contribution to knowledge in the leadership area. The theory has some very interesting implications for the management of leaders in organizations; it shows that it is not accurate to speak of effective and ineffective leaders, because as Fiedler has suggested there are only leader who perform better in some situations, but not in all situations. Second, almost anyone can be a leader by carefully selecting those

situations that match his or her leadership style. Lastly, the effectiveness of a leader can be improved by designing the job to fit the manager. For instance, by increasing or decreasing a leader's position power, changing the structure of a task, or influencing leader-member relations, an organization can alter a situation to better fit a leader's style.

Cognitive Resource Theory: Fielder and an associate Joe Garcia, later reconceptualized Fielder's earlier theory and focused on the role of stress as a form of situational unfavorableness and how a leader's intelligence and experience influence his or her reaction to stress. This theory is known as the cognitive resource theory.

Hersey and Blanchard's Situational Model

The Hersey and Blanchard's model is an extension of Blake and Mouton's Managerial Grid. According to this model leader behavior should change in accordance with the readiness of the followers. This model thus expands the notion of relationship and task dimensions of leadership and adds a readiness or subordinate maturity dimension. The maturity of the followers or subordinates is assessed in relation to a specific task and has two parts:

- i. **Psychological Maturity:** as indicated by their self-confidence, ability and readiness to accept responsibility.
- ii. **Job Maturity:** which indicates their relevant skills and technical knowledge.

And based on how ready and willing the follower is to perform required tasks the leader should accordingly adapt their style.

According to this model there are four leadership styles (S1 to S4) that match the four development levels (D1 to D4) of the followers (please refer Table 1).

Table 1

A lot	Supporting S3	Coaching S2
	For people with: High competence (able) And variable commitment (unwilling)	For people with: Some competence (unable) Low commitment (willing)
Supportive behavior	Delegating S4	Directing S1
Little	For people with: High competence (able) High commitment (willing)	For people with: Low competence (unable) Low commitment (unwilling)
	Little	Directive behavior

S1: Telling/Directing.

Follower: D1: Low competence, low commitment/Unable and unwilling.

Leader: High task focus, low relationship focus.

When the followers are unable or unwilling to perform the specific task, then the leader needs to take a highly directive role, telling them what to do and how to perform the task under close supervision. This is taking a particularly managerial stance, using whatever legitimate coercive power the leader has to make the person do the job that they do not want to do.

The relationship is less important here, first because the person may be replaced if they do not perform as required. The lower maturity of the person also is assumed to lead to an attitude that does not respond well to a relationship-based approach.

S2: Selling/Coaching.

Follower: D2: Some competence, some commitment/Unable and willing.

Leader: High task focus, high relationship focus.

When the follower wants to do the job but lacks the skills or knowledge, the leader is required to provide both task and relationship behavior. High task behavior is required to get the work done, and high relationship behavior is required to encourage the followers and to help in building confidence in their ability to perform the task.

S3: Participating/Supporting.

Follower: D3: High competence, variable commitment/Able and unwilling.

Leader: Low task focus, high relationship focus.

In such a situation the followers have the ability to perform the task but are unwilling or refusing to carry out the task. In such a situation the leader need not worry about showing the subordinates how to do the task or what to do, instead the leader is now more concerned with persuading the person to cooperate in getting the task done.

S4: Delegating.

Follower: D4: High competence, high commitment/Able and willing

Leader: Low task focus, low relationship focus.

When the follower can do the job and is motivated to do it, then the leader need not involve in the process and can basically leave the task to them, trusting them to get on with the job.

The Hersey and Blanchard's situation model a leader can adopting the right style to suit the followers development level, can get the work done, build relationships and most importantly by doing so the followers development level can be raised to the D4 level which is beneficial for the organization as well as for the individual.

The limitations of this model are that what is referred here as leadership style is actually about inspiring people and changing the direction of their actions. And especially in a group situation a leader may not be able to address the requirements of all individuals. The model also focuses more on follower readiness level, whereas in a actual situation there may be other factors such as time and work pressure, which influence a leader's choice of behavior. The model assumes that a leader can change his or her style to fit the situation, which is very difficult to achieve. So in spite of its simple appeal and wide popularity, the model is not widely endorsed and used.

LEADER-MEMBER EXCHANGE (LMX) THEORY

The leader-member exchange theory conceptualizes leadership as a process that is centered on the interactions between leaders and followers. According to this theory leaders do not have the same kind of relationship with all followers, instead they develop different relationships with each member of the work group they lead. Leaders categorize their followers as an "in" or an "out" group member. This process is influenced by the perceived similarity between the leader and the member. Leaders tend to choose members who have attitudes, and personality characteristics that are similar to the leader's as "in" group members. Member of the 'in' group have more responsibility, influence decisions, access to valuable resources and have higher satisfaction and receive special privileges. They exhibit trust and support, shared goals and initiative beyond the requirements of the everyday job. Those who are not members of the 'in' group are the 'out' group, the leader offering low levels of support to the out-group members, and they have lesser responsibility, are less able to influence decisions. They lack the trust of their leader, and enjoy few rewards. The quality of the LMX relationship is said to be related to work and attitudinal outcomes. By analyzing the quality of in-group relations, this theory was the first to prescribe a way to develop leadership in others.

Therefore the LMX theory emphasizes on the nature of the relations between leaders and their followers. High-quality relations between a leader and his or her followers are based on trust and mutual respect (i.e., the in-group) whereas low-quality relations between a leader and his or her followers (i.e., the out-group) are based on the satisfaction of contractual obligations or the basic requirement of getting a job done. It is found that high-quality relations generate more positive leader outcomes than do lower-quality relations.

Researchers suggest that leaders should try to make the in-group more inclusive, at the same time followers should try to be in the leaders in group by emphasizing similarity in attitudes.

PATH-GOAL THEORY

The Path-Goal Theory developed by Robert House, extracts key elements from the Ohio State leadership research on initiating structure and consideration, and the Expectancy Theory of Motivation, which focuses on the situation and leader behavior. This theory added the concept of the leader as coach and mentor. The Path-Goal Theory believes that a leader can affect the performance, satisfaction, and motivation of a group in different ways:

- They can assist their followers in attaining their goals.
- Ensure that these goals are compatible with the overall objective of the organization.
- Clarify the path towards these goals.
- Remove obstacles in performance or achievement of these goals.

However, whether a leader can do the above-mentioned tasks effectively depends on certain situational factors, such as: (a) environmental factors and (b) the personal characteristics of the employee.

- a. Environmental factors such as: the task structure, formal authority systems and the work group are outside the control of the employee, but they nevertheless determine the type of leader behavior required if follower outcomes are to be maximized. For example, when a group is working on a task that has high structure, directive leadership is redundant and less effective, similarly when a highly formal authority system is in place, directive leadership can reduce worker's satisfaction.
- b. The personal characteristics of the employees such as: locus of control, experience, perceived ability greatly influence leader behavior. For example, a participative leader is suitable for subordinates with internal locus of control, and a directive leader is suitable for subordinates with external locus of control. Similarly, subordinates who believe that they have a high ability in themselves do not like directive leadership.

According to House, a leader may perform his functions effectively by adopting any one of four different types of leadership styles. The leadership style chosen greatly depends on the situation the leader is faced with. The four leadership styles identified by House are:

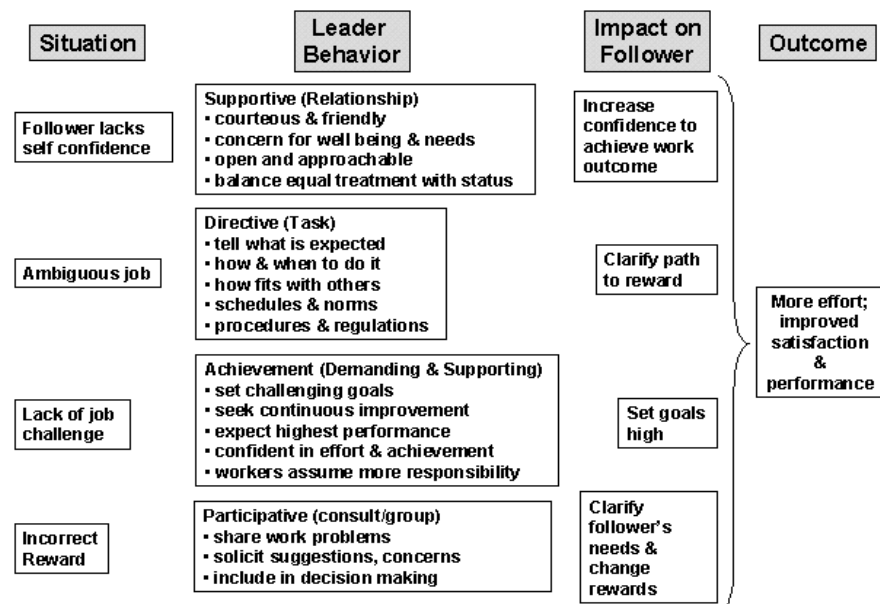
- i. **Directive Leadership:** The leader gives specific advice and guidance to the subordinates on how to perform the given task. The subordinates know what is expected of them as ground rules and structure are established. For example, the leader clarifies follower's expectations, assigns certain work tasks to be followed.
- ii. **Supportive Leadership:** The leader maintains good relations with the followers and is sensitive to the subordinates' needs and concerns.

- iii. **Participative Leadership:** The leader makes decisions in consultation with the group and all relevant information is shared with the group.
- iv. **Achievement-oriented Leadership:** The leader sets challenging high-level goals and the followers are encouraged to attain these goals. Confidence in the groups' ability to perform the task is shown, and the followers are expected to perform at their highest level.

Therefore, the basic idea of this theory is that a leader's job basically that of coaching or guiding workers to choose the best paths for reaching their goals. A leader has to achieve all this by engaging in different types of leadership behavior depending on the nature and demands of the particular situation.

A major contribution of this theory is its underlying logic, i.e., employees performance and satisfaction are likely to be positively influenced when the leader compensates for things lacking in either the employee or the work setting, by adopting a suitable leadership style. The Figure 1 given below identifies certain situations, the leader behavior that needs to be adopted in the particular situation, its effect or impact on the follower and the possible outcome that results from adopting the particular leadership style in the particular situation.

Figure 1



LEADER-PARTICIPATION MODEL

Victor Vroom and Phillip Yetton develop the leader-participation model in 1973. This model relates leadership behavior and participation in decision-making. The model provides a set of sequential rules to determine the form and amount of participative decision-making in different situations. The model is a decision tree, incorporating seven contingencies about task structure and five alternative leadership styles whose relevance is identified by requiring *yes* and *no* answers.

The following contingency questions are to be answered to determine the appropriate leadership style in the leader-participation model:

- **Quality Requirement:** How important is the technical quality of this decision?
- **Commitment Requirement:** How important is subordinate commitment to the decision?
- **Leader's Information:** Do you have sufficient information to make a high-quality decision?
- **Problem Structure:** Is the problem well structured?

- **Commitment Probability:** If you were to make the decision yourself, are you reasonably certain that your subordinates would be committed to the decision?
- **Goal Congruence:** Do subordinates share the organizational goals to be attained in solving this problem?
- **Subordinate Conflict:** Is conflict among subordinates over preferred solutions likely?
- **Subordinate Information:** Do subordinates have sufficient information to make a high-quality decision?

This model was later revised by Vroom and Jago to include twelve contingency variables, and eight problem types, while retaining the five alternative leadership styles- from the leader's making the decision completely by himself or herself to sharing the problem with the group and developing a consensus decision.

The leader-participation model confirms that leadership research should be directed at the situation rather than at the person. However, the drawback of this model is that it is not very realistic. Leaders certainly cannot consider twelve contingency variables, eight problem types and five leadership styles before selecting an appropriate decision process for a specific problem.

2.4 Neocharismatic Theories

Since the mid-1970's, researchers began to recognize the fact that formal organizations needed to make major changes in strategies, structural forms, cultures and practices in order to adapt the changing technological demands and compete effectively with international competition. This realization resulted in a major paradigm shift in the psychologically-oriented leadership research and theory. Attention was shifted from an emphasis on normal supervisory and managerial behavior to an emphasis on exceptional leaders who have extraordinary effects on followers and social systems. It was found that such leadership improved organizational performance. This new genre of theories is referred to as neocharismatic theories.

In this section we will deal with three neocharismatic leadership theories – (a) Charismatic Leadership, (b) Transformational leadership, and (c) Visionary leadership. These theories have three common themes in common –

- First, all the three theories emphasize assert that exceptionally effective leaders are visionary, offer innovative solutions to major problems, stand for nonconservative if not radical change, generally emerge and are more effective under conditions of social stress and crisis, and induce significant social and organizational changes that are based on ideological values. All of these behaviors are viewed as emotionally appealing leader behaviors.
- Second, they attempt to explain how leaders are able to achieve extraordinary levels of follower commitment. Theoretically, such leaders affect followers in ways that are quantitatively greater than, and qualitatively different from the effects specified in past theories.
- Third, the theories present leadership in a simple manner, doing away with complex theoretical explanations.

CHARISMATIC LEADERSHIP

Max Weber was the first to introduce the concept of charisma to account for the process by which radical change is brought about and legitimized in societies and organizations. Charismatic leaders have a profound and extraordinary effect on followers. They motivate and direct their followers by establishing a rapport and a sense of purpose and strong emotional commitment in them to a shared vision or set of values.

According to the charismatic leadership theory followers make attributions of heroic or extraordinary leadership abilities when they observe certain behaviors.

Individuals such as John F. Kennedy, Martin Luther King, Jr., are often cited as charismatic leaders. The attributes of a charismatic leaders are:

- Charismatic leaders have a compelling vision or sense of purpose. They then communicate the vision effectively by emphasizing on shared vision and values. They succeed by creating a picture of highly desirable future in the minds of the followers.
- The charismatic leader creates a common bond among the followers, by emphasizing on 'WE' aspect.
- The charismatic leaders demonstrate consistency and focus. They display desired behaviors, so that followers can model these behaviors. Leaders display personal commitment to the values, identity, and goals that he or she is promoting.
- Charismatic leaders know their own strengths and capitalize on them. They create an impression of self-confidence, social and physical courage, determination, optimism, and innovation.

Charismatic leaders influence their followers by carefully proceeding through a four-step process.

- i. In stage one the charismatic leader carefully articulates an appealing vision to the followers. The vision is so presented that the followers begin to visualize a better future for themselves and the organization.
- ii. In stage two they articulate a plan to achieve this vision. They begin by setting high performance goals for the followers. Leaders ensure the attainment of these goals by expressing confidence in the followers' abilities and by enhancing their self-esteem.
- iii. In stage three, they make use of personal power to influence others. They convey through words and actions, a new set of values and thereby set an example for followers to imitate.
- iv. In stage four, the charismatic leader engages in innovative and unconventional approaches to enhance courage and conviction in the vision.

Thus, charismatic leaders attain their objective by empowering followers to believe in their own self-efficacy, and help them to internalize the shared vision before accepting it as their own. Thereby these leaders are able to get not only measurable results such as better profits, but also qualitative improvements such as: greater worker satisfaction, identification and commitment.

Since charisma is beneficial and desirable to the organizations, researchers have tried to figure out if people can learn to be charismatic leaders. While some believe that charisma cannot be learned, other experts believe that individuals can be trained to exhibit charismatic behavior.

TRANSFORMATIONAL LEADERSHIP

The focus of the transformational leadership is on exploration, innovation and effective business performance in a modern, ever-changing business environment. Transformation leadership is said to occur when a leader transforms, or changes his or her followers in such a way that the followers begin to trust their leader, perform behaviors that contribute to the achievement of organizational goals, and become motivated to perform at a high level.

This theory is thus different from the earlier theories such as: Fielder's theory or the leader-participation model, which focus on transactional leaders, or leaders who guide and motivate their followers in the direction of established goals. The transactional leaders instead focus on inspiring their followers to transcend their own self-interest for the good of the organization. The transformational leader has a profound effect on his or her followers, is able to pay attention to their concerns and developmental needs, changes the follower's awareness of issues, and helps them to look at old problems in new ways. Increase subordinates 'awareness of the importance, of their tasks and the importance of performing well. Make subordinates aware of their needs for personal growth, development, and accomplishment. Motivate their subordinates to work for the good of the

organization rather than exclusively for their own personal gain or benefit. The table below identifies the four characteristics that differentiate the transactional leaders from the transformational leaders are:

Table 2

Transactional Leaders	Transformational Leaders
Contingent Reward: They motivate their followers by promises of rewards, and recognition for good performance.	Charisma: they provide vision and sense of mission, instill pride, and gains respect and trust of the followers.
Management by Exception (Passive): They tend to intervene only if standards are not met.	Inspiration: they communicate high expectations, use symbols to focus efforts, and expresses important purposes in simple ways.
Management by Exception (Active): Ensures attainment of goals by taking corrective action whenever followers deviate from the set rules and standards.	Intellectual Stimulation: promotes intelligence, rationality, and careful problem solving.
Laissez-Faire: They adopt a laissez-fair attitude, and abdicate responsibilities, and avoid making decisions.	Individualized Consideration: They give personal attention, provide coaching and advise according to individual employee's need.

The transactional transformational leaders are not opposing approaches to getting things done, it is simply that transformational leaders produce levels of followers effort and performance that go beyond what is achieved by the transactional leaders. Transformational leaders influence their followers by:

- Increasing their awareness of task importance and value.
- Getting them to focus first on team or organizational goals, rather than their own interests.
- Activating their higher-order needs.

VISIONARY LEADERSHIP

Visionary leaders understands the past, scan current trends, develop a vision for the future, and help people to realize this vision of a more meaningful future. The most important skills of a visionary leader thus lie in his or her ability to create and articulate possibilities that are inspirational, unique, and those that offer a new order that can produce a better tomorrow. Apart from communicating this vision, the leader needs to behave in ways that are continually reinforcing the vision. Visionary leaders know that nothing drives an organization and its workforce like – an attractive, worthwhile, achievable vision for the future. They thus create a realistic and attractive vision of the future and enable followers to hone their skills, talents and other resources to work towards organizational distinction, which is beneficial both for the organization and its members. In the organizational context a visionary leader perceives challenges and growth opportunities before they happen while positioning the organization to produce extraordinary results that make a real contribution to the world of humanity.

3. CONTEMPORARY ISSUES IN LEADERSHIP

Researchers continuously refine the concept of leadership, and there are still many areas that require further research. Researchers now focus their attention on examining a number of issues concerning the role of leadership in the changing work environments. Issues such as: relationship between leadership and power, leadership and empowerment, leadership styles and national culture, gender based expectations and leadership, and ethics and leader effectiveness and so on are

being researched into to help enhance leader effectiveness and develop better leadership skills. In this section we briefly discuss some of the contemporary issues in leadership.

3.1 Emotional Intelligence and Leadership

Researchers have indicated that Emotional Intelligence (EI) is the best predictor of who will emerge as a leader. They feel that though leaders require basic intelligence to be successful, they need to possess self-awareness, self-management, self-motivation, empathy, and social skills, which are the basic components of EI to be really effective leaders in the modern work environments. They feel that irrespective of all the other exemplary qualities such as possessing a long-term vision, possessing a highly analytical mind or capable of coming up with endless repertoire of fabulous ideas, are cannot make a good leader unless he or she posses EI.

3.2 Team Leadership

Modern work environments require people to work in teams, and hence a good leader must be able to guide teams members. Becoming an effective team leader is very challenging, as it requires the leader to share ideas with and shape the efforts of the followers to obtain positive results, at the same the leader should be aware of when to intercede and when to leave the followers alone. This requires the leader to perform a delicate balancing act of allowing autonomy or retaining control depending upon the need of the situation. Researchers have identified four specific roles that need to be performed by team leader.

- i. Team leaders need to act as liaisons with external constituencies. They need to gather information from outside sources and pass on information that may be useful to other team members.
- ii. They act as troubleshooters and help teams to talk through their problems, or assist them in getting the required help to get them out of tight spots and trouble.
- iii. Team leaders act as conflict managers whenever disagreements surface amongst the team members. They identify the source of conflict and help to resolve it.
- iv. They act as coaches by clarifying expectations and roles, and help team members to improve their work performance.

3.3 Ethics and Leader Effectiveness

Leadership research in recent times is focused on leaders' degree of moral development. They are interested in finding out ways of how to judge the ethics of leader outcomes, and the implications for leader-follower relations. They argue that leadership models should consider the ethics of leader means and outcomes and ways in which leader moral orientation can be improved. They found that leader ethics and leader outcomes as inextricably intertwined and correctly make the argument that leaders cannot be considered to be effective unless they are ethical.

3.4 Leaders and National Culture

Studies regarding the relationship between leadership and the national culture have shown that national culture equips individuals with common ways of perceiving and acting, which systemically affect what followers expect from leaders and how leaders enact their behaviors. Researchers conclude that certain leader traits and behaviors are context specific and that others are universal. Even these universal traits are differentially enacted according to context, i.e., National culture is an important situational variable in determining which leadership style will be most effective.

3.5 Gender based Expectations and Leadership

Researchers were interested in identifying the differences if any, existed between male and female leaders. They wanted to find out what implications these differences would have on the followers. They found that gender-based expectations greatly influence the type of leadership that is enacted. Researchers have found that the various perspectives of male female differences, including societal, evolutionary, and prejudicial place certain constraints on the type of leadership that is enacted. It is found that demonstrating that female leaders are disadvantaged by stereotypes and restricted role expectations, though they are as effective as male leaders. Further it was also found that males and female leaders actually display certain prototypically different effective leadership styles.

Women leaders were found to:

- i. Adopt a more democratic or participative style and a less autocratic or directive style than men do.
- ii. They were more likely to encourage participation, share power and information, and attempted to enhance followers' self-worth.

Male leaders on the other hand:

- i. Were more likely to use a directive, command-and-control style.
- ii. they tended to rely on the formal authority of their position for their influence base.

These findings show that women generally tend to motivate, provide support and listen more to their followers than men. But this does not imply that women make better leader than men, the best leadership style is the one that is adopted to best suit the situation.

The other most often researched topics in the area of leadership research are leadership and power, and leadership and empowerment. Power is the potential ability of a person or group to exercise control over another person or group and over vital decisions. A person can exercise power because of the position one holds or due to personal power. Position power is tied to a position one holds in the organizational hierarchy, regardless of the individual who holds it. Personal power on the other hand is power that resides in a person regardless of position he or she holds. Researchers have identified five sources of power – legitimate power, coercive power, reward power, expert power, and referent power.

- i. Legitimate power is the power that is granted to a person by virtue of his or her position in the organization or in the organizational hierarchy.
- ii. Coercive power is the ability to punish or harm follower or subordinates. The leader may make use of physical sanctions such as: the infliction of pain; the arousal of frustration through restriction of movement; or the controlling by force of basic physiological or safety needs.
- iii. Reward power is the control a leader enjoys in awarding rewards valued by others.
- iv. Expert power is the control a leader has over information that is valuable to the organization. This information is vital and can influence organizational results. This kind of power originates from the expertise, special skill, or knowledge possessed by the leader.
- v. Referent power is the power that arises through personal identification with a person who has desirable resources or personal traits.

Most effective leaders rely on several different bases of power. Attempts to use power can result in commitment, compliance, or resistance.

To cope with the demands of new age organizations leaders are increasingly leading by empowering their subordinates. Competition between organizations requires that quick decisions be taken to stay ahead of others, and to do so a chance needs to be provided to those people who are most knowledgeable about

the issues instead of letting the onus rest with the leader alone. Further organizational downsizing has left leaders to shoulder larger spans of control and in order to cope with these demands, leaders often resort to empowering their subordinates.

The ultimate of leadership theories and research is to provide an understanding of leadership and to provide a foundation for the practice of leadership in today's organizations.

SUMMARY

- Leadership is a complex concept that is defined as the process of influencing people and providing an environment for achieving team or organizational objectives.
- The Iowa leadership studies found three different styles of leadership – (a) authoritarian, (b) democratic, and (c) laissez-faire.
- According to the trait theories successful leaders share certain traits such as: intelligence, maturity and a broad range of interests, inner motivation and achievement drive, and honesty.
- The trait movement gave way to a new approach, which concentrated on what leaders do. The behavioral researchers believed that leadership is not inborn, and that leaders can be trained. Their main aim was to identify specific behaviors that leaders possessed and train others to follow these behaviors.
- Contingency theories of leadership were among the first to recognize that organizational environments played a role in influencing leader effectiveness. They theorized that leadership involves intricate social relationships in diverse organizational settings and that there is no one best leadership style.
- Attention of the new genre of theories referred to as neocharismatic theories shifted from an emphasis on normal supervisory and managerial behavior to an emphasis on exceptional leaders who have extraordinary effects on followers and social systems.
- The contemporary issues that dominate much of leadership research focus their attention on examining a number of issues concerning the role of leadership in the changing work environments. Issues such as: relationship between leadership and power, leadership and empowerment, leadership styles and national culture, gender-based expectations and leadership, and ethics and leader effectiveness and so on are being researched into to help enhance leader effectiveness and develop better leadership skills.

Chapter X

Stress in the Workplace

After reading this chapter, you will be conversant with:

- The Causes of Stress in the Workplace
- Effects of Job Stress
- Consequence of Job Stress
- Reducing Stress at Work

Stress is an ancient survival mechanism. It is the body's normal response in the face of danger or perceived threats that allow us to 'fight or flight' in these situations. Stress results from the interaction between an individual and any stressor or source of demand within the environment.

A stressor can produce very different reactions in different individuals depending upon their personality and how they perceive that stressor and on other situational factors. When the psychological and/or physical demands of the stressors are perceived as moderately challenging, the person experiences stress or mild stress that is proved to be beneficial to the individual. On the other hand, when the stressor is perceived as exceedingly challenging or threatening the person experiences distress or stress that causes physical and or psychological harm to the individual. Researchers report that mild to moderate amounts of stress enables people to perform some tasks more effectively. It helps to keep the individual motivated to accomplish the desired objective. However, if the stressor continues, it eventually takes its toll, and results in decreased performance and deleterious health consequences. Therefore high levels of distress have negative consequences both on the individual's health and his or her productivity. Organizational psychologists are interested in dealing with stress in the workplace or what is more commonly known as job stress.

Job stress in organizations is widespread, and according to a recent survey it is the biggest threat to the health of a nation's workforce. Employees experience increasing pressure from a wide variety of sources, and many times these job demands result in negative physical, psychological and behavioral responses especially when employees are unable to match their job demands with their existing capabilities and resources. Prolonged stress or the constant triggering of the stress response prevents the mind, emotions and body to return to balance and normalize, leading to illness, which is debilitating for the individual, resulting in absenteeism, sickness, injury and burnout and together all these factors seriously impede organizational productivity.

1. CAUSES OF STRESS IN THE WORK PLACE

Work environment in today's organizations are characterized by heightened competition, continuous technological development, conflicting demands from organizational stakeholders, computerization, globalization, increased customer demands, privatization, downsizing and greater job uncertainty. All these factors complicate the work environment and leave the employees feeling overwhelmed. The result is that the employees now work in highly stressful circumstances. However, not everyone agrees that job stress results from changing working conditions alone. Stressors or the sources of stress are generally divided into those that arise from within an individual (internal factors), and those that are attributable to external factors such as environmental factors and organizational factors. Non-specific fears, fears of inadequacy, and guilt feelings are examples of internal stressors. Internal sources of stress can arise from an individual's perceptions of an environmental threat, even if no such danger actually exists. External stressors are those conditions that are external to the individual and beyond the individual's control. There are many aspects of organizational life that can become external stressors. These include issues of structure, management's use of authority, monotony, a lack of opportunity for advancement, excessive responsibilities, ambiguous demands, value conflicts, and unrealistic workloads. A person's non-working life (e.g., family, friends, health, and financial situations) can also contain stressors that negatively impact job performance.

1.1 Physical and Environmental Factors

The physical setting refers to the conditions in which the individual works. Poor, unsanitary or unsafe working conditions, improper lighting, poor ventilation, extreme temperatures or overcrowding and lack of adequate breaks have an adverse effect on the health of the individual and are a great source of stress. The environmental factors refer to the economic, political and technological uncertainties and changes that a country faces from time to time. These changes and uncertainties invariably affect organizations operating in the country and the

people working in them. Economic uncertainty makes people anxious about the security of their jobs and the individual expresses stress. Similarly technological advances sweeping a country can cause stress because new innovations can make an employee's skills and experience obsolete.

1.2 Organizational Factors

Organizational policies, procedures, schedules, deadlines, repetitive work, unreasonable workloads, inadequate pay and benefits and so on are the organizational factors that cause stress. Organizational factors that cause stress can be categorized under different heads, such as:

FACTORS INTRINSIC TO THE JOB

Certain type of jobs, because of their very nature are more stressful than others. The work environments of the different jobs such as the working conditions, physical work layout, and degree of automation put pressure on people and make the jobs stressful. The characteristics of jobs such as those of a pilot, miners, and fire fighters are exposed to higher levels of stress than others. Five indicators or features of a job have been identified for predicting job stress. When a job encompasses these five indicators, it is more likely to produce stress in the person doing the job. The five indicators of job stress are (i) Decision-making, (ii) Constant monitoring of devices or materials, (iii) Repeated exchange of information with others, (iv) Unpleasant and dangerous physical conditions, and (v) Performing unstructured rather than structured tasks.

ROLE DEMANDS AND CONFLICT

Every individual is expected to play a particular role in the organization as a function of the particular position one holds. People experience stress when there is role ambiguity, role overload and role underload. Apart from this, researcher have identified different types of role conflict, that result in an employee experiencing stress. They are:

- **Intrasender Conflict:** This type of conflict arises when the same individual sends conflicting messages. For example, when a boss tells his subordinate to get a job done as quickly as possible (knowing pretty well that it is possible only if the employee circumvents the routine procedures) and on an earlier occasion had given clear instructions that come what may employees should never bypass, safety, quality or other standard procedures in getting a job done under any circumstance. Such a situation causes a lot of stress in the individual, as he is left to decide between two conflicting instructions. Following either instruction would lead to trouble – following all procedures takes up a lot of time and hence it would not be possible to submit the work in the specified time. On the other hand if work is submitted within the allotted time, safety and quality guidelines would have to be put aside.
- **Intrarole Conflict:** In today's organizations such as in the matrix organization there are chances of an employee being caught between the expectations of two or more bosses, i.e. the functional manager and a project manager. This is especially more so when the two bosses make conflicting demands on the individual.
- **Interrole Conflict:** Every person is at one time or the other caught between the demands of two or more roles that one gets to perform in his or her life. For example a person plays a number of roles simultaneously a person who enters the organization is not only an employee of that organization but at the same time he or she is a wife/husband, mother/father, son/daughter, friend, of somebody. Each of these roles comes with its own set of duties and expectations. Sometimes as the person tries to function and meet the demands associated with these different roles, it may result in role conflict. A young mother may be torn between the conflicting role demands, such as attending an important board meeting as an employee of the organization or to attend son's first stage performance, both of which are scheduled on the same day at the same time.

- **Person-role Conflict:** this type of conflict occurs when the personal attitude and values of the individual holding a particular position in the organization are in conflict with what is required from him in this role. For example, when a supervisor catches a worker who happens to be a good friend of his dozing off at work, is torn between the job expectations of reporting such behavior and the trust between friends to let this behavior go unreported.

RELATIONSHIPS AT WORK

Working in an organization entails maintaining relationships with co-workers, be it bosses, colleagues or co-workers. When an individual faces problems with any of these people it results in job stress. Bullying or harassment, by either bosses or colleagues, feeling powerless and uninvolved in determining one's own responsibilities, and continuous unreasonable performance demands of authorities lead to conflict with co-workers and supervisors and induce stress in the employees. Whereas, good social interactions, support from bosses and colleagues act as buffers from job stress.

CAREER PROSPECTS

Lack of job security, lack of control over one's job, and status incongruity often lead to job stress. Lack of job security means a person is uncertain of his career prospects in the organization he or she is working for. A constant doubt or fear of losing the job either because of downsizing or any other reason has a negative impact on the employee and leads to job stress.

Status incongruity means a perceived mismatch between the aspirations of an individual for career progression and the reality of promotion, and this often results in stress. This phenomenon is more prevalent in the middle management personnel who feel they have reached their 'career ceiling' in a particular organization, and see no chance of attaining a higher position that they have always aspired for. This situation leads to frustration and stress in the individual. This sort of stress is all the more prevalent in organizations, that aim at flatter organizational structures, with reduced hierarchical levels.

ORGANIZATIONAL STRUCTURE AND CLIMATE

The structure of the organization or the organizational context in which people work is a very important factor that determines the psychological health of an individual. The rules and procedures that are to be followed in the organization place restraint on individual freedom. Stipulations dictate the time when individuals need to report at work, leave, or have work breaks. The restriction on the freedom to choose one's schedule causes a lot of negative feelings in many people.

Other factors that induce stress are lack of effective communication and conflict resolution, long working hours, excessive time away from home and family, office politics and conflict among staff and a feeling that one's reward is not commensurate with responsibility.

1.3 Individual Factors

Stress experienced at work is often the result of one's personality factors and sometimes affected by stress experienced outside work. Two people exposed to the same stressor tend to experience different stress levels because they perceive the situation differently, they have different threshold stress levels, or because they use different coping strategies which are all in turn dependent on the unique personality make up of the individual.

Work-family Interface: Sometimes stress that is experienced outside work is carried into the job. For example, if a person is experiencing a problem with his or her spouse, the stress is bound to affect their work performance. Likewise increased home responsibilities affect performance at work, leading to stress. Similarly stress that is experienced on the job affects home life.

Personality Factors: Individuals vary greatly in the way they perceive a situation and interpret what is happening. This is because individual vary in their personality, and therefore interpret things differently.

“Type A” behavior and Stress: Research over the years has established the fact that people classified as Type A are more at risk of experiencing the adverse effects of stress than those classified as Type B. This is because people with Type A personality create more stressful work experiences for themselves, as they tend to behave in ways that increase their workload and generate stressful conditions. The typical characteristics of individuals with Type ‘A’ behavior are that they:

- i. Tend to strive hard to achieve poorly defined goals.
- ii. Have an intense desire to compete.
- iii. Have a strong desire for recognition and promotion.
- iv. Involve in numerous and varied activities that need to be completed in stipulated time periods.
- v. Work long, after office hours to meet the constant pressure of deadlines.
- vi. Work hard to finish the task assigned as fast as they can, in the process exhausting their energies and wearing themselves down.
- vii. Perceive themselves as being more under stress.
- viii. Tend to respond to stress with a more pronounced physiological reaction than type B’s.

The Type B individuals display less striving, aggression, hostility and competitiveness and are generally more relaxed. That is why most stress management programs aim at changing the working style of the Type A individual, so that they slow down a bit in whatever they do.

Hardiness: Vulnerability to stress is also depends on an individual’s level of hardiness. Hardiness refer to a cluster of characteristics identified by Dr.Kobasa. According to Kobasa, hardy people exhibit certain characteristics such as high commitment, control and challenge. These characteristics show that the individual has a deep level of commitment to their jobs, believe in their ability to influence events that take place in their lives, and view change as an opportunity to grow rather than as a thereat to personal security. These characteristics enable the individual to refrain from buckling under stress.

Optimism: Optimism/pessimism also affect the way an individual reacts to stressful situations. It has been found that optimists tend to approach things in a positive way, always expecting favorable outcomes from all that they do. Pessimists on the other hand have the tendency to expect the worst of everything; this leads to tension and stress in their lives. Further the way optimists and pessimists handle stressful situations is also very different. Optimists tend to focus on solving the problems that come up in their way through proper planning and measured action aimed at reducing stress. The pessimists on the other hand give up very quickly and feel hopeless and lost in the face of problems and stressful situations, and even go to the extent of denying the existence of a problem in their paths.

At this juncture it is very important to remember that stress in the organizational settings is not only influenced by individual differences in terms of both appraisal of events, personality characteristics, certain organizational factors, and factors intrinsic to the job, but also by life stressors that take place outside the organization.

Life Stressors: Many times stress stems from the stressors in the personal lives of the employees or life stressors. Marriage, divorce, death of a family member, and the like are the major life stressors that affect almost everyone. Life stressors are categorized in terms of life change and life trauma for easier understanding.

Life Change: Life change is any meaningful change that takes place in a person's personal or work situation. According to Holmes and Rahe any major change in a person's life leads to stress and eventually to disease. Their work provides useful insights into the potential impact of stress on an individual. The Social Adjustment rating Scale developed by Holmes and Rahe helps in the identification of the amount of life stress that a person has experienced in a given period of time, say one year. The scale consists of a list of major life change events and each event is assigned a point value. Each event's point value is supposed to reflect the event's impact on the individual. The value associated with each event experienced by a person is then added up to get the total number of Life Change Units (LCU), which represent the amount of stress experienced by the person. On this scale, death of a spouse lies at one extreme and is assigned a point value of 100, and at the other extreme lies minor violations of law which is assigned a point value of 11. In between these two extremes the list includes negative events such as divorce and trouble with the boss as well as positive events such as marriage and vacation. Holmes and Rahe say that people can handle a certain threshold only, they say that when people encounter more than 150 LCU's in a given year they tend to experience a decline in their health.

Life Trauma: Life trauma is any upheaval in an individual's life that alters his or her attitude, emotions, or behavior. The trauma faced by an individual causes stress. The major life traumas that are experienced are marital problems, family difficulties, and health problems. Trauma in turn affects the job performance of an individual.

2. EFFECTS OF JOB STRESS

As noted earlier intense competition between organizations to try and outdo each other, has led them to turn up pressure on workers to increase productivity, profitability and organizational effectiveness. Increased pressure in turn results in stress for the employees, which seriously comprises their physical and psychological health. So even as organizations strive to better their profitability they may instead find that stress is adding to their cost of doing business. Therefore the first step for any organization which aims at minimizing the cost of stress – is to learn more about how stress affects people.

Stress prepares the body for the fight or flight response. When an individual experiences stress the nervous system is aroused and hormones are released to sharpen the senses, quicken the pulse, deepen respiration, and tense the muscles all of which are necessary for either the fight or the flight response.

Hans Selye was the first to describe the phases that the body goes through in response to a threat with the help of the *General Adaptation Syndrome* or GAS model. According to this model the body passes through three stages – the alarm stage, the resistance stage, and the exhaustion stage. During the first stage the body prepares for a potential emergency. Digestion is slowed down, the heart beats faster, blood vessels dilate, blood pressure rises, and breathing becomes rapid and deep. All this is done to provide the body the maximum energy for fight or flight. The second stage is resistance. During this phase as stress continues; the body builds up a tolerance to its effects as the body's adaptive energies are being used as a shield against the stressor. The third stage is exhaustion, wherein the body's adaptive energies are depleted, the symptoms of the alarm reaction reappear, and the stress manifests itself as an illness, such as ulcers, heart ailments, and high blood pressure. However, if during the first or second stages, if the stressor are removed or eliminated the symptoms disappear.

Therefore stress which results in biologically preprogrammed occurrence poses little risk when the stress episodes are short-lived or infrequent. Harm ensues only when the stressful situations go unresolved, and the body is kept in a constant state of activation, resulting in wear and tear of the biological systems.

Research over the years have proved that job stress leads to a variety of ailments, such as mood and sleep disturbances, upset stomach and headache, disturbed relationships with family and friends, and so on. Stress has also been found to play an important role in several types of chronic health problems-especially cardiovascular disease, musculoskeletal disorders, psychological disorders and behavioral problems too.

2.1 Health Effects

High levels or prolonged stress can cause physiological symptoms that are detrimental to a person's physical well being. The physiological changes that occur during stress such as increased heart and breathing rate, lead to high blood pressure, ulcers, sexual dysfunction, headaches, and coronary heart disease. The other common medical problems that result from too much stress are backaches, stomach and intestinal disorders, and various skin problems such as acne and hives.

2.2 Psychological Effects

Psychologically, stress increases moodiness, depression, tension, anxiety, irritability, boredom, short temper, and procrastination. These effects reduce job satisfaction and cause job burnout.

Burnout is a feeling of physical and mental exhaustion and severe reaction to job stress. It is the progression from stress that is unresolved. Burnout leads to a sense of emptiness and loss of feelings, in addition to the other physical and psychological symptoms of stress. It is more likely to occur when a person experiences too much pressure and has too few sources of satisfaction. For example, highly motivated professionals may manifest symptoms of burnout if they find no support or challenge in the workplace. Burnout is characterized by feeling of fatigue, loss of idealism and energy, emotional numbness, and dissatisfaction with one's personal accomplishments. It results in inability to concentrate, irritability, insomnia, anxiety, and depression. Burnout can be distinguished from clinical depression in that changes in the culture of the workplace or the nature of the work itself reduces it. However, when one enjoys the challenge of their work, and feel in control of their professional lives are least likely to succumb to burnout.

2.3 Behavioral Effects

Stress is also known to result in outward behavioral symptoms such as lower job performance, poorer decisions, accidents, higher absenteeism, and more workplace aggression, which could be in the form of physical and verbal threats, harassment or assaults. There are marked changes in the eating habits of the affected individual. There is a tendency to increase smoking or to consume more alcohol. The affected person may also fidget, indulge in rapid speech and experience sleep disorders.

3. CONSEQUENCES OF JOB STRESS

By understanding how stress effects people, organizations can understand the depth and breadth to which stress compromises employee performance, and then devise ways of either avoiding or reducing stress in the workplace. Though stress has both positive and negative effects, work stress mainly focuses on the negative effects because stress weakens the body's resistance to disease and lead to health problems. It increases absenteeism, tardiness, and intentions by workers to quit their jobs when under stress. This directly translate into a decrease in productivity and the effectiveness of the organization as a whole. Workplace stress also affects the work performance memory, concentration, and learning of the work force. In addition it has been found that because of work stress organizations also stand to loose from increased compensation claims, health insurance and medical expenses, and diverted administrative and management time. Therefore stress adds to the cost of doing business in a number of ways.

Some of the most serious consequences of employee stress are:

Absenteeism: Stressed-out employees are more likely to miss work because of the health-related problems that are a result of prolonged stress or simply as a coping mechanism to deal with mounting stress. Whatever the reason for absenteeism it results in lost productivity, or additional expenditure because of replacement costs. Researchers found that workers experiencing high stress were more likely to be absent themselves from work for more than five times per year.

Withdrawal: When under stress an employee tends to withdraw by way of either absenting himself or herself from the job as mentioned above or they may simply quit work. Withdrawal behavior also manifest in the subtle forms such as missing deadlines, taking longer lunch breaks, or simply doing the job for survival without actually caring or taking interest in the job and the organization.

Workers Compensation Claims: Stress-related illnesses place a considerable burden on the organizations in the form of compensation claims. Official reports on compensations show that the number of workers compensation claims for mental stress has increased considerably in recent years. Further courts are beginning to recognize post-traumatic stress disorder as a condition that may justify a damage claim against an employer. Here post-traumatic stress disorder is not the psychological disorder brought on by horrible wartime experiences or natural disasters. Instead it refers to the stress disorder that results from sexual harassment, violence, job pressures and other unpleasant circumstances in the workplace. The connection between stress, employee satisfaction, and claim filing cannot also be ignored. People who do not experience job satisfaction are constantly under stress and they are more likely to file compensation claims or engage in litigation for things that go wrong than those people who enjoy their jobs.

Errors of Judgment and Action: When under stress, employees tend to become preoccupied with the issues troubling them. Their attention is diverted, and thus miss out on vital environmental cues and information required for making effective and safe decisions on their jobs. Further when people are under extreme stress the body releases endorphins – the nature's painkillers. These natural chemicals not only dull the sensation of pain, but they also make the person intellectually, emotionally, and interpersonally dull. This can result in costly and sometimes life-threatening mistakes or accidents.

Accidents: Stress narrows down the attention, preoccupation, and fatigue, which invariably lead to workplace injuries, especially if the stressed out employee is working with machinery. In addition to this, the increasing work demands and time pressures make people less likely to take safety precautions, follow proper procedures or use proper equipment. Under such conditions the stressed-out employees try to do more in less time by taking shortcuts, leading to accidents. Harvard Business Review reports that stress-related accident claims are, on average, two times more costly than non-stress-related cases.

Conflict and Interpersonal Problems: Recent trends in organizations require employees to work with a more diverse work force, and to be a productive member of a team. This places increasing interpersonal demands on the individual, which in itself creates tremendous stress on employees. Thus, in today's workplace, we have people who are already under stress from a variety of causes put into an interpersonal context, which by its nature, is very stressful. Being already stressed-out, these employees are less likely to respond appropriately and constructively. This in turn heightens the likelihood that they will find a demanding interpersonal context even more difficult and depleting. This situation most often leads to conflict and interpersonal problems in the work place, and seriously impedes productivity and organizational effectiveness.

Violence: Violence has been found to both a cause and a consequence of employee stress. With employees who are already under stress brought on by interpersonal challenges and conflicts, a potentially volatile situation is created.

Such a working condition creates tension among the employees and they feel threatened. The more powerless people feel, the more likely they resort to violence. Various studies have shown that workers who feel unsafe in their work environments suffer the same level of stress as the actual victims. Increased perception of threat of violence or an actual violent episode reflects adversely on the organizations image and market value.

Customer Service Problems: When organizations have stressed-out and depleted employees serving its customers it almost always results in customer dissatisfaction. This results in alienated customers and ultimately customer defection leading to huge losses in profitability.

Resistance to Change: As a person's stress level increases anything that is new and/or different triggers fear. This makes the individual sabotage the organizations well-intentioned attempts at organizational change and improvement. Organizations thus lose millions of dollars on these efforts due to program implementation delays and non-implementation caused by this innate resistance to change and novelty triggered by stress.

No Time to Do It Right: The biggest and most unrecognized loss caused by stress is in terms of lost opportunity and unrealized potential, as people do not have the time to do things the right way. Employees just strain themselves harder and harder to achieve the increased output targets, but are unable devote any time to make the process more effective and efficient. This costs the organizations dearly in terms of decreased quality. Therefore organizations should realize that pushing employees harder and trying to increase the output, without examining and improving the process, would only result in causing stress among its employees and only ends up creating a cycle of diminishing returns. In addition, as employees become focused on survival and not on improvement, they end up burned out, ultimately quitting the organization because of stress-induced health problems or simply finding another job to get out of the stress situation.

The Loss of Intellectual Capital: When people are in high-stress situations over which they have no control, their thought process becomes more rigid, simplistic, and superficial. Studies have shown that in high-stress situations in which people have no control, their ability to perform mental tasks and solve problems is diminished. This often results in organizational conflict and morale problems. These negative consequences put together create more stress ultimately resulting in a gradual erosion of an organization's intellectual and interpersonal capacity.

Changed Attitudes: Stressed employees experience no job satisfaction, morale, or organizational commitment. They tend to keep complaining about even minor and unimportant things, and only do enough work to get by.

Job stress is also sometimes the underlying cause of drug abuse and alcoholism, reduced immune functioning and in extreme case even leads to suicide. These factors again have a direct effect on productivity and effectiveness of the employee and thus the organization.

4. REDUCING STRESS AT WORK

Successfully addressing stress is not a simple or an easy task. It requires more than a one-day stress management seminar. Organizations need to willingly undertake the grueling work required for addressing employee stress effectively. This would dramatically reduce operating costs of the organization, and at the same time pave the way for cultivating a happy, healthy, productive work force.

No standardized approaches or simple universal prescription for preventing stress at work or no "how to remove stress at work" manuals exist for developing stress free work environments. Programs need to be designed based on the size and

complexity of the organization, available resources, and especially the unique types of stress problems being faced by the organization. The best way to deal with job stress is to design strategies that would help manage stress a) at the individual level which mainly aimed at providing individuals with enhanced coping skills, and b) at the organizational level, which mainly deals with the source of the problem through better work design.

Individual Approaches – Stress Management

When a person is already suffering from the effects of stress, the first priority is to treat the symptoms. This includes both the identification of those suffering from excessive stress, as well as providing health-care and psychological counseling services. The second approach is to help individuals build stress management skills to make them less vulnerable to its effects. Interest in stress management has increased in recent years, and numerous organizations now conduct stress management training programs for their employees. Stress management programs teach employees and managers about the nature and sources of stress, and the effects of stress on health. They then help the employees to develop personal skills to reduce stress. Time management, relaxation exercises, and individual counseling is also provided to help the individual deal with stress. The first step in the stress management program is to help the individual recognize the stressors in their life. Next, they are imparted particle stress management skills that would help them to cope with the stressors and reduce the negative stress reactions. They are then gradually trained to plan ahead, practice good time management, develop a sound philosophy of life, balance work and personal life, to exercise, rest adequately, eat good diet, expand their social support network and above all to learn to stay relaxed in the most taxing situations. This helps the individual to rapidly eliminate or control the sources of stress, and enables them to reduce stress symptoms such as anxiety and sleep disturbances. Some of the specific techniques that can be used to eliminate stress or to more effectively manage prolonged stress are:

PHYSICAL EXERCISE

Exercise is being recommended for every individual, irrespective of their age, for not only staying fit but also as a stress buster. Exercise no longer means strenuous boring workouts, instead one can choose from a wide range of activities to suit their needs and taste. Stress can be combated well by going for walking, jogging, swimming, riding a bicycle, or playing tennis with a colleague or a friend. These activities provide an opportunity to recharge and invigorate the body with extra intake of oxygen and release of muscle tension. Further physical exercise enables the internal organs such as heart, lungs, digestive system, and muscles to get thoroughly exercised, facilitating blood circulation. Indulging in these activities enhances the self-esteem of the individual, is very relaxing, and gets one's mind off work for a while. All these things enable the individual to get back to their daily tasks at the work place with renewed vigor. (Organizations are increasingly providing for corporate fitness programs on their premises itself, to help employees to stay fit and to enhance their ability to cope with or resist stress.)

RELAXATION

Apart from the relaxation one experiences by way of exercising, there are also certain specific relaxation techniques that help one to relax by reducing physiological stress responses. Relaxation techniques are helpful tools for coping with stress and promoting long-term health. The rationale behind teaching employees to relax when they experience a stressful situation is that relaxation induces the physiological effects opposite in nature to those induced by stress. Relaxation decreases the sympathetic nervous system activity and causes an increase in parasympathetic nervous system activity, resulting in a reduction in heart rate, blood pressure, sweat gland activity, EEG activity and somatomotor activity. Techniques such as biofeedback, meditation, progressive muscle

relaxation, autogenic training, and neurolinguistic programming (NLP) help to eliminate the immediate stressful situation and manage a prolonged one in a more efficient manner.

BIOFEEDBACK

This is a technique in which the stress-affected person is taught to use signals from their own bodies, to recognize and alter their involuntary responses, which change under stress. Through 'bio-feedback' people can improve their health and physical performance by altering their brain activity, blood pressure, muscle tension, heart rate and other bodily functions. "Feedback" information is provided to the individual through mechanical sensor devices that pick up electrical signals from the muscles and translate them into signals that can be decoded by the individual. Signal are provided either visually or audibly about what is occurring in their bodies. For example, the device triggers a flashing light or activates a beeper every time muscles become tenser. The individual has to aim reducing the number of times the flashing or beeping occurs, which means that they learn to relax their tense muscles. People learn to associate sensations from the muscle with actual levels of tension and develop a new, healthy habit of keeping muscles only as tense as and for as long as that is necessary. After treatment, individuals are often able to reproduce this response at will without being attached to the sensors.

Similarly biological functions such as skin temperature fluctuations, heart rate, sweat gland activity, and brainwave activity are also measured and used in a similar way to help people learn to control their physical functioning.

Meditation: Meditation involves muscle and mental relaxation. The two most popular forms of meditation include transcendental meditation and mindfulness meditation. In transcendental meditation a single word or phrase (i.e., a *mantra*) that is repeated slowly, by concentrating on the word or concentrating on a mental picture in a quiet location. In mindfulness meditation students focus their attention on their moment-by-moment thoughts and sensations as they occur.

Progressive muscle relaxation: This technique involves slowly tensing and then releasing each muscle group of the body individually, starting with the muscles in the toes and finishing with those in the head.

Autogenic training: is a relaxation method that is based upon passive concentration and body awareness of specific sensations. Autogenic training is effectively being used in relieving most stress-related disorders.

Neuro-linguistic programming(NLP): Richard Bandler, and Dr John Grinder started Neuro-Linguistic Programming (NLP) in the early 1970s. They began studying three of the world's greatest therapists: Dr Milton Erickson, a famous hypnotherapist, Fritz Perls, creator of Gestalt therapy, and Virginia Satir, creator of efficient family therapy. They wanted to know what made these therapists effective. They tried to identify the patterns used by these therapies and found that all three of them surprisingly used similar underlying patterns in their therapies. Based on these similarities they built their own refined model, and what is offered today as NLP is the product of this modeling process and is used to train others for effective communication, personal change, and accelerated learning.

The basic idea is to provide people a blueprint of reality, and to provide an insight into how others have positively responded to stressful situations that are similar to the one that is being faced by them at present. As people become aware of the different approaches that can be used to successfully handle difficult situations, they too make conscious efforts to change their attitudes to stressors.

Neuro-Linguistic Programming is based on three fundamental ideas. ‘Neuro’ part of NLP is based on the idea that all behavior stems from our neurological processes. It refers to the neural network that feeds information to the brain from the five sense organs of sight, hearing, smell, taste, touch, and the neurological processes of feeling. And as we make ‘sense’ of the information we tend to act on it resulting in physiological reactions.

The ‘Linguistics’ part of NLP is about the verbal and non-verbal language that is used to order out thought and behavior and to communicate with others. And ‘programming’ refers to the ways we choose to organize the sensory inputs into useful information and ideas to produce results. Therefore NLP is all about how we organize what we see, hear and feel and how we edit and filter the outside world through our senses. It also deals with how we describe it in language and how we act, both intentionally and unintentionally, to produce results. It shows how we tend to attend to only those aspects of the world that interest us, and how the filters we put on our perceptions determine what sort of world we live in. As the proverbial saying goes – if we go through the world looking for excellence, we will find excellence, and if we go through the world looking for problems we will find problems. This realization helps many people to understand that the world is not what we perceive it to, and that life could be much more rich and exciting than what we are experiencing it to be. So the difference lies not in the world, but in the filters that we use such as our beliefs, interests, and perceptions that make the difference, and bringing about a change in the filters changes the way we experience our lives. NLP simply trains people to notice the difference one experiences by simply changing the filters one uses. It provides the tools that enable a connection between self and others and helps to increase the quality and effectiveness of our relationships both on the personal and professional levels.

BEHAVIORAL SELF-CONTROL

The basic idea behind this technique is to enable people to gain control on the situations they are involved in instead of letting the situation control them. They are guided in deliberately managing the antecedents and the consequences of their behavior to gain self-control as in behavioral modification programs. For example, when a manager realizes that answering the steady stream of customer calls is causing unnecessary stress, he can bring about a change in the antecedent by having an assistant screening and answering all the routine enquiries and complaints and can answer only those calls which the assistant is not able to manage.

NETWORKING

Networking refers to forming close associations with family, friends, co-workers and colleagues who are good listeners and confidence builders. These people tend to provide support when the person is passing through a stressful situation. Networking helps people to cope better with job stress and be more effective in whatever they do.

In recent years in addition to behavioral self-control, cognitive therapy techniques such as Ellis’s rational emotive model and cognitive behavior modification programs are being used as individual strategies for reducing job stress.

However, individual level stress management programs have been criticized as being too focused on the worker and not on the environment.

COUNSELING

Organizations also provide for industrial counseling programs to help the stressed out employees. Counseling often provides an opportunity to the affected employee to talk freely about the problem being experienced. This in itself often leads to the disappearance of the problem. Counseling enables a person to reappraise a situation, and reconsider the available option to cope with a problem situation. Therefore, in many cases it has been found that this opportunity to talk about problems gives employees a ‘new enthusiasm’ for their work.

Table 1

Time Management Principles	Physical Exercise	Relaxation Techniques	Social Support
<ul style="list-style-type: none"> • Make a daily list of activities to be accomplished. • Prioritize activities by importance and urgency. • Schedule the activities of the day according to the priorities set. • Schedule the most demanding jobs during the time you are most alert and productive. 	<p>To include one or more of noncompetitive physical exercises such as:</p> <ul style="list-style-type: none"> • Aerobics • Walking • Jogging • Swimming • Riding a bicycle 	<p>Learn to relax through techniques such as:</p> <ul style="list-style-type: none"> • Meditation • Hypnosis • Biofeedback • Progressive muscle relaxation • Autogenic training 	<p>Build social support through:</p> <ul style="list-style-type: none"> • Family • Friends • Co-workers • Colleagues

Organizational Approaches: In addition to conducting stress management training programs, organizations are now trying to reduce job stress by bringing in a consultant to recommend ways to improve working conditions in the organizational set up itself. This is the best way to reduce the causes of stress in the workplace. In recent years job engineering and job redesign are being focused on to minimize job-related stress. Job engineering takes into account the values and needs of the worker, as well as the production objectives of the organization. Job engineering involves a six-step cyclical process – the initial step begins with defining the job objectives, the second step is to define the job conditions or specifying the physical, social and psychological characteristics of the job. The third step is to define the job processes, equipment, and materials to be used in performing the job. Processes are often presented in a flow chart to show the sequence of operations. The fourth step is to re-evaluate the design from the perspective of the worker, the goal being to achieve a balance between job satisfaction and performance. The fifth step is to test the job design. It is often observed that employees often experience problems not anticipated by job engineers when actually performing their specified jobs. So unless the actual person doing the job specifies that all is well, it cannot be taken for granted that the job is really well designed. The sixth step involves the ongoing re-evaluation and redesign of the job. These strategies help to eliminate or control organization-level

stressors and help prevent or substantially reduce job stress for the employees. This approach is the most direct way to reduce stress at work, instead of focusing on treating symptoms of stress or equipping the individual with ways and means of combating work stress. In addition to this, organizations come up with a number of procedures and policies aimed at reducing stress in the workplace. The following steps are most often taken up by organizations to reduce job stress:

- Identify the stressful aspects of work such as excessive workload, and conflicting expectations, or ambiguous work roles.
- Improve methods of selection of personnel.
- Ensure that the workload is in line with workers' capabilities and resources.
- Use of realistic goal setting.
- Design jobs to provide meaning, stimulation, and opportunities for workers to use their skills.
- Clearly define workers' roles and responsibilities.
- Clarifying task assignments, authority, and criteria for performance evaluation.
- Give workers opportunities to participate in decisions and actions affecting their jobs.
- Improve organizational communications-reduce uncertainty about career development and future employment prospects.
- Organizations should ensure that good work performance of an employee is awarded proper recognition and opportunities for career development are provided for.
- Provide opportunities for social interaction among workers.
- Establish wherever possible, work schedules that are compatible with demands and responsibilities of individual employees. (Organizations may arrange for restructuring of jobs and job duties, telecommuting, part-time work and job sharing and flexible scheduling and work).
- Improving safety and working conditions on the job.
- Establish an organizational culture that values the individual worker.
- Establish corporate wellness programs.
- Provide for life benefit policies and programs such as on-site child care, paid family and medical leave, release time for personal/family events, and limits on frequency and distance of business travel.
- Organizations must ensure that management actions are consistent with organizational values.

However, bringing in these changes may not be an easy job as many managers may not be ready to deal with the associated changes that would take place in the work routines or production schedules, or may not like the changes that need to be brought in the organizational structure.

As a general rule, top priority should be given to improving working conditions, to organizational change, to reduce job stress. But even the most conscientious efforts to improve working conditions are unlikely to eliminate stress completely for all workers. For this reason, a combination of organizational change and stress management is often the most useful approach for preventing stress at work.

Whatever the strategy used, the process for stress prevention programs follows through three distinct steps: problem identification, intervention, and evaluation.

4.1 Stress Management Programs

The three broad stages of a stress management program are:

IDENTIFYING SOURCES OF STRESS

Identifying stress at an early stage can save a lot of suffering both for the individual and the organization. In recent years several diagnostic procedures such as interviews, questionnaires, observational techniques that include both quantitative and qualitative techniques for determining stress levels in organizations are available. Interviews allow in-depth probing, but they are time-consuming and depend primarily on the listening skills of the interviewer. Questionnaires have the advantage of being able to process higher volumes of data, but they often lose the “flavor” or feel of the responses. Observational techniques involve the use of either quantitative or qualitative techniques. Quantitative techniques include the use of company records such as the rates of absenteeism, tardiness, turnover, and production. Qualitative techniques involve observing workers for the signs of stress-related behavior.

In addition to these measures employee survey questionnaires, to measure their perception of job conditions, stress, health, and satisfaction on the job can be used to collect data, and to identify problem locations, and stressful job conditions. One could also hold discussions with its employees to identify if any of them perceive stress in their jobs and if so to identify the different source of stress.

Information and data gathered from discussions, surveys, and other sources should be summarized and analyzed to answer questions about the location of a stress problem and job conditions that may be responsible for example, finding whether are problems present throughout the organization or confined to single departments or specific jobs.

DESIGN AND IMPLEMENT INTERVENTIONS

Once the sources of stress at work have been identified, the next stage is to design and implement an effective and appropriate intervention strategy. The selection of a strategy depends on whether the identified source of stress is pervasive throughout the organization or if it is confined to only certain departments and individuals. Based on this organizations need to design either company-wide interventions or more narrow solutions such as redesigning the way specific jobs are performed, if stress is being felt by an entire department. In instances where only certain employees are experiencing stress, such individuals may be given individual stress management intervention or employee assistance intervention. The decisions reached by the managements to implement any intervention strategy should be first conveyed to the concerned employee or employees and only then should the organization proceed with the implementation.

EVALUATE THE INTERVENTIONS

After an intervention strategy has been implemented it is very essential to evaluate the procedure to ascertain whether the intervention is producing the desired effects. At this stage a second survey can be conducted after the intervention program to measure employee’s perceptions of job conditions, stress, health, and satisfaction. The results so obtained can often be misleading as many interventions produce an initial effect that does not persist for long. Therefore organizations need to take up evaluations at regular intervals of time or annually to determine whether the intervention strategies used do indeed have lasting effects or not. Reevaluation helps to adjust and redefine the nature and content of an intervention program. However, the process of stress prevention does not end with evaluation and refinement. It should be a continuous process that uses constant evaluation and refinement to ensure a stress free work environment.

SUMMARY

- Job stress in organizations is widespread, and according to a recent survey it is the biggest threat to the health of a nation's workforce.
- Prolonged stress or the constant triggering of the stress response prevents the mind, emotions and body to return to balance and normalize, leading to physical and psychological problems.
- Job stress results from either within an individual (internal factors), or those that are attributable to external factors such as environmental factors and organizational factors and results in physical, psychological and behavioral problems.
- High levels or prolonged stress can cause physiological symptoms and medical problems such as headaches, backaches.
- Psychologically, stress increases moodiness, depression, tension, anxiety, irritability, boredom, short temper, and procrastination.
- Stress is also known to result in outward behavioral symptoms such as lower job performance, poorer decisions, accidents, higher absenteeism and more workplace aggression.
- The best way to deal with job stress is to design strategies that would help manage stress a) at the individual level which mainly aimed at providing individuals with enhanced coping skills, and b) at the organizational level, which mainly deals with the source of the problem through better work design.
- Mild to moderate amounts of stress enables people to perform some tasks more effectively. It helps to keep the individual motivated to accomplish the desired objective. However, if the stressor continues, it eventually takes its toll, and results in decreased performance and deleterious health consequences.

Chapter XI

Organizational Structure and Design

After reading this chapter, you will be conversant with:

- Meaning of Organizational Structure and Design
- Major Elements of Organizational Structure and Design
- Determinants of Organizational Structure and Design
- Historical Roots of Organizational Structure and Design
- Basic Types of Organizational Structure and Design
- The New Design Options
- Organizational Structure and Design and its Effect on Employee Behavior
- Organizational Life Cycle

Good people in a poor organizational structure will fail, while average people in a healthy structure can succeed. For this reason, structure is often the starting point for building a high-performance organization.

1. MEANING OF ORGANIZATIONAL STRUCTURE AND DESIGN

Organizational structure is the formal framework by which job tasks are divided, grouped, and coordinated. The organizational structure details the manner in which the different tasks are organized, and the way in which labor is divided to achieve coordination among these tasks to achieve organizational goals. The success of an organization greatly depends on the way in which the different tasks in the organization are structured. The process of constructing or designing an organization's structure, which will enable the organization to effectively achieve its goals, is known as *Organizational Design*.

Traditional approaches to organizing work are being questioned and reevaluated in view of the changing needs, technological advances and globalization. Structures and designs that best support effectiveness and efficiency while maintaining the flexibility that is necessary for success in today's dynamic environment are being sought.

Organizational structures have basically evolved to facilitate specialization, standardization, and centralization of control and to foster both cost-effectiveness and employee commitment. Therefore, the organizational structure intervenes between the goals and accomplishments of the organization and greatly influences organizational effectiveness. Organizations can now adopt a structure that best matches its size and strategy over time.

Organizational structure helps to control tasks, enhances information processing among interdependent parts, and in the reduction of behavioral variability among organizational members. The objective of organizational structure is to balance the economic advantages of specialization with the problems and costs of coordination and motivation, i.e., the bureaucratic costs. (Bureaucratic costs arise from-supervisory monitoring, motivation problems, coordination activities and opportunism and information distortion.)

Traditionally, the formal structure of the organization has also been called the division of labor. Managers take great care to plan and organize different positions in the organization, plan their job duties and the lines of authority among different parts of the organization. Such careful planning is required to establish clear job descriptions, clear work activities and the way in which the total task of the organization is to be accomplished without confusion and overlap of duties.

Therefore, the two fundamental processes in organizational structure are ***division of labor*** and ***coordination***.

Division of Labor refers to the subdivision of work into separate jobs assigned to different people. Division of labor is essential as individuals in the organization have different physical and intellectual abilities. Based on these abilities people are assigned to different positions in the organizations. The two basic dimensions to the division of labor are the vertical division of labor and the horizontal division of labor.

The vertical division is concerned with apportioning authority for planning and decision-making and the horizontal division involves grouping tasks based on the type of jobs that must be performed, and departments so that the organization can achieve its goals.

The vertical division of labor once again differentiates between line and staff units. The personnel in charge of the line units are responsible for the conduct of major business of the organization. Whereas, the personnel of the staff units assist the line units by providing specialized expertise and services.

The line units have a direct vertical relationship with those positions above and below a particular level in the organization. There is a direct flow of authority

from top organizational authorities to different line positions, i.e., authority flows from top management through the middle management ranks, down via supervisors, to employees at the desk or the factory floor. Every organization has a line structure, wherein every individual in an organization reports to a superior from whom they receive orders, instructions, help, approval, and commands. The superiors in turn guide and direct the activities of those employees in positions below the same line. This type of control and coordination is possible as long as the organization is small; as it expands and becomes large and complex it requires the support, guidance, and advice of specialized experts who are not directly involved in furthering the organization's core activities. For example, an organization's core task may be of producing certain goods, but as the organization grows it would require the assistance of advertising experts to promote its sales. The advertising experts are the staff employees as they are not involved with the core task of production of goods and thus they do not constitute a level in the hierarchy of the organization. They work within the authority entrusted to them and cannot command over other departments in the organization. The staff employees merely plan for, recommend, advise and assist a line department. However, each staff department has its own internal line structure. Therefore, the line units are the decision makers and the staff units are the advisers.

Once the jobs have been divided they need to be coordinated. **Coordination** of work activities ensures that everyone in the organization works towards the attainment of common objectives of the organization. Organizations make use of a set of mechanisms to link the actions of its units into a consistent pattern. Usually the management hierarchy is used to maintain the necessary consistency and integration. As organizations expand other ways of linking work units need to be considered, as the existing managers become overloaded.

Coordination can be achieved through personal methods and impersonal methods. Personal methods include the use of E-mails, and other computer-based links available in the organization, the organizational members are encouraged to keep in touch with each other, and share information. This type of information along with the information that one receives through the organizational 'grapevine' needs to be supplemented with more accurate information, which can be achieved by promoting dialogues and discussions both within and across organizational units. Impersonal coordination is achieved by stressing on consistency and standardization of work process, output and skills. The methods of obtaining coordination can be summarized as:

Direct Supervision: Managers working through the chain of command coordinate the work of their subordinates.

Liaison Role: an individual in the organization is assigned a part-time liaison role, to help achieve coordination between his or her department and another department.

Task Forces and Teams: Unlike individual members who are assigned the role of coordination, temporary groups are formed by drawing on individuals from different parts of the organization and assembled into a task force. These people identify and solve problems that cut across different departments.

Integrators: Sometimes individuals are specifically assigned to facilitate coordination between departments. They prove to be useful especially when conflicts between highly interdependent departments or departments with very diverse goals need to be resolved.

Mutual Adjustment: Coordination between departments is achieved through informal communication and task coordination.

Standardization of work Processes: Organizations sometimes provide for coordination of activities that are simple, by establishing rules and regulations. When tasks are simple, and standardized rules and regulations are available, tasks can be completed without much supervision.

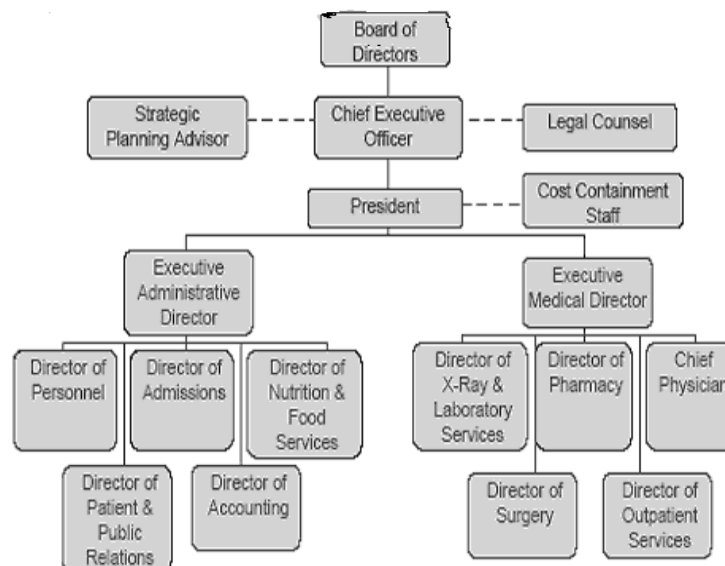
Standardization of Outputs: This means that the organization demands that output or the end product that is delivered meets certain physical and economic standards.

Standardization of Skills: This is achieved by providing standardized training to all technicians and professionals of a particular department. The employees then come to know what is to be expected of each other and work in unison.

Organizations make use of **organization charts to depict** their formal structure. An organization chart shows various positions, the position holders, line of authority that links them to one another and how the work of different people in the organization are coordinated and integrated. Organizational charts are drawn as either horizontal or vertical trees with labeled geometric shapes representing line, staff, or business units.

The figure below depicts an example of an organizational chart – the line units are indicated by the dotted lines (the strategic planning advisor and legal council are the staff units, they provide advice to the Chief Executive Officer, a line unit).

Figure I: An Organizational Chart of a Hospital



Source: <http://gladstone.uoregon.edu/~jlam/Management/ch8.pdf>

The organizational chart also makes clear how the organization's tasks are divided into specialized jobs. The more the tasks are divided into separate jobs, the more specialization an organization has. Larger organizations have more specialization than smaller organizations. Organizations also differ in the extent to which they divide labor vertically and horizontally. Traditional management theory suggests that each individual should have one boss and each unit one leader or what is known as *unity of command*.

2. MAJOR ELEMENTS OF ORGANIZATIONAL STRUCTURE AND DESIGN

Over the years management experts and specialists in the area of organizational behavior, have agreed that managers need to be addressed six basic elements when they design their organizational structures. The six basic elements of organizational structure are: (i) work specialization, (ii) Hierarchy of authority, (iii) Centralization and decentralization, (iv) formalization, (v) Complexity and (vi) Standardization.

2.1 Work Specialization

Work specialization refers to the way in which organizations sub-divide different tasks into separate jobs. This means that each task is broken down into a number of steps, so that different individuals get to do a specific part of a bigger job, i.e., people specialize in doing only one part of an activity rather than being an expert at performing an entire job by oneself, and several employees are responsible for a few specialized tasks. High specialization means that an employee performs a limited number of tasks, whereas low specialization means that an employee performs a number of different tasks. The level of specialization varies widely between and within organizations. As a rule, the more routine the work process is, the greater is the likelihood that high specialization will be found. This arrangement proves to be beneficial as:

- i. It is difficult to find a person who is an expert in executing and completing an entire job by himself or herself. For example one single individual cannot be expected to build a car by himself, and even in case we do find such an individual, the amount of time taken by him to build the car is many times more than what it takes when a number of people are working on it simultaneously and putting it together (some specialize in putting up the wheels, some others in putting on the doors and so on).
- ii. Managements also find it cheaper when they engage unskilled workers for the routine, repetitive jobs rather than employing skilled personnel for such tasks. The skilled people could be engaged to perform the more demanding and highly complex jobs that require highly developed skills. By doing so managements save on precious organizational resources, and avoid the unnecessary expenditure that would be incurred in employing highly skilled personnel (who naturally demand more pay) and then waste their expertise in getting them to do easy tasks which could be handled by any one.
- iii. It is less expensive to find and train people to do specific repetitive tasks.
- iv. Another advantage of work specialization is that when a person keeps performing the same task over and over again the speed with which the task is done improves.
- v. Work specialization and division of labor is also beneficial as individuals being taken into an organization vary in physical and intellectual capacities, therefore based on the individual capability job assignments can be made.
- vi. In most instances, increased specialization leads to increased productivity.
- vii. Higher work specialization typically enables higher levels of managerial control over work processes.

Work specialization also has its disadvantages; many times doing the same kind of activity over and over leads to boredom, fatigue, stress, low productivity, poor quality, increased absenteeism, and high turnover. At times specialization also complicates the coordination of work between individuals. These problems can be overcome if the workers are allowed to perform a variety of activities, or putting them into teams where they can get to interchange their work activities with other members in the team.

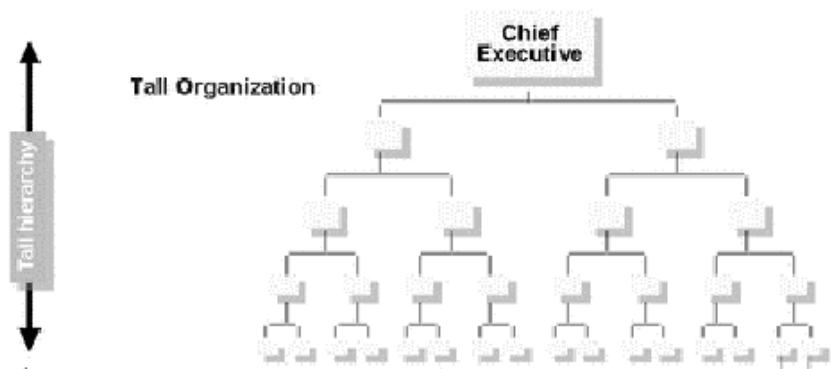
2.2 Hierarchy of Authority or Chain of Command

This is a very important and crucial aspect of organizational structure and design. Chain of command establishes the line of authority starting at the top of the organization to the lowest echelon, specifying who reports to whom in the organization, stipulating a form of *hierarchical order* and a *division of responsibilities*. Hierarchy refers to the number of levels of authority to be found in an organization. The division of labor and the relationship of one position to another are indicated in the organizational chart.

Organizations differ in the number of levels in their hierarchy. There are basically two types of hierarchies, 'tall' hierarchy and 'flat' hierarchy. Organizations with a number of levels in its hierarchy are known as tall organizations, and those that have only a few levels in their hierarchy of authority are known as flat organizations.

Personnel in tall hierarchies have to cope with the inconveniences of lengthy chains of command and indirect paths of communication. The problem with the tall hierarchies is that there are too many managers, which leads to coordination problems, and distortion of information, as messages have to go through a number of layers both upward and downwards. The figure given below depicts an example of a tall hierarchy or tall organizational structure.

Figure 2: A Tall Organization

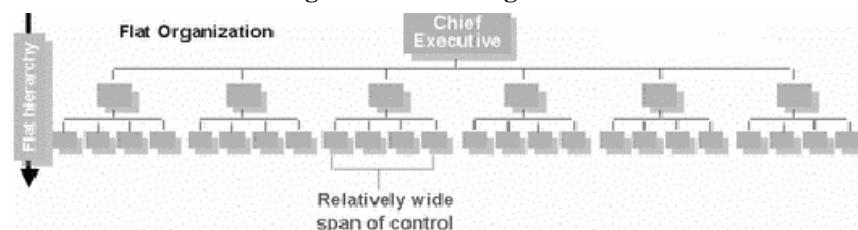


Narrow span of control

Source: <http://cgi.qualitas-fennica.fi/artikkelit/pohdiorganisaatiorakennetta/32.gif>

In flat organizations, the hierarchical structure is such that the distance between top management and employees is shorter, and lines of contact are more direct. The number of intermediary levels of management is done away with. The problem with flat hierarchies is that each manager will have a relatively large number of sub-ordinates, and sometimes it becomes very difficult for the manager to exercise direct control over these personnel. Apart from this, the fewer levels of hierarchy provide fewer promotion steps for employees to climb. The figure given below depicts the flat hierarchical structure or flat organization.

Figure 3: A Flat Organization



Source: <http://cgi.qualitas-fennica.fi/artikkelit/pohdiorganisaatiorakennetta/32.gif>

In tall hierarchies the people in the higher positions in the organizations hierarchy have more authority, i.e., there is centralized authority and decision-making is restricted to higher-level managers. For example, the President and Vice-President have more authority than do managers in the middle and lower levels. On the other hand, in flat organizations authority and decision-making powers are decentralized and middle and lower-level managers are also entrusted with these powers.

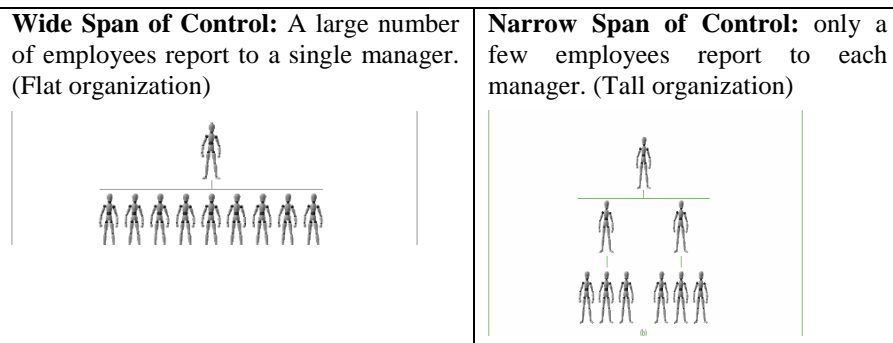
There are three related concepts that are included in the chain of command; they are authority, responsibility, and unity of command.

- i. **Authority** is the right that is inherent in a managerial position, it entrusts the manager with the power to tell people what to do and to expect them to do it.

- ii. *Responsibility* is the obligation or expectation to perform the duties that one is entrusted with, irrespective of the position they occupy in the organization.
- iii. *Unity of Command* is the classical management principle that a sub-ordinate should have one and only one superior to whom he or she is directly responsible; i.e., a person should report to only one manager. This also ensures that no individual is caught between two conflicting demands placed on the individual by two superiors.

2.3 Span of Control

It refers to the number of sub-ordinates who report to a single manager and for whose work that person is responsible. The span of control in tall hierarchies is narrow as only a few employees report to each manager. In flat hierarchies the span of control is wide and each manager will have a relatively large number of sub-ordinates, and thus each manager has a broad span-of-control. Modern organizations allow for broader span of control, to provide flatter formal organizational structures, and still maintain control of complex operations.



Source: http://media.wiley.com/product_data/excerpt/79/04714744/0471474479.pdf

2.4 Centralization and Decentralization

In some organizations the decision-making authority is retained in the hands of the top management or upper level managers only and the lower level functionaries implement their decisions. Centralization allows for easier coordination or organizational activities, and decisions are fitted to the broader organizational objectives. Sometimes when the decision-making power is delegated to the people in the lower levels in the organization, it is known as decentralization. When the decision-making authority is decentralized employees are able to act more quickly and solve problems more efficiently as more people provide inputs into decisions. Employees are also less likely to feel alienated from those who make the decisions that affect their work lives. Modern day organizations are adopting the more flexible method of allowing the lower-level managers who are closer to the scene of action, and who tend to have a more detailed knowledge about problems than top managers to make decisions and to use discretion in matters related to their daily work routines. The advantages of decentralization are that there is an increased level of motivation and accountability throughout the organization, there is also a reduction of workload on top-level managers, and they can devote their time to more demanding and complicated issues that require specialized knowledge and expertise. Currently there is a growing trend towards decentralization to improve efficiency.

2.5 Formalization

Formalization refers to the degree to which jobs in an organization are standardized. It deals with how competencies required for a particular job are defined in terms of detail and accurateness regarding each area / department as well as its functions and links between them. Care is taken to ensure that the different roles are made clear for everyone, leaving no room for individual interpretations. When a job is highly formalized the employee is given little discretion over what is to be done, all he has to do is to handle the given job in exactly the way that is specified. When formalization is low, employees have a

great deal of freedom to exercise discretion in their work. The degree of formalization varies between organizations.

2.6 Complexity

It refers to the extent to which organizations divide labor vertically, horizontally, and geographically. As organizations grow in complexity it has people performing varied tasks in different places within the organization and also in different geographic territories in which the organization has operations.

3. DETERMINANTS OF ORGANIZATIONAL STRUCTURE AND DESIGN

The choice of an appropriate organizational design is dependent on a number of factors such as size of the firm, its operations and information technology, its environment, and the strategy it selects for growth and survival.

3.1 Organizational Size

Large organizations are more complex than smaller organizations, that is why smaller organizations have relatively simple structures unlike the larger organizations. Large organizations have, more specializations, complicated interrelationships, and more rules and regulations and therefore require organizational designs that suit their unique needs. It is important to note that the impact of size on structure decreases as the organization expands.

3.2 Technology

The structure that is adopted by an organization should be such that it can be adjusted to fit its technological opportunities and requirements. Every organization makes use of some technology or the other to convert its financial, human and physical resources into products or services. Organizations make use of operation technologies or information technologies for this purpose. Operation technologies are the combination of resources, knowledge and techniques that create a product or service output for an organization. Information technology is the combination of the machines, artifacts, procedures, and systems used to gather, store, analyze, and disseminate information for translating it into knowledge. Numerous studies have been conducted to study the technology-structure relationship. Here, we shall study Thompson's, and Woodward's classifications of technologies.

Thompson's View of Technology: James D Thompson classified technologies based on the degree to which the technology could be specified and the degree of interdependence among the work activities with categories called intensive technology, mediating technology, and long linked technology.

In Intensive Technology: A variety of techniques are brought together to be used by a group of specialists interactively, to solve problems. This type of technology emphasizes on coordination and knowledge exchange.

In Mediating Technology: Information management is more important than coordination. People who want to become interdependent are linked together, for example the creditors and depositors are linked via banks, which store money and information that facilitate such exchange.

Long-linked Technology: Refers to the task that is broken down into a number of small sequential steps and this type of technology is used mainly for mass production such as automobiles. The most crucial factor here is control and coordination is restricted to making sequential linkages work in harmony.

Woodward's View of Technology: Joan Woodward also divides technology into three categories, (i) Small-batch, (ii) Mass production, and (iii) Continuous-process manufacturing.

In Small-batch Production: The machinery and equipment used are not elaborate, and products are made to suit customer specifications. The emphasis is on craftsmanship.

In Mass Production: The production of goods is on a massive scale made possible with the use of sophisticated machinery. Production is usually through an assembly line system; therefore detailed instructions are given to the workers and they are expected to follow them meticulously. In mass production work of one group is highly dependent on that of another.

Continuous-Process Technology: Makes use of automation to produce a few products for example, chemical plants.

According to Woodward, technology and organizational design should be properly matched to ensure organizations success.

Modern day organizations are relying more and more on Information Technology (IT) in their day-to-day activities. Computers, telecommunication options are being increasingly used in the management of the enterprise. IT is increasingly being used:

- a. as a partial substitute for some operations, process controls and impersonal methods of coordination.
- b. as a capability for transforming information to knowledge for learning, and
- c. as a strategic capability.

When IT was introduced into organizations it greatly transformed organizations and added a new capability into their existing systems. Computers were used as substitutes for handling the more routine and repetitive tasks, such as bookkeeping, writing checks for payroll and keeping track of sales. This necessitated the use of ZIP code to facilitate the machines to help sort mail and at a later stage computers were used to replace process controls and informal coordination mechanisms. Decision Support System (DSS) was used for executing jobs that required making routine choices based on certain rules, procedures, and policies, for example the issuing of credit cards. When a person applies for a credit card from a bank, a computer program would check the credit history and other financial information of the individual and if all the conditions are satisfactory a credit card is issued to the person.

With the advancement in IT, computers began to be used not only for the more repetitive and routine tasks, but they began to be used for providing information that is needed for planning, making choices, coordinating with others and for monitoring and control. Further developments in telecommunication systems, transformed IT from being a 'substitute' to a 'mechanism for learning'. It promoted electronic commerce, teleconferencing, and with the help of virtual meetings and E-mail facilities a whole new way of dealing with problems emerged. Departments of the organization that are spread over different continents could stay connected to share knowledge, expertise, insight and experiences in dealing with various issues. IT has also exerted a profound impact on the production segment; it is linked to Total Quality management (TQM) and is used to systematically improve quality and efficiency of the organization.

Total Quality Management (TQM)
Total Quality Management, or TQM, is a philosophy of management that is driven by continual improvement and responding to customer needs and expectations. It is primarily a response to global competition and more knowledgeable and thus demanding customers. TQM encompasses all stakeholders in a relationship focused on improving the effectiveness and efficiency of the organization. At the core of the TQM approach, is the ability to measure improvements.

When viewed as a strategic capability, it has revolutionized the banking, finance, dating and employment services that rely on mediating technology. For example banks match individuals who want to borrow with those who want to lend by placing these individuals into categories. IT revolutionizes the categorization process that underlie the matching by helping to create much more sophisticated categories and link these categories in new and novel ways. This process facilitates all types of financial institutions to participate in lending money and mortgaging, and people can get a mortgage, a credit card, or use the ATM machine without ever contacting an individual.

3.3 The Environment

Organizations operate within an environment, they need to receive inputs and sell outputs. Therefore, all those institutions or forces that potentially effect the organization's performance comprise an organization's environment. The cultural, economic, legal-political, and educational conditions found in the areas in which the organization operates comprise an organizations *general environment*. Similarly, the *specific environment* of an organization comprises of the owners, suppliers, distributors, government agencies, technological breakthroughs and competitors with which an organization must interact to grow and survive. The key dimensions of organizational environment are *capacity*, *volatility* and *complexity*.

Capacity refers to the extent to which the environment of the organization can support growth. Volatility refers to degree of *stability* or *uncertainty* that is faced by an organization because of either few changes in its environments or constant rapid changes in its competitors, technological breakthroughs, and government regulations that affect their business, competitors, and customers. Complexity refers to the degree of heterogeneity and concentration among organizational elements. When the organizational elements are homogeneous and concentrated the environment is simple, and when the environment is characterized by heterogeneity and dispersion it is complex. A more complex organizational environment provides more opportunities and problems.

3.4 Organizational Strategy

Organizational strategy is the process of positioning the organization in the competitive environment and implementing actions to compete successfully. An organizations structure and strategy are closely linked, and the structure of the organization greatly depends on the organizations overall strategy. Whenever managements make a significant change in its strategy, the structure of the organization needs to be modified to accommodate and support this change. The three strategy dimensions that are currently being focused on are (i) innovation, (ii) cost-minimization and (iii) imitation.

- i. Innovation strategy refers to the degree to which an organization emphasizes on the introduction of major new products and services.
- ii. Cost-minimization strategy refers to the strategy adopted by an organization to control production costs, cutting down of unnecessary expenses and cutting the prices of its basic products.
- iii. Imitation strategy is the strategy adopted by an organization to minimize risks and maximize profits. They achieve this by venturing into new products or markets only after their viability has already been proven. It means that they imitate and copy the successful ideas of others.

After an organization decides on a specific strategy it can then selects an organizational structure that best matches its strategy.

4. HISTORICAL ROOTS OF ORGANIZATIONAL STRUCTURE AND DESIGN

Before we begin to understand the basic organizational structures let us take a look at the historical roots of organizational structures. Basically different organizational structures have evolved from the notion of **bureaucracy** that has been advocated as an ideal type of organization by the German sociologist Max Weber.

Weber advocated that organizations would thrive if they became bureaucracies. Bureaucracies are characterized by division of labor, specialization, hierarchical control, centralized authority, narrow span of control, decision-making that follows the chain of command, promotions are given on the basis of merit, provide career opportunities for employees, and have very formalized rules and regulations. As bureaucracies prize efficiency, order and logic it was felt that such a form of organization would be fair to its employees and provide for individual expression. The advantages of bureaucracies are that (i) Standardized activities can be performed in a smooth and efficient manner, (ii) They minimize duplication of personnel and equipment, (iii) They incur less expenditure in employing personnel as jobs are broken down into these smallest elements and such jobs require only less talented people, who demand comparatively lower wage rates, (iv) As the rules and regulations are formalized and pervasive employees require less of managerial supervision, decision-making is centralized so there is uniformity. The major weakness of a bureaucracy is that it gives rise to lot of subunit conflicts, i.e., units that are created because of specialization, and the goals of the functional units can override the overall goals of the organization. The other weakness of the bureaucracies is that the stringent rules and regulations leave little room for modification, and when employees come across problems that they have not encountered earlier they are at a loss to understand how to tackle the new issue.

A break with this line of classical thinking on organizational structure came with the work of Chester Barnard. Organizational structure is generally recognized to be the work of Chester Barnard. He defined formal organization as a system of consciously coordinated activities of two or more persons. With this definition, emphasis was placed on the human element in organization structure. He opined that organizations should exist based on a cooperative system, to facilitate greater participation, communication and willingness of the employees to strive towards the common organizational goal.

The next important development was to view organizations as open systems. The key to viewing organizations as open systems is to recognize external environment as a source of significant input. Inputs from the environment could include monetary, material, informational and human resources. These inputs are processed and transformed into outputs. Therefore, at the heart of the open system are the processes, operations, or channels that transform the inputs into outputs, and the design of the transformation process. The internal organizational design plays an important role, and consists of a logical network of sub-systems that lead to the output. The outputs are in the form of profits or loss, product or service sales, new products or services, and role behaviors. The transformation design involves a closed-system, which is a subsystem of the open system. The closed-system aspects of the transformation process are concerned with the interrelated and interdependent organizational subsystems of structure, processes and technology. These sub-systems should be organized in such a way that they lead to maximum goal attainment, knowledge, or output.

A change in this perspective came in when organizations began to be viewed as information processing systems. The three major assumptions of the information processing view of organizations are (i) Organizations face external

environmental uncertainty in the form of information technology or new economy and so on. It also faces internal work-related task uncertainty, i.e., when organizations are faced with a change in the external environment and are required to cope with it, under such circumstances, there is an element of uncertainty within the organization regarding how the various tasks need to be performed. Task uncertainty is difference between the amount of information already possessed by the organization and amount of information that is required to perform the task, in the changed circumstance. In such a situation the organization must be in a position to diagnose, cope, and reduce the task uncertainty. (ii) The second assumption is that when faced with uncertainties the organizational structure should create the most appropriate configuration of work units to facilitate the effective collection, processing and distribution of information. By doing so organizations become information processing systems. (iii) The third assumption of the information processing approach deals with deciding the optimal structures for different subunits within the organization, and their effective coordination.

Finally, we come to the contingency models that relate to how the organization designs adjust to fit with both the internal environment, and the external environment specific to an organization.

With newer ideas and theories the views regarding organizational structure began to change and in the following section we shall discuss some of the basic or common organizational structures that one comes across in OB literature.

5. BASIC TYPES OF ORGANIZATIONAL STRUCTURES AND DESIGNS

The structure of an organization results from the choices made about the division and grouping of tasks into functions, departments, sections and units. The structure of the organization can either limit or provide for the smooth attainment of the objectives of the organization. The organizational structure also creates or restrains opportunities for interactions with other organizational members, influencing the attitudes and social relations that emerge over time and the way in which work related tasks are completed.

Therefore, it is important for organizations to understand the ramification of their decisions when selecting the type of organizational structure in which to operate their business. It is extremely important that the organizations be aware that the structure needs to be in alignment with their short-term and long-term goals and objectives. Some of the basic organizational structures are:

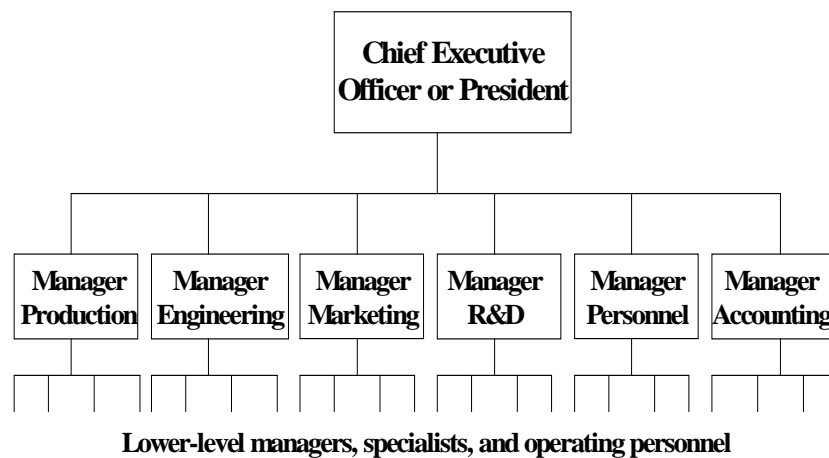
5.1 A Simple Structure

This kind of a structure is preferred when organizations are small and the manager and owner are the same. Such an organization employs only a few people and typically offers only one distinct product or service. The staff acts as an extension of the manager's supervisory authority. This type of an organizational structure is characterized with low departmentalization, wide spans of control, authority centralized in a single person, and little formalization. The simple structures are 'flat' with two or three vertical levels in its hierarchy. The advantages of such organizations are that they are flexible, maintenance costs are minimal, accountability is clear, and supervision is easier. There is easy and informal flow of information between the owner-manager and the employees making it relatively easy to coordinate their activities. The disadvantages of the simple structures is that as the organization grows and expands the lack of formalization, and high centralization creates information overload at the top and decision-making becomes slower.

5.2 Functional Structures

When the jobs in an organization are grouped together under different heads, based on functions performed, the organization is said to have what is known as a **functional structure**. Jobs that require similar or related occupational specialties are grouped together; this results in the formation of departments. Examples are accounting, finance, marketing, production, research and development, administrative services, and so forth. This type of grouping works best in small to medium-sized firms that offer relatively few product lines or services and geographically centralized. The main advantages of grouping jobs based on the functions being performed are: (i) Efficiency, as pooling of specialists enhances coordination and control (ii) Efficient use of talent, (iii) Career paths and professional development in specialized areas is facilitated, and (iv) This form of structure reduces duplication of activities and encourages technical expertise. The disadvantages of this type of structure are: (i) Differences in functional orientation impede communication and coordination, (ii) Tendency for specialists to develop a short-term perspective and a narrow functional orientation, (iii) Functional area conflicts may overburden top-level decision makers, (iv) It creates a narrow perspective and coordination between the activities being performed by the various departments of the organization might pose a problem (v) It is difficult to establish uniform performance standards. The figure below shows an organization wherein jobs in the organization are grouped together under different heads, based on the functions performed.

Figure 4: The Functional Structure of an Organization



Source: http://highered.mcgraw-hill.com/sites/dl/free/0072843829/93890/chapter_10_powerpoint.ppt

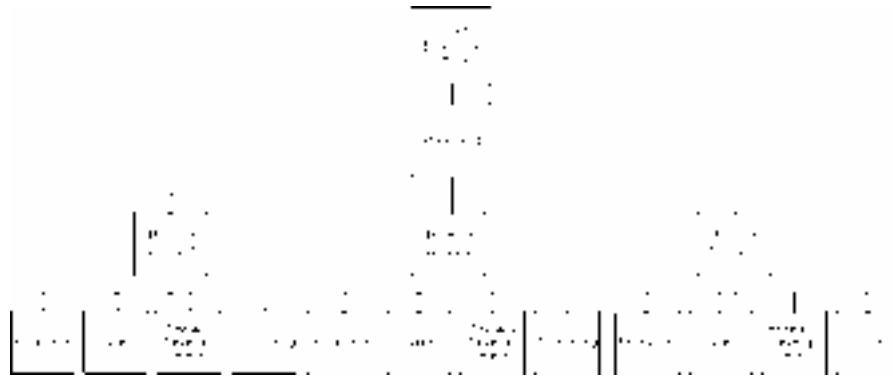
5.3 The Divisional Structure

It is an organizational structure that is made-up of separate specialized business units or divisions to facilitate gains from specialization. Such structures are designed to manage diversification while controlling bureaucratic costs and control-loss problems. They decentralize operating decision-making to the business unit or division level where all necessary competitive and operational decisions are made. However, the strategic decision-making responsibility is retained at the headquarter level. The headquarters also maintain each division's performance by using both objective market and output measure and subjective performance measures. In this design, each unit or division has a relatively limited

autonomy. The function of each unit is specified and standardized so that all units work together effectively to achieve the overall purpose of the organization. There are five major ways in which organizations are made into units or divisions:

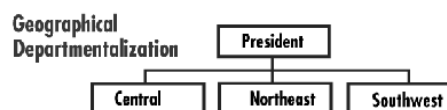
- i. When grouping of jobs is done on the basis of the common products being produced or services that are being given it is known as **Product divisional structure**. An example of such a structure is a health care facility that has a radiology department, a physical therapy department, a pharmacy, etc. Each of these departments may operate autonomously. Advantages of this type of departmentation are better coordination and communication among the functional specialists working on different product lines. They are better able to respond to customers in a timely way. The main disadvantage of the product-oriented departments is that they may be actually working at cross-purposes with each other. The figure below depicts the divisional structure of an organization based on the products being produced.

Figure 5: Product Divisional Structure



- ii. Sometimes users, clients, and customers determine the organization of departments. This is a highly popular approach because it allows better monitoring of customers' needs and responding to those changing needs. For example, a department might be organized for retail customers, another for wholesale customers, and so forth. In a legal firm, some attorneys might work with individual cases while others might work with corporate cases. The goal of **customer divisional structure** is to provide better service to each customer group through specialization.
- iii. Sometimes departments are also made on the basis of specific products or services that are made available only in certain specific geographic territories (**geographic divisional structure**), such units deliver products or services in specific territories and are usually small and self-contained. The figure given below depicts the structure of an organization that has departments based on their location in specific regions.

Figure 6: Geographical Departmentation



- iv. Hybrid divisional structure involves some combination of the structures mentioned above. Such a division is aimed at capitalizing on the strengths of various structures, while avoiding the weaknesses of others.

Generally, organizations can make use of most if not all of these factors as the basis for division within the organization. However, whichever factor works best, is the one that is used.

The process of making divisions within the organization as a whole has several major benefits. (i) Individuals within the group can share resources allotted to their departments and avoid the problems associated with sharing of resources across functions. (ii) It improves the ability of the organization to direct and control the activities of its employees. (iii) Managers and supervisors are assigned to work with specific departments or units, making the managerial/supervision process more effective. (iv) There is an increased focus on products and mastery as each department aims at specific aspects only. The disadvantages of divisional structures are that (i) It increases the costs, as there is duplication of personnel, operations and investment. (Each department has its own research wing, accounts department and so on). (ii) Unnecessary competition among divisions may detract from operating towards common goals. (iii) Difficulties may arise in maintaining uniform corporate image. (iv) Overemphasis on short-term performance as each department wants to outdo the performance of the other by achieving quick short-term goals. (v) Opportunism and information distortion problems arise.

5.4 Matrix Structure

When organizations deal with technically complex projects that involve hundreds of sub-contractors who are located throughout the world, precise integration and control are needed across many sophisticated functional specialties and corporations. This requires one to make use of both functional and divisional forms of structures simultaneously. The major disadvantage of this type of structures is the loss of unity of command, and workers and supervisors in the middle of the matrix have two bosses – one functional and one project manager. The figure below depicts a matrix structure.

Figure 7: A Matrix Structure



5.5 Conglomerate Structure

Organizations may become conglomerates after becoming very large through mergers and acquisitions of a variety of businesses. An organization may buy other companies that are unrelated to their core business in an attempt to diversify. Diversification is one of the main reasons for conglomerate mergers. By having component businesses each making unrelated products, the overall sales and profits will be protected. For example, isolated economic events, such as bad weather or the sudden change of consumer tastes, may affect some product lines at some point, but not all products at the same time.

The conglomerate is characterized by a core of centralized finance and centralized management which provides planning, direction, management and financial resources for decentralized activities which have no inherent connection with each other apart from being a part of the plan of the central authority

Therefore, not all organizations are structured the same way, organizations may choose from any of the above structures. However, many of today's organizations are finding the traditional hierarchical organizational structures inappropriate for the increasingly dynamic and complex environments they face.

6. THE NEW DESIGN OPTIONS

To help organizations to compete effectively in the modern day settings, and to help them to adapt to changes, and to become more creative, managers and organizational behavior experts have been working to develop new structural options. While some attempted to modify the classical bureaucratic structures, others have come up with drastic changes. Basically different organizational structures are designed along the extreme models of the mechanistic type and the organic type of organizations.

Mechanistic Type of Organizations: These organizations were so named because they can be seen to operate as machines. They are characterized by highly specialized tasks that tend to be rigidly defined. Efficiency is achieved by emphasizing on vertical and horizontal specialization and control. The organizations have well-documented control systems and procedures, they focus on rules, policies and procedures. Communication is from the top and primarily takes the form of instructions and decisions issued by superiors to sub-ordinates. The techniques for decision-making are specified, and there is little participation by low-level members in decision-making. Loyalty to the organization and obedience to superiors is a condition of membership into the organization. The limitations of such organizations are that the employees do not like the rigid rules and regulations and therefore lack motivation and participate were little in decision making aspects of the organization. The problem gets aggravated with the formation of unions who in an attempt to protect employees from vertical control, demand fixed work rules and regulation. All these factors hinder the organizations' capacity to adjust to subtle external changes or new technologies.

The Organic Type: The organic type of organizations emphasize on horizontal specialization. Formalization of procedures is minimal leaving room for high levels of participation in decision-making. Employees are highly trained and are empowered to handle diverse job activities, and have little direct supervision. Control depends less on formal job position and more on expertise relevant to the particular problem being considered. It makes use of lateral, upward and downward communication. These communications primarily take the form of information and advice. This type of organization is better for problem solving, for serving individual customer needs, and for adjusting to the demands of new technological advances. The shortcoming of this type of organization is that centralized management control is lost.

Characteristics of Mechanistic and Organic Types of Organizations	
Mechanistic Type	Organic Type
High specialization	Cross-functional teams
Rigid departmentalization	Cross-hierarchical teams
Clear chain of command	Free flow of information
Narrow spans of control	Wide spans of control
Centralization	Decentralization
High formalization Examples: Mc Donald's, GM, Ford	Low formalization Examples: Motorola, Philips.

When organizations felt that neither the mechanistic nor the organic structures suited their individual needs, (the machine bureaucracy would overload senior management and yield too many levels of management and the organic type would mean losing control and becoming too inefficient) they adopted a model that was a hybrid of these two types. The following structural designs have been proposed to meet the new age demands: (i) The team structure, (ii) The network and virtual organization, (iii) The boundaryless organization, (iv) Learning organization.

6.1 The Team Structure

Team structure or *horizontal structure* is one of the newer concepts in organizational design. They are proposed in place of the traditional vertical and hierarchical organizations. In the team-based structure, an organization is made-up of work groups or teams that perform the organization's work. Departmental barriers are broken down and decision-making is taken to the level of work teams. The teams are given the full responsibility for most operational issues and client services. (Teams are groups of people who work collectively to achieve a common organizational purpose and for which all of the team members are accountable.) The principles that define a team or horizontal structure are:

- i. The functions and tasks to be performed are not given a priority; instead the focus is on the process involved in attaining organizational goals.
- ii. The number of levels in the hierarchy is cut to the minimum, and this results in lesser levels of supervision.
- iii. Teams are created to manage and attain organizational objectives, and the team members are held accountable. The team members are given the authority to make decisions directly related to their activities within the process flow.
- iv. Customer satisfaction is of prime importance, and performance is measured on the basis of customer satisfaction.
- v. Team performance rather than individual efforts are rewarded. Employees are rewarded for achieving mastery of many tasks and not for specialization in a specific area of work. People are trained to handle issues and work in cross-functional areas.
- vi. Suppliers and customers are brought into direct contact.
- vii. All the employees in the organization are provided with the full details and data regarding the organization. They are also trained on how to analyze and use the data to make effective decisions. The aim is to build a culture of openness, cooperation and collaboration.

The focus of group or horizontal structures is on continuous performance improvement and employee empowerment, responsibility and well-being.

6.2 The Network and Virtual Organizations

Network organizations have a network of relationships with other units or agencies through which they get their manufacturing, distribution, marketing or any other business functions done. As Jarillo has stated in his article *On Strategic Network* a network is considered to be a "long term purposeful arrangement among distinct but related for-profit organizations that allow those firms in them to gain or sustain competitive advantage". Networking enables co-operative relationships between people across structural, temporal and geographic boundaries having different core competencies. All of the assets necessary to produce a finished product or service are present in the different organizations in the network as a whole, and not held in-house by any one firm. The advantage of networking is that emphasis is placed on who can do what most effectively and economically rather than on getting the job done with the available in-house personnel.



With the advent of the new information technology and changing expectations on the part of consumers and collaborators, virtual organizations that closely resemble network organizations emerged. Like the network organizations virtual organizations also consists of members and contributors who are scattered in distant locations throughout the globe. They are formed and re-formed to meet the needs of new projects. The virtual organization also relies on multiparty co-operative relationships between people across structural, temporal and geographic boundaries. The workers and organizational units in a virtual organization are linked by dense networks of flexible computer based communications, which allow them to co-ordinate their activities and combine their skills and resources flexibly in order to achieve common goals. It means that in a virtual organization all places of work communicate through computers. One can go from one electronic workplace to another to see the activities that are taking place in the organization. For example, people involved in 'designing' can "meet" at an electronic workspace to discuss on coordination issues. They then get back to their individual workspaces to carry out their part of the design. Therefore in virtual organizations people no longer go to a specific location or place of work, instead they get to meet other people in the organization and get information on what needs to be done electronically, and work can be carried on from any location.

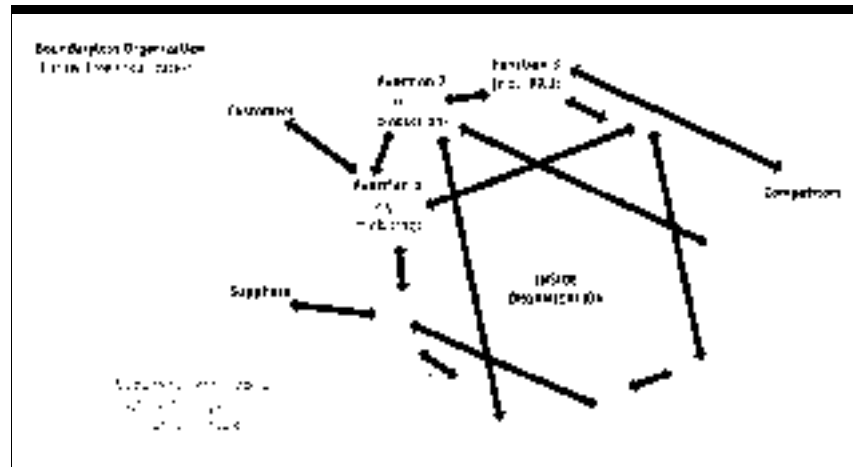
The reasons for organizations becoming virtual can be summarized as: (i) Globalization, with growing trends to include global customers, (ii) Ability to quickly pool expert resources, (iii) Creation of communities of excellence, (iv) Rapidly changing needs, (v) Increasingly specialized products and services, and (vi) Increasing use of specialized knowledge.

The advantage of virtual organizations is that by integrating their complementary core competencies, virtual organizations can reap the benefits of interdependence, i.e., reduced overheads, by sharing of costs, skills and risks, increased profits, greater commitment from members and customers, an increased array of opportunities for future collaborations, enhanced access to global markets. The disadvantages of such organizations are that (i) it is harder to determine where one company ends and another begins due to close interdependencies, (ii) it leads to potential loss of operational control among partners, (iii) it results in loss of strategic control over emerging technology, and requires new and difficult-to-acquire managerial skills. The main distinction between virtual and network organizations is that virtual organizations rely on information technology, have continuously changing partners, the arrangements are loose and goal oriented, emphasise is placed on the use of knowledge to create new products and services, and its processes can change quickly by agreement of the partners.

6.3 The Boundaryless Organizations

This type of organizational design eliminates all boundaries that divide employees. The horizontal, vertical, or external boundaries imposed by a predefined structure are eliminated. Boundaryless organizations try to break down external barriers between themselves and their customers and suppliers. They also seek to eliminate the chain of command, have limitless spans of control, and to replace departments with empowered teams. When the vertical boundaries are eliminated, the hierarchies automatically flatten out. Work coordination is achieved through project teams and performance appraisal is done by peers. Functional departments give way to cross-functional teams, which means that teams consist of members from multiple disciplines. Boundaryless organizations are able to respond quickly to environmental changes and to spearhead innovation as employees, managers, customers, and suppliers can work together, share ideas, and identify the best ideas for the organization. The advantages of the boundaryless organizations is that they leverage the talents of all employees, enhance cooperation, coordination, and information-sharing with internal and external constituencies, and enable a quicker

response to market changes. The disadvantages faced by these organizations are that there is lack of leadership and vision that can lead to coordination problems.



6.4 The Learning Organizations

Learning organizations have been defined as:

- Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.
- Learning organizations are characterized by total employee involvement in a process of collaboratively conducted, collectively accountable change directed towards shared values or principles.
- The Learning Company is a vision of what might be possible. It is not brought about simply by training individuals; it can only happen as a result of learning at the whole organization level. Learning Company is an organization that facilitates the learning of all its members and continuously transforms itself.

The use of the term learning organization is usually attributed to the seminal work of Chris Argyris and his colleagues. They made a distinction between first-order or 'single-loop' and second-order or 'double-loop' learning.

Single-loop learning: In single loop learning when an organization detects errors, they are corrected using past routines and present policies. This means that though the organization is learning to correct the errors keeping in view the present policies it is doing so without significant changes in its basic assumptions.

In Double-loop Learning: When an error is detected, it is corrected by bringing about a modification in organization's objectives, policies, and standard routines. It challenges deep-rooted assumptions and norms within an organization and involves the process of an organization learning how to learn.

However, it was Peter Senge who popularized the "Learning Organization" in his book 'The Fifth Discipline: The Art and Practice of the Learning Organization'. Senge described a learning organization as any organization (for example, school, business, government agency) that understands itself as a complex, organic system that has a vision and purpose, and has the capacity to enhance its capabilities and shape its own future. It uses feedback systems and alignment mechanisms to achieve its goals. It values teams and leadership throughout the ranks. Peter Senge differentiated between the *adaptive* and *generative* learning. According to him adaptive learning is the first stage in learning wherein the organizations learn to

adapt to changes in its environment. Generative learning on the other hand involves creativity and innovation, and requires the organization to go beyond simply adapting to change to being ahead of and anticipating change.

Therefore, the philosophy of such organizations is that people at all levels individually and collectively need to develop the continuous capacity to adapt and change according to the rapid changes in the environment, challenges of competitors, and demands of customers. This means that organizations not only encourage individual members to be creative participants and willing to reshape itself based on the changing requirements. The characteristics of a learning organization are:

- i. Every member in the organization agrees upon a shared vision for the organization.
- ii. People in the organization are willing to put away their old ways of thinking and problem solving, and willing to learn and adapt to the demands of the changing situations.
- iii. Employees of the organization come together to share their views and contribute towards the achievement of the goals and vision of the organization.
- iv. In order to achieve the shared goals, members of the organization communicate freely with each other, cutting across departmental and vertical boundaries.
- v. Self-interest is sublimated to achieve bigger organizational goals.

Learning organizations draw on the merits of the earlier mentioned structures, such as TQM, boundaryless organizations, and others to implement the shared vision. In learning organizations employees understand the importance of constructive criticism, and disagreement. For an organization to become a continual learner it (a) needs to clearly establish its strategy and make explicit its commitment to change, innovation, and continuous improvement. (b) Needs to redesign the organization's structure, i.e., flatten the organizational structure, eliminate or combine departments, and increase the use of cross-functional teams, interdependence is reinforced and boundaries between people are reduced. (c) needs to reshape the tone of the organization's culture, i.e., it means that organization and employees of the organization must learn that it is o.k., to be not in agreement with others and to express a different point of view or to indulge in constructive criticism.

7. ORGANIZATIONAL STRUCTURE AND DESIGN AND IT'S EFFECTS ON EMPLOYEE BEHAVIOR

As stated in the beginning of the chapter an organization's structure and design have a significant effect on its members. How the organizational structure and design affect behavior can be summarized as below:

- The structure of an organization is one of the most critical determinants of performance. If the structure is dysfunctional, a brilliant vision, top-notch people, and plentiful resources will have little impact. Attempts to improve its performance will be frustratingly unprofitable. New methods, policies, technologies, and people won't help if the design of the organization impedes people's best efforts.
- When the structure is well designed, it allows people to act independently while automatically coordinating their activities. This empowerment taps everyone's talents, and relieves the management of the responsibility for detailed supervision and problem resolution. Thereby allowing managements to focus their time and energy on the strategic activities of the business.

- A well-structured organization also enhances teamwork, people know where to turn for specific kinds of help, and teams are formed in response to customers' requirements.
- Structure becomes the stable guiding force for the organization; structure transcends time and the issues of the day. Thus, organizational structure has a significant impact on people's success – in particular, on their ability to deliver strategic value, work in teams, integrate their activities, and grow and adapt. A well-designed structure can guide people into their most effective roles, and ensure teamwork across the organization. On the other hand, an unhealthy organizational structure can create unnecessary stress and continually impede performance.

How the structure and design chosen by an organization actually effect its employees' behavior depends upon the unique personality make-up of each of its employee's. For example, not all employees would prefer to work in an organization that adopts an organic structure, and allows its employees absolute freedom and flexibility. Likewise, employee's preferences for *work specialization*, *span of control* and *centralization* also differ and the preferences of the individuals affect their behavior in the organization.

For instance, let us take the example of an organization that requires high job specialization- due to inherent individual differences, the organization might have some employees who are turned off by overly specialized jobs, while some others might prefer the routine and repetitive nature of the specialized jobs. The individual who prefer high work specialization definitely have greater job satisfaction than those who do not prefer high specialization. Therefore the percentage of people in an organization who prefer work specialization would determine the level of job satisfaction among employees in the particular organization. If however, the number of people who prefer personal growth and diversity are more in the organization then negative behavioral outcomes from high-specialization would surface.

There are no research findings that can clearly establish the relationship between wide or narrow span of control and employee performance and satisfaction. This is because a number of factors such as employees' experiences and abilities, the degree of structure in their tasks, and their personal preference to be left alone or a preference to work under the constant guidance of a boss determine this relationship.

It is found that when employees are allowed to participate in the decision-making process, there is job satisfaction. But once again due to individual differences, the decentralization-job satisfaction relationship is shown to be strongest amongst employees who have low self-esteem. This is because individuals with low self-esteem have less confidence in their abilities, and therefore value a structure that focuses on shared decision-making, and they are not held solely responsible for any of the decision outcomes.

Therefore, individual differences such as experience, personality and work task, need to be taken into account, when an organization aims to maximize its employee performance and satisfaction. The negative effect of structure on behavior can be greatly reduced when proper matching of individual characteristics and organizational characteristics is done at the stage of the selection process itself. Evidence shows that people who are attracted to, and selected by the organization on the basis of this match stay with organization much longer and enjoy greater job satisfaction.

Apart from these above-mentioned factors an understanding of an organization's life cycle is important for all managers. Because as organizations move through distinguishable life cycles, or stages of development they mature and grow, and as organizations pass through these stages, their basis of growth and their goals also change. Therefore, at each stage of development organizations need to make use of

different management style and organizational structure, to be effective or face the eventuality of rapid decline and closure. It is quite common to see some new organizations such as restaurants for example to have high rates of startups and closures. This tendency is called the liability of newness. Older well-established organizations also sometimes head in for such a rapid decline and people often feel a sense of shock when they read about a famous company that closes its doors. Therefore, the first challenge for leaders who wish to see their organizations grow and develop is to understand what phase of the organizational life cycle their organization is in and adopt the strategies that suit the particular needs of the stage.

8. ORGANIZATIONAL LIFE CYCLE

There is no consensus among experts regarding the exact number of stages in the life cycle of an organization. However, it is agreed that an organization roughly passes through the following stages during its life cycle:

Informal Phase: The first stage of an organization's life cycle is characterized by strong commitment and purpose. The goal at this stage is survival, and the structure adopted is non bureaucratic. Although feelings of uncertainty about the future linger in the minds of everyone in the organization, the attitudes of those involved are positive and supportive. Members are interdependent, totally involved and willing to work together. Roles and responsibilities are loosely defined and often overlap. Communication among staff is frequent and fluid, decisions are usually unanimous, and the organization works like one big family - in which everyone is a part of everything. If anyone finds it difficult to share the common vision or are not willing to get involved in the activities of the organization they leave the organization. In the infant organization people are action-oriented, opportunity-driven, and vision-focused and growth is achieved through creativity. Usually in such an organization the organization's founder rules the organization and does not rely on formalized rules and relationships. Slowly as the organization takes roots and starts expanding its activities, problems begin to surface. New employees taken to handle the expanding activities may not be as motivated as those who were there from the initial stages, communication becomes inadequate, and a loose management style is no longer sufficient to assure accountability or to guarantee high performance and productivity. Personally too the founders find themselves burdened with the growing responsibilities, it is at this point that the need for a change in the management style is felt and the organization faces a crisis situation there is a dilemma of whether the organization that is being managed by the organization's founder smoothly move to being managed by professional managers?

Structured Phase: In the next stage of the life cycle or development, the organization enters the growth phase. During this stage the goals of the organization; its structure, and actions become more formalized. Delegating of tasks and authority to professional managers takes place, and they begin to give directions regarding the conduct of everyday business and begin to coordinate the activities of the different individual's in the organization. Staff responsibilities are divided in more focused, specialized, and confined ways. Job descriptions are written, performance standards and expectations are clearly stated, and supervisory lines are clearly defined through organizational rules, and procedures. With this communication within the organization becomes more formal and impersonal and the organizational structure becomes more centralized and bureaucratic. Slowly procedures become too rigid, hierarchy too cumbersome, and participation too becomes limited. The staff begins to lose their sense of investment and ownership, they no longer have enough freedom to carry out responsibilities effectively on their own initiative and feel their creativity stifled. Eventually, there arrives a stage during which a need to change from a red-tape bureaucracy to a collaborative team-oriented organization eventually arises. And if change is not brought in quickly, growth becomes stagnant and results in a slow decline and eventual death or closure of the organization. Instead, if the organization tries to renew itself and bring in more autonomy and strives for greater staff input into

decision-making things being to improve and the organization is once again back on the road to success. The organization enters its third phase of its life cycle.

Decentralization Phase: During the third stage as management functions once again become decentralized, the organization typically experiences a burst of initiative and growth. The activities of the organization begin to expand to new issues, projects, and areas of activity. Delegation however brings with it a different set of problems; top managements begin to loose control, as decisions begin to be taken at the project or departmental level, and the executive director or other top managers are asked to intervene only when serious problems arise, and most staffers begin to have infrequent communication with the top managers.

Extensive delegation also breeds unhealthy competition within the organization as each department focusing on its own interests and goals rather than the overall aim of the organization. Infighting between the departments rage as each tries to get a larger chunk of the organizational funds allotted. In order to streamline its activities and to bring back coherence, consistency and coordination among various units and departments, the organization once again needs to redefine its structure.

Consolidation Phase: Therefore in the fourth phase of its life cycle the organization tries to bring in the right balance between overall focus, central planning and direction, on the one hand, and staff freedom, creativity and effectiveness on the other.

Some experts have compared the life cycle of an organization to that of the stages of development in the lifespan of an individual. The four stages are seen as comparable to the birth or infancy stage, the youth, midlife, and maturity stages, and if organizations do not take the required steps at the appropriate time the organizations face decline or impending death. Other researchers identify the different stages in the life cycle of an organization as phase of creativity, phase of direction, phase of delegation, phase of consolidation, and phase of collaboration. The following table depicts the stages of organizational life cycle, and indicates how the management focus, organizational structure, reward systems, control and communications change along with the change in the organizational life cycle.

	Phase of Creativity	Phase of Direction	Phase of Delegation	Phase of Consolidation	Phase of Collaboration
Characteristic features	One big family working for the cause; everybody Pitches in to help with everything	Operations procedures are written and standardized: job description, personnel policies; jack-of-all-trades disappears	Expansion into new project areas; staff makes decisions; heightened motivation at lower levels	More formal and time consuming planning; provide greater coherence, consolidation, and organization	Strong interpersonal collaboration; greater spontaneity in management action through teams
Management focus:	Commitment to cause	Efficient operations	Expansion of market	Consolidate organization	Solving problems quickly through team action
Organizational Structure	Informal/family	Centralized	Decentralize/ geography	Team approach	Task-grouping activities
Management Style:	Individual/ entrepreneurial	Directive	Delegate	Watchdog	Matrix-type structure
Rewards:	Mission/meaning	Salary/ Merit increases	Mission, project bonuses	Mission, money	Flexibility in job schedules; money
Control System:	Tangible results	Standards	Reports/profit center	Plans, reports	Conferences for key managers
Communication:	Frequent and Informal	Formal/impersonal	Decentralized	Frequent and staff reporting	Reporting made public throughout organization

Experienced leaders recognize the particular life cycle that an organization is going through, and from this can easily understand the types of problems being faced by the organization during a particular life cycle stage. This gives them a sense of perspective and helps them to decide how to respond to decisions and problems in the workplace.

Thus, it can be said that a clearly defined organizational structure dispels doubts from the minds of people regarding what they do in the organization, whom they report to and take orders and guidance from. This kind of clarity at work, develops a positive attitude towards the organization, and motivates them to higher levels of performance. Further, managers can easily adapt suitable strategies for management depending on the requirements of the specific stage of an organization's life cycle. The structure of the organization can also be changed and modified to adapt to the changing needs of the environment.

SUMMARY

- Organizational structure details the manner in which different tasks are organized, and the way in which labor is divided to achieve coordination among these tasks to achieve organizational goals.
- The process of constructing or designing an organization's structure, which will enable the organization to effectively achieve its goals, is known as *Organizational design*.
- Organizational structures have basically evolved to facilitate specialization, standardization, and centralization of control and to foster both cost-effectiveness and employee commitment.
- The two fundamental processes in organizational structure are division of labor and coordination.
- Division of labor refers to the subdivision of work into separate jobs assigned to different people. The basic dimensions to the division of labor are the vertical division of labor and the horizontal division of labor.
- Once the jobs have been divided they need to be coordinated. Coordination of work activities ensures that everyone in the organization works towards the attainment of common objectives of the organization.
- Organizations make use of organization charts to depict their formal structure. An organization chart shows the various positions, the position holders, and line of authority that links them to one another and how the work of different people in the organization are coordinated and integrated.
- The basic elements of organizational structure are: (i) Work specialization, (ii) Hierarchy of authority, (iii) Centralization and decentralization, (iv) Formalization, (v) Complexity, (vi) and Standardization.
- The choice of an appropriate organizational design is dependent on a number of factors such as size of the firm, its operations and information technology, its environment, and the strategy it selects for growth and survival.
- Some of the basic organizational structures are: (i) The simple structure, (ii) the functional structure, (iii) the divisional structure, (iv) matrix structure, and (v) conglomerate structure.
- The newer design option for organizations are the (i) The network and virtual organizations, (ii) the boundaryless organization, and (iii) learning organization.
- An organization roughly passes through the following stages during its life cycle, informal phase, structured phase, decentralization phase, and consolidation phase.

Chapter XII

Employment of Human Resources

After reading this chapter, you will be conversant with:

- Job Design and Job Analysis
- Human Resource Planning
- Recruitment
- Selection and Placement

People are an organizations most important and essential asset. Therefore, unless and until qualified and motivated people fill the various positions in the organization, there is no way that organizations can fulfill their goals and objectives. Here arises the need for an efficient system of *human resources management* (HRM) that will take care of all tasks pertaining to recruiting and retaining human resources in the organization. Human resource management is therefore the process of working with people so that they and the organizations that they work for reach full potential. The key tasks of HRM encompass recruitment, selection, training, evaluation, compensation, motivation and development of human resources. This chapter covers the important aspects of job design and job analysis, human resources planning, recruitment and selection of employees. Most modern day organizations have a separate and specialized wing, i.e., the human resources department to look into these issues.

1. JOB DESIGN AND JOB ANALYSIS

The objective of effective selection is to match individual characteristics such as ability and experience with the requirements of the job. Job design and job analysis help to achieve this right individual-job fit.

Job design involves structuring job elements, duties, and tasks to achieve effective job performance and optimal employee satisfaction. Effective HR departments help match employee skills to job requirements. Sometimes a job description is rewritten or a position is created to fit a talented employee.

Job analysis is the systematic study of the different jobs in an organization. It involves gathering data about job duties and responsibilities, minimum acceptable qualifications, skills, qualities and human abilities required for adequate job performance, and the working conditions. By finding out how and why the job is done, and knowing about the skills required to perform the work, organizations can draft job descriptions and conduct job evaluation, and determining the relative worth of a job for compensation purposes. Job analysis is the first step in assembling a wage and salary administration program because it defines the content of an organization's jobs on which to base wages and salaries.

1.1 Approaches to Job Design

Job design has been a subject of interest since the Industrial Revolution. The three approaches to job design are the Engineering approach, Human relations approach and Job characteristics approach.

- **Engineering Approach:** Scientific Management, developed by Frederick W. Taylor, gave rise to the Engineering Approach to job design. The key element of this approach was the 'task idea' that led to job specialization. The 'task idea' is the work of every workman that is fully planned out by the management, at least one day in advance. Each worker receives, in most cases, complete instructions, describing in detail the task which he has to accomplish. This task specifies not only what is to be done, but how it is to be done and the exact time allowed for doing it. Job specialization is characterized by jobs with very few tasks, that were repeated often during the workday and required few skills and mental ability. Such jobs are called specialization-intensive jobs.

According to principles of scientific management, the role of management in job design was a three-step process:

- i. The manager determines one best way of performing the job.
- ii. The manager employs individuals according to their abilities, which have to match the needs of job design.
- iii. The manager undertakes all planning, organizing, and controlling of a job. The workers have to be trained to perform the job in one best way by the management.
- iv. Though specialization offered economic benefits, and enhanced organizational performance, many behavioral scientists found that some job incumbents disliked specialized and routine jobs.

- **Human Relations Approach:** The human relations approach highlighted the need to design jobs that were interesting, rewarding and allowed greater personal interaction among workers. With Herzberg's research popularizing the notion of enhancing need satisfaction, job designing has focused on satisfying the employee's need for growth, recognition and responsibility.

According to Herzberg, there are two types of factors, the motivators and hygiene factors, that affect the job satisfaction. The hygiene factors are those which merely maintain the employee on the job in the organization. Some of these factors are the working conditions, organizational policies, interpersonal relations, pay and job security. These factors can be sources of dissatisfaction, if not maintained to the required degree, but their proper maintenance may not necessarily lead to satisfaction or motivation. On the other hand, motivation such as, achievement, recognition, the work itself, responsibility, advancement and growth are sources of satisfaction, and their presence in the job content would enhance the satisfaction and productivity of the employee.

Herzberg pointed out that hygiene factors were difficult to control effectively. Moreover, they did not provide long-term motivation. But they were necessary for preventing dissatisfaction.

Hence, he proposed that the job designer maintain hygiene factors at an adequate level, so as to reduce dissatisfaction and build motivating factors, so as to satisfy the psychological needs of employees.

- **Job Characteristics Approach:** The Job Characteristics theory of Hackman and Oldham held that employees work hard when they are rewarded for the work they do and when the work gives them satisfaction. Therefore, motivation, satisfaction and productivity should be integrated into the job design.

The job characteristic model has been developed based on this theory. This model identifies those specific job characteristics that affect productivity, motivation, and satisfaction and inter-relationships.

According to this model, any job can be described in terms of five core job dimensions or characteristics:

- i. *Skill Variety:* The degree to which a job necessitates a variety of different activities so that the employee can exhibit or use a number of different skills and talents.
- ii. *Task Identity:* The degree to which the job requires completion of a whole and identifiable piece of work. This refers to whether the job has an identifiable beginning and end, and how complete the module of work performed by an employee is.
- iii. *Task Significance:* The importance of the task and the degree to which the job makes an impact on the lives or work of other people. This includes both the importance of the task to the organization, or internal significance and external significance, i.e., the pride that employees take in telling others about their job and the organization they work for.
- iv. *Autonomy:* The degree to which the job provides freedom, and discretion to the employee or worker in scheduling the work and in determining the procedures to be used in carrying it out.
- v. *Feedback:* Objective information regarding the progress and performance, which may come from the job itself, from the superiors, or from an information system.

When the model is viewed from the motivational standpoint, it states that individuals obtain internal rewards when they *learn* (knowledge of results) that they have *personally* (experienced responsibility) performed well on a task that they *care about* (experienced meaningfulness). The more marked the presence of

these three conditions, the greater will be the employee's motivation, performance and satisfaction, and the lower will be absenteeism and the likelihood of turnover. However, these job dimensions may not lead to similar outcomes for all individuals. The link between the various job dimensions and the outcomes may differ from individual to individual and are moderated by the intensity of an individual's growth need (the employee's desire for self-esteem and self-actualization). Employees with a high growth need are more likely than their low growth need counterparts, to experience the critical psychological states, wherein they 'experience' the work as being 'meaningful', 'experience responsibility' for the outcomes of the works and have 'knowledge' of the work activities. Employees with high growth needs also respond more positively to the psychological states when they are present.

The core job dimensions are analyzed and combined into a single predictive index, the motivating potential score.

Motivating potential score = ((Skill variety + Task identity + Task significance) / 3) × Autonomy × Feedback.

Jobs that are high on motivating potential must be high at least in one of the three factors (skill variety, task identity or task significance) that lead to an experience of meaningfulness in the work. They must also be high on autonomy and feedback. A high motivating potential score predicts a positive effect on motivation, performance, and satisfaction of incumbents and lessens the likelihood of turnover and absenteeism.

JOB DESIGN OPTIONS OF MODERN MANAGEMENT

Modern management has recognized that the advantages of highly specialized jobs are outweighed by the increased cost of employee absenteeism and turnover, and by the decreased productivity and quality. Today's HR manager has to balance the employees' human needs and the employer's economic goals. The HR department uses a broad range of approaches to rearrange work in such a way that it is interesting enough to motivate workers, yet simple enough for most members to perform. Some of the popular job design options used to design these motivation-intensive Jobs are Job rotation, Job enlargement and Job enrichment.

A typical example of an enriched job, as proposed by the Hackman and Oldham Characteristics model, would be that of a Surgeon. Surgeons need to possess a wide variety of skills and abilities; they generally identify the task readily because they monitor the patients from the beginning to the end (diagnosing, performing the surgery, taking post-operative care and follow-up); the job has great significance, as it is a matter of life and death; surgeons enjoy autonomy as they make their own decisions regarding the treatment of the patients; and they get feedback through the recovery of the patient after the treatment.

Techniques of Job Enrichment

The following are some of the techniques of job enrichment:

- i. Incorporating more responsibility in the job.
- ii. Providing wider scope, greater sequencing and increased pace of work.
- iii. Assigning a natural unit of work, either to an employee or to a group of employees.
- iv. Minimizing controls and providing freedom of work when the employees are clearly accountable for attaining defined goals.
- v. Allowing the employees to set their own standards or targets.
- vi. Allowing the employees to monitor their own performance by providing the control information.
- vii. Encouraging employees to participate in planning and innovating.
- viii. Introducing new, difficult and creative tasks.
- ix. Assigning specific projects to individuals or groups to enhance their expertise.

Steps in Job Enrichment

The various steps involved in the process of job enrichment are as follows:

- i. Selecting jobs, which permit close relation between motivation and job performance.
- ii. Assuming that these jobs can be changed.
- iii. Making a list of changes that might enrich the jobs by brainstorming.
- iv. Concentrating on motivational factors such as, achievement, responsibility, self-control etc.
- v. Changing the content of the job rather than changing the employees.
- vi. Providing adequate training, guidance, encouragement and help.
- vii. Introducing the enriched jobs carefully, so that there is no resistance towards the implementation of job enrichment programs.
- viii. Preparing specific programs for each project and ensuring access to information that helps management to monitor the performance of workers.

Job enrichment, though a sophisticated technique, is not used universally as it may not always guarantee positive results. Some of the factors pointed out by Robert H. Schape, that work against job enrichment, are union resistance, cost of design and implementation, limited research on the long-term effect of enrichment etc.

However, these problems can be minimized with the help of the job enrichment guidelines such as, forming natural work units, combining tasks, establishing client relationships, increasing employee autonomy, and opening feedback channels, so that workers get feedback while performing their tasks instead of after the task is completed.

1.2 Concept of Job Analysis

Job analysis, also referred to as job review or job classification, is a systematic exploration of the tasks, duties, responsibilities, and accountabilities of a job. This analysis involves *compiling a detailed description of tasks, determining the relationship of the job to technology and to other jobs and examining the knowledge qualifications or employment standards, accountabilities and other incumbent requirements* (Richard I. Henderson, Compensation Management).

The US department of labor defined job analysis as “The process of determining, by observation and study, and reporting pertinent information relating to the nature of a specified job. It is the determination of the tasks which comprise the job and the skills, knowledge, abilities and responsibilities required of the worker of a successful performance and which differentiate one job from all others.”

In short, job analysis is just an accurate recording of all the activities involved in a job.

A job analysis is seldom the end product; it only provides the necessary input to obtain certain end products. A number of activities-particularly, recruitment, selection, job design, job worth, training, and appraisal depend on information collected through job analysis.

To draw up and implement a recruitment plan, information about the minimum and the desirable qualifications necessary to perform a job, is crucial. This information is obtained by job analysis. Job analysis also indicates what tasks, duties, and responsibilities the job will entail, how repetitive the job may be, or to what extent it is dependent on other jobs. This enables the interviewer to evaluate a person's abilities and skills vis-a-vis the job for which he is being considered.

After selecting and hiring a new employee, he needs help to adapt to the organization as quickly as possible. A complete job analysis will reveal what additional training is needed for the employee to complete the job successfully. Job analysis also helps the management to determine the pay system. Usually,

organizations determine the pay system on the basis of the relative worth of each job to the organization. Organizations would be willing to pay more for difficult jobs that require specific abilities or those that are hazardous compared to the less difficult jobs. Management identifies exactly what tasks are performed on each job and compares individual tasks with other job tasks and judges the relative value of each job to the organization through job analysis.

Job analysis is also helpful in the process of performance appraisal (determining how well employees have performed their jobs in the past) which, in turn, facilitates promotion decisions by determining which duties and responsibilities have to be considered in the evaluation.

In essence, job analyses has a direct impact on various areas of employment and indirectly affects performance appraisal, compensation and training, which in turn affect employee performance and productivity.

1.3. Process of Job Analysis

The process of analyzing a job consists of six basic steps:

- i. **Collection of Background Information:** The first step in the process of job analysis is the collection of background information. The background information consists of organization charts that show the relation of the job to other jobs in the overall organization; the class specifications that describe the general requirements of the class of job to which this particular job belongs; and a description that provides a good starting point for job analysis.
- ii. **Selection of Representative Job to be Analyzed:** The job analyst selects some representative jobs and analyzes them as analyzing all jobs would be difficult and time-consuming.
- iii. **Collection of Job Analysis Information:** Information about the job features, required employee behavior and the human requirements of a job are collected and analyzed.
- iv. **Developing a Job Description:** The job contents are described in terms of functions, duties, responsibilities and operations. The new entrant to the job is expected to perform the functions and operations and discharge the duties and responsibilities listed in the job description.
- v. **Developing a Job Specification:** Once the job description is developed, the next step is converting it into a job specification. Job specification or job requirements describe the personal qualities, traits, skills, knowledge and background necessary for performing the job.
- vi. **Developing Employee Specification:** The final step in the process is to convert specifications of human qualities under job specification into an employee specification. Employee specification describes qualities such as physical qualification, educational qualifications, experience etc. It specifies that the candidate with these qualities should also possess the minimum human qualities listed in the job specification.

1.4 Job Analysis Methods

Managers determine job elements and the related knowledge, skills, and abilities that are necessary for successfully performing the job by using various job analysis methods. Some of these methods are:

- i. **Observation Method:** In this method, employees are watched directly or indirectly by means of recorded films showing workers doing their jobs. Though this method provides first-hand information, it has some drawbacks. In many cases, workers do not function efficiently when they are being watched. This causes distortions in job analysis. Also, this method requires the entire range of activities to be observable, which may be possible only for certain jobs and impossible for many other managerial jobs.

- ii. **Individual Interview Method:** In this method, job analysts select some of the job incumbents, interview them extensively and combine the interview results into a single job analysis. Though this method assesses what a job entails effectively, it is very time-consuming.
- iii. **Group Interview Method:** This method is similar to the individual interview method, except that the interviews are done simultaneously for all the selected job incumbents. By using this method, the accuracy in assessing jobs is enhanced but its effectiveness is often hindered due to group dynamics.
- iv. **Structural Questionnaire Method:** Job analysts send a structured questionnaire to the workers and ask them to check or rate items they perform on their job, from a long list of possible task items. This method is ideal for gathering information regarding jobs but there is always the chance that some exceptions to a job may be overlooked and feedback is often lacking.
- v. **Technical Conference Method:** In this method, specific characteristics of a job are obtained from the 'experts', usually supervisors with extensive knowledge of the job. Though a good data-gathering method, the workers' perceptions about what they do on their job are often overlooked in this method.
- vi. **Diary Method:** In this method, job incumbents are asked to record their daily activities. Though a lot of information is provided by this method, it is seldom applicable to job activities. This method is the most intrusive of the job analysis methods, requiring much work and time on the part of the incumbent. Moreover, this method has to continue for a long period of time to capture the entire range of work activities. This further increases the cost.

None of the above methods are universally superior and are not meant to be viewed as mutually exclusive. Even the individual interview method may create problems, if individuals describe what they feel they should be doing, rather than what they actually do. Thus, a combination of two or more of these methods may be used.

Realizing that job analysis could be done in a number of ways, management theorists and practitioners formulated the following standardized job analysis processes.

Functional Job Analysis

Functional job analysis was developed by the US Department of Labor (DOL). In this method, the job analyst conducts background research, interviews job incumbents and supervisors, makes site observations, and then prepares detailed task statements with a standard questionnaire that ask specific questions about what worker does and what gets done on a job. Finally, subject matter experts review and verify these statements. Once the functional job analysis questionnaire is approved by the experts, the job analyst uses it to rate each job.

Apart from the preparation of task statements, the information gathered is cataloged into three general functions that exist in all jobs – data, people and things. The job is coded on the basis of what the incumbent is doing with the data, what he is doing with people and what he is doing with things. The coding of key elements has already been done for over thirty job titles listed in the Dictionary of Occupational Titles, pertaining to the US government. This technique helps a manager to group jobs into job families that require similar kind of worker behaviors. Thus, these jobs will require candidates with similar worker traits. This information, obviously, enables managers to identify the kind of people the organization needs.

Position Analysis Questionnaire (PAQ)

Ernest J. McCormick's Position Analysis Questionnaire is another standard method of job analysis that describes jobs in terms of worker activities. It

generates job requirement information that is applicable to all types of jobs. The PAQ procedure contains 194 job elements that fall into 27 job dimensions, which in turn fall into six major job categories as shown in Table 1.

Table 1: Categories Comprising the PAQ's 194 Job Elements

Category	Number of Job Elements
i. Information input: Where and how does the worker get the information he or she uses on the job.	35
ii. Mental process: What reasoning, decision-making, planning, etc., are involved in the job.	14
iii. Work output: What physical activities does the worker perform and what tools or devices are used?	49
iv. Relationships with Other persons: What relationships with other people are required in the job?	36
v. Job context: In what physical and social contexts is the work performed?	19
vi. Other job characteristics.	49

Source: ICFAI Research Team.

In contrast to the DOL-Functional Job Analysis approach where there were only three key behavioral aspects (data, people and things) on the basis of which jobs differed, the use of statistical analysis on the PAQ showed jobs differing from one another on the basis of five aspects. By analyzing 194 elements in the PAQ for more than five hundred different jobs, researchers identified the following important aspects on which jobs differed from one another.

- i. *Having Decision-Making/Communication/Social Responsibilities:* Activities that involve considerable amount of communication and interaction with people, as well as the responsibilities associated with decision-making and planning functions are reflected by this aspect.
- ii. *Performing Skilled Activities:* Skilled activities that are performed by using technical devices or tools and in which the emphasis is on precision, recognizing differences, and on manual control, are a part of this aspect.
- iii. *Being Physically Active/Related Environmental Conditions:* This aspect is characterized by activities that involve considerable movement of the entire body or major parts of it, and by environments like those found in factories and shops.
- iv. *Operating Vehicles/Equipment:* Activities that use vehicles or equipment, and typically involve sensory and perceptual processes and physical functions are a part of this aspect.
- v. *Processing Information:* This aspect is characterized by activities that involve a wide range of information-processing activities, in some instances, accompanied by the use of machines such as office machines.

The PAQ allows management to scientifically and quantitatively group interrelated job elements into job dimensions. It also allows job analysts to cluster similar jobs into job families. It demonstrates a high degree of reliability even when the level of cooperation of employees is low or when attempts are made to manipulate the information provided. Also, it is the most widely used job analysis method. The information gathered by PAQ is used to develop job descriptions and job specifications and to conduct job evaluation.

Critical Incident Technique (CIT)

According to John Flanagan (*In The Critical Incident Technique – Psychological Bulletin*), there are two criteria which help to define a job activity as critical. First, it is complete enough to allow someone to make an inference about a job incumbent's performance, and second, it is crucial to either outstanding or poor job performance. The results that are obtained by compiling all the critical acts or behaviors provide an accurate portrayal that can focus on both the action of the worker and the context in which the behavior occurs.

The collection of these critical incidents can be done through interviews or questionnaires. Though job supervisors can be consulted, most of the information is provided by the job incumbents. The CIT is limited to jobs performed by a dozen or more people; and its application to routine jobs that are usually found at the lower levels of an organization structure is restricted.

The CIT is an appropriate job analysis technique for purposes like performance appraisal, training, selection or job design.

1.5 Job Analysis Information

The following information is provided by job analysis:

- i. **Job identification:** The title of the job and its code number.
- ii. **Significant characteristics of a job:** Information regarding the location of the job, its physical setting, the degree of supervision, union jurisdiction, the hazards and discomforts involved in it.
- iii. **What the typical worker does:** Information about specific operations and tasks to be performed by the typical worker, including their relative timing and importance, their simplicity, routineness or complexity, accountability to others etc.
- iv. **Job duties:** Detailed list of duties along with the probable frequency of occurrence of each duty.
- v. **What materials and equipment the worker uses:** Information about the materials and equipment such as, metals, plastics, grains, and micrometers used by the workers.
- vi. **How a job is performed:** Information regarding the nature of operations like, lifting, handling, cleaning, washing, feeding, removing, drilling, driving, setting up and the like.
- vii. **Required personal attributes:** Information relating to experience, training undertaken, apprenticeship, physical strength, co-ordination or dexterity, physical demands, mental capabilities, aptitudes and social skills.
- viii. **Job relationship:** Information regarding the opportunities for advancement, patterns of promotions, essential cooperation etc.

1.6 Job Description

The most common end product of a job analysis is a written job description. Job description is an important document which is basically descriptive in nature and contains a statement of job analysis. It states what a job incumbent should do, why he should do that, and where he should do it.

Characteristics of Good Job Description: The following hints are given by Earnest Dale for writing a good job description:

- i. The scope and nature of the work, including all important relationships, should be indicated.
- ii. The work and duties of the position should be clearly laid out.
- iii. To show the kind of work, the degree of complexity, the degree of skill required, the extent to which problems are standardized, the extent of workers' responsibility for each phase of work, and the degree and type of accountability, more specific words such as, analyze, gather, plan, confirm, deliver, maintain, supervise and recommend should be selected and used.
- iv. Supervisory responsibility should be explained to the incumbents. Brief and accurate statements should be used.
- v. A new employee should be able to ascertain the extent to which the job description can help to understand the job and how far it can help to fulfill the basic requirements of the job.

The Content of Job Description: A job description usually includes that of regarding the following information:

- i. Job title,
- ii. The organizational location of the job
- iii. Supervision given and received by the job,
- iv. The material, machinery, tools and equipment used for performing the job,
- v. The immediate supervisor's and subordinate's designations,
- vi. The pay structure, i.e., the basic, DA and other allowances, bonus, incentives, duration of work shifts, break etc.,
- vii. Complete list of duties and their timings,
- viii. Definition of unusual terms,
- ix. Working conditions such as the location, time, speed of work, accuracy, health hazards, accident hazards,
- x. Facilities for training and development. and
- xi. Chances of promotion and promotion channels.

Steps in Writing a Job Description: A job description should be written by the job analyst after consulting the worker and the supervisor. Once the preliminary draft is written, the job analyst must seek further comments and criticism from the worker and the supervisor for preparing the final draft. A job description can be written using the following modes:

- i. The immediate supervisor of the employee is asked to fill in the questionnaire.
- ii. The job description form can be written by the job analyst by observing the actual work done by the employee.
- iii. All the information regarding the job can be secured from the worker.

The job description can be finalized and the final draft can be prepared by the job analyst by using anyone or a combination of two or more of the above methods. After preparing the final draft, the job description has to be reviewed and updated.

Keeping the Job Description Up-to-date

As change is the norm of the day, job requirements keep changing. Hence, the job analyst has to update the job description regularly. He has to gather information, regarding changes as and when they are reported. He has to take note of claims that a particular job needs to be reclassified into higher group or class carrying a higher rate of pay. Wherever necessary, the job analyst has to make suitable changes in the job description.

1.7 Job Specification

Job specification is a written statement of the minimum acceptable qualifications, traits, physical and mental characteristics that an incumbent must possess to perform the job successfully.

Job Specification Information

The first step in gathering job specification information involves the preparation of a list of all jobs in the company and their location. The second step is to gather information about each job in the company and to make a note of it. The following information must be gathered and included:

- i. *Physical Specifications:* These are the physical qualifications or physical capacities; these specifications vary from job to job, and include physical features like, height, weight, vision, hearing, ability to lift and carry weight, health condition, age and the capacity to use or operate machines, tools, equipment etc.

- ii. *Mental Specifications:* These include the ability to perform arithmetical calculations; to interpret data, information, and blueprints; to read electrical circuits; and other planning, reading and scientific abilities.
- iii. *Emotional and Social Specifications:* The emotional stability, flexibility, social adaptability in human relationships and personal appearance - dress, posture, poise, features and voice required by the job are included in this specification. These specifications are more important for the post of managers, supervisors and foremen.
- iv. *Behavioral Specifications:* The behavioral specifications include the ability to make judgments, undertake research, creativity, teaching ability, maturity (capable of accepting responsibility), self-reliance, and the ability to be authoritative etc. These specifications play an important role in the selection of the candidates for higher level jobs in the organizational hierarchy.

Employee Specifications

The job specification information must be converted into employee specification information in order to determine what kind of a person is needed to fill a job.

Employee specification lays down the minimum required employee qualifications in terms of physical characteristics, educational background, work experience, etc., and the minimum acceptable human qualities that a prospective employee must possess to perform the job.

Employee specification includes the following items:

- i. Age,
- ii. Sex,
- iii. Educational qualifications,
- iv. Experience,
- v. Physical specification: height, weight etc.,
- vi. Social background,
- vii. Family background,
- viii. Extra-curricular activities, and
- ix. Hobbies.

Some of the items listed 'above have come in for a great deal of criticism as they are seen as an invasion of privacy. This is relevant to the items such as social background and family background, whose information is usually considered to judge whether a candidate possesses certain traits, behavioral specifications and social specifications. However, using counseling techniques to seek such information rather than using application blank in judging the behavioral and social specifications basing on sex, family and social background of the candidate, can help in overcoming these criticisms.

1.8 Uses of Job Analysis

Job analysis facilitates various HRM functions. It can, be used as a foundation and as an essential ingredient in all the functions and areas of HR management and industrial relations. Some uses of job analysis are described in the following functions:

- a. **Employment:** Each phase of the employment process – manpower planning, recruitment, selection, placement, orientation, induction, and performance appraisal – is supported by job analysis as it provides information about duties, tasks and responsibilities.
- b. **Organization Audit:** The analysis process constitutes a kind of organization audit. The job information gathered by job analysis shows up instances of poor organization in terms of the factors affecting job design.

- c. **Training and Development Programs:** While formulating training and development programs, the description of duties and equipment provided by job analysis helps the management to identify specific training needs. Also, with the help of the job analysis, the training programs can be evaluated.
- d. **Performance Appraisal:** Performance appraisal is now done by establishing the job goals and appraising the work in terms of how much it has contributed to the achievement of those goals rather than rating an employee on characteristics such as dependability. The job description helps to define the areas in which job goals should be established for such appraisals.
- e. **Promotion and Transfer:** Job analysis shows up in showing lateral lines of transfer, it facilitates the charting of the channel of promotion.
- f. **Preventing Dissatisfaction and Settling Complaints:** Complaints related to work load, nature of work, work procedure etc., can be settled and prevented using the job information. It also helps in revising and altering the job description.
- g. **Restriction of Employment Activity for Health Reasons and Early Retirement:** Job information helps the employees and their supervisors to think objectively. When employees opt for early retirement or when organizations retrench them due to their inability to maintain the standard job performance, the job information helps in retaining older employees whose intelligence, general experience, reliability make them valuable assets, by making mutually satisfactory rearrangements of subsidiary duties.
- h. **Wage and Salary Administration:** Wage and salary levels are fixed on the basis of job evaluation. Job evaluation takes into consideration the content of the job in terms of tasks, duties, responsibilities, risks, hazards etc., and it is based on the information found in the job analysis.
- i. **Health and Safety:** The knowledge of hazards and unhealthy conditions and the risk of accidents on the job, if any, is provided by the job analysis.
- j. **Induction:** As the job description provides information regarding the job, it helps the new job incumbent to adapt quickly to the workplace.
- k. **Industrial Relations:** Job description is a standard tool used to solve industrial disputes and to maintain sound industrial relations. As the standard job description would be violated with the addition or deletion of some duties, it is a matter of interest to the labor unions as well as management.

Regardless of the size of the organization, the status of employee relations, or the abilities of those performing the analysis, the actual job analysis process may be confronted by several problems. Organizations need to gather accurate information from employees and supervisors. An annual review of the job analysis information needs to be done to incorporate changes that have occurred during the past year.

In instances where a job is held by just one or two employees, the analysis is often of the person's performance and not of the job itself. This is another problem of job analysis. The job analyst should look at, what the job should entail rather than considering how well or how poorly an employee is performing the job.

Further, employees often feel that the job description is a contract describing what they should and should not do on the job. When employees are asked to perform some extra work or unusual task, they put up a resistance by saying that it is not in their job description. This is another problem that commonly occurs when job analysis is the basis of job description. Many organizations use elastic clauses such as "performs other duties as assigned", to avoid this problem. The elastic clause helps the supervisors to assign duties that are different from those that are usually performed by the employees without changing the job description.

2. HUMAN RESOURCE PLANNING

Human Resource Planning (HRP), also popularly known as manpower planning, is the process by which an organization ensures that it has the right number and type of people, at the right places, at the right time, and that these people are capable of performing the tasks effectively and efficiently. This helps the organization to achieve its overall objectives.

Human Resource Planning according to Dale S. Beach is a “Process of determining and assuring that the organization will have an adequate number of qualified persons available at proper times performing jobs which meet the needs of the enterprise and which provide satisfaction for the individuals involved.”

HRP helps to maintain the right quantity and quality of human resources at the right time and place, human resource planning provides many other benefits and lays the foundation for many other personnel management functions. Some of the major benefits are:

- i. Human resource planning provides information that facilitates the formulation of viable corporate plan.
- ii. It helps in countering the uncertainties that crop up due to the wild variations in consumer markets to the maximum extent possible and enables the organizations to have the most suitable people at the most appropriate time and place.
- iii. It recognizes the need for developing the skills and knowledge of employees and gives employees scope for advancement through training and development.
- iv. It estimates the cost of raising the salaries, better benefits and other costs pertaining to human resources, which in turn facilitates the formulation of budgets in an organization.
- v. It facilitates decisions regarding what physical facilities and fringe benefits are to be provided. These fringe benefits include canteen, schools, hospitals, conveyance, child care centers, housing, company stores etc.
- vi. HRP facilitates the process of selection of future human resources with the required skills, qualifications, intelligence, values etc., by providing information related to the type of tests and interview techniques to be used.
- vii. It helps the company to take appropriate measures to improve human resource contributions in the form of increased productivity, sales, turnover etc.
- viii. HRP makes it easier to control the functions, operations, contribution and cost of human resources.

2.1 Human Resource Planning Process

There are various steps in the process of human resource planning. They include assessing current human resources, assessing where the organization is going, and matching future demand and supply of human resources. These steps are discussed below in more detail:

ASSESSING CURRENT HUMAN RESOURCES

Developing a profile of the current status of human resources is the first step in the process of human resource planning. This is basically an internal analysis and includes an inventory of the workers and skills presently available within the organization as well as a comprehensive job analysis.

- **Human Resource Inventory:** Preparing a human resource inventory report is not very difficult in this era of information technology. The human resource inventory report receives inputs through forms, filled in by employees, and then checked by supervisors and by the personnel department. These reports contain information on the education, training, prior employment, current position, performance ratings, salary level, languages spoken, capabilities and specialized skills of every employee in the organization.

The human resource inventory report is a valuable tool for human resource planning, as it identifies the skills that are presently available in the organization. These reports act as a guide in considering new opportunities and in expanding and/or altering organization strategies. It also helps in other personnel activities such as selecting individuals for training and executive development, promotion and transfers.

Besides these benefits, the human resource inventory can provide crucial information for identifying current or future threats to the organization's ability to perform. For instance, the organization can identify specific variables that are assumed to have a particular relationship to training needs, productivity improvement and succession planning by using the information provided in the human resource inventory reports. This helps in restricting certain adverse effects on the organization's performance. Technical obsolescence of manpower is one such characteristic which can affect the organization's performance, if not checked in time.

Some organizations have a separate executive inventory report covering only individuals in top executive and middle management positions. These reports consider both the individual managers as well as the positions they occupy. This inventory would be similar to general human resource inventory when conducted on individual managers. But with the position information, the inventory would come out with a new dimension to the planning activity. This report indicates the positions that may become vacant due to retirements, promotions, transfers, resignations or the death of an incumbent in the near future. This information would be matched against the individual manager's inventory to determine whether there is sufficient managerial talent available to fill the expected and unexpected vacancies. When the management feels that there is a shortage of executive talent it will take suitable measures to develop it to meet the requirements.

Many devices are available for providing HR inventory information. A recently developed device is the Human Resource Information System (HRIS). HRIS is a useful device to store employment, training, and compensation information on each employee. Its highly technical features make it easy to track most of the information regarding the employees and jobs and allow retrieving that information when it is needed by the organization. This system fulfills the personnel informational needs of the organization very quickly and with almost no additional expenditure of resources.

While a human resource inventory describes what individual employees can do, a job analysis defines the jobs that exist in the organization and the necessary behaviors required to perform them. A job analysis includes job descriptions, job specifications, employee specifications and job evaluation and is useful in areas like recruitment, selection and development. It also provides guidance for decisions about training and career development, performance appraisal, and compensation administration.

The human resource inventory and the job analysis together form the basis for the assessment of an organization's current human resource situation. Organizations can identify 'where they are' by having a clear picture of the jobs currently being performed and the people performing those jobs. This helps the organization to determine whether the quality and quantity of its human resources are adequate for achieving current and future requirements.

ASSESSING WHERE THE ORGANIZATION IS GOING

The future human resource needs of an organization are determined by its organization's objectives and strategies for the future. The Demand for an organization's products and services affects the demand for human resources required to produce those products or services. Organizations can try to determine the number and mix of human resources required based on the estimates of the future demand for its products and services or the total revenue to be earned. The reverse of this situation is also possible: If an organization requires specific skills

and if these skills are scarce, the availability of satisfactory human resources will determine revenues. Here, the only limitation in building revenues for such organizations would be the availability of human resources with the required skills and the ability of the organization to locate and hire them. An ideal example would be of those software companies that confront this situation. However, it is usually the organization goals and the revenue forecast that determine the human resource requirements. This necessitates a formal statement explaining the organization's plans in the future, in terms of sales or revenue. Apart from the sales and revenue expected, it should also give a clear picture of how the revenue will be generated. Information such as, what products and services that management expects to sell or provide will also be a vital input in determining employee mix necessary for the organization in future.

- **Implications of Future Demand:** Once the current human resources situation is assessed and the future direction of the organization, in terms of revenue forecast, is understood, the future human resource needs can be projected. For this, a year-by-year analysis for every key job level and type has to be done. This will result in a pro forma human resource inventory covering a specified number of years in the future. Usually, organizations require a heterogeneous mix of people. As people are not perfectly substitutable for each other within an organization, a shortage in a certain department which requires specific skills may not be filled up by transferring employees from another department where there is an over supply. For instance, a finance personnel cannot be replaced by a production personnel. To estimate the future demands accurately in both qualitative and quantitative terms, it is not just enough to determine the number of people required. It is also necessary to determine the kind of people who will be required and the types of skills that they will be required to have. Accordingly, the forecasting methods should allow for the recognition of specific job needs as well as the total number of vacancies.
- **Implication of Future Supply:** Organizations have to look at those factors that can either increase or decrease its human resources to estimate the changes in internal supply. As with the demand estimates, the supply estimates must cover every level within the organization. If an individual in department A is promoted to a position in department B and another individual from department B is demoted to a position in department A, the overall effect on the organization as a whole would be zero. However, transferring a competent individual to a position from which the present incumbent has been demoted requires effective human resource planning.
- **Increasing Supply:** There are three sources that increase the supply of any unit's human resources – new-hires, transfers-in or individuals returning from leave. The task of predicting these new inputs can range from simple to complex.

New-hires are easy to predict, as they are self-initiated. In the short-term, the number and types of new-hires that will be added can be determined with high accuracy as a unit recruits people to meet its needs.

Predicting transfers-in to a unit is more difficult as they often depend on concurrent action in other units. Though the net effect of a lateral transfer, demotion, or promotion on total organization will be zero, these transfers affect individual departments and the mix within the departments.

The effect of individuals returning from leave on the increase of supply can be easily predicted because such leaves are usually for some fixed duration. These leaves include maternity, health and sabbatical (leave granted for study and travel) leave.

- **Decreasing Supply:** Decrease in the internal supply of human resources is the result of retirements, dismissals, transfers-out of the unit, lay-offs, voluntary quits, sabbaticals, prolonged illness or deaths. Of these the easiest to predict are retirements, provided the organization has a specific age criterion for retirement. Once an individual attains that age his services will

be terminated. However, in some cases the employee may get extensions for a year or two. This will be done with the agreement of both the employee and the management. Thus, the retirement policy is completely controlled by management and easy to forecast accurately.

On the other hand, it is very difficult to forecast voluntary quits, prolonged illness and deaths. Deaths of employees are the most difficult to forecast because they are usually unexpected. Though, big organizations use certain probability techniques to forecast the occurrence of deaths, they are seldom useful for predicting the exact positions that will be affected. Probability techniques are also used to predict voluntary quits. But, these probability techniques are effective only in organizations which have a large number of employees, not in the organizations which employ only a few people.

Transfers, lay-off, sabbaticals and dismissals can be predicted within reasonable limits of accuracy. As all these are either initiated by management or are within management's veto right, they can be easily predicted. However, transfers-out of the unit such as lateral moves, demotions, or promotions are difficult to predict as they depend on openings in other units. Lay-offs are easily predicted as they are mostly controlled by management. Sabbaticals too are reasonably easy to predict as most organizations' sabbatical policy requires a reasonable lead time between request and initiation of the leave. Dismissals, based on inadequate job performance, can be forecast with the help of information generated through performance evaluation reports. Probability techniques can also be used to forecast dismissals in large organizations.

- **Estimated Changes in External Supply:** Recent graduates from schools and colleges, increase the supply of human resources. This is a vast market and includes everyone from high school pass-outs to individuals who might have undergone highly specialized training at postgraduate level. Besides these graduates, housewives and students who seek part-time jobs further increase the supply of human resources.

Migration into the community, increase in the number of unemployed people, and individuals who are employed but seek other employment opportunities, represent additional sources that increase the human resources supply. It should be noted that the sources discussed above are not the only supply sources; many people can be retrained. People who have prior experience in certain fields and are interested in other related jobs, can be trained and absorbed. For instance, GE Capitals, employ professionals with finance background and give them training in software skills to match their requirement. In this way the potential supply for many other jobs can be expanded.

MATCHING FUTURE DEMAND AND SUPPLY OF HUMAN RESOURCES

The objective of human resource planning is to match the predicted future demand and supply. By matching the demand and supply, the HR department can identify areas in which shortages exist in both number and in kind and areas which are overstaffed or are expected to be overstaffed in future. This helps the company to hire good people either to satisfy current requirements or to stockpile resources for the future.

The most important concern of any organization while matching demand and supply is determining the shortages. If an organization foresees that the demand for human resources will increase in the future, it has to hire additional staff or transfer people within the organization, or undertake both to maintain the required numbers, skills, mix and quality of human resources.

Sometimes, inadequate availability of human resources necessitates a change in the organization's objectives. Just as the growth and opportunities available to an organization can be restricted by inadequate financial resources, the non-availability of the right type of people can also act as a similar constraint.

2.2 Retrenchment

Shortage of human resources is considered to be the most important concern of an organization; it may not always be true. Organizations suffering from the problems of overstaffing and experiencing a decline in business would have to consider retrenchment. When an organization goes bankrupt, divests holdings and eliminates unprofitable product lines, there is a major impact on the employee population. Under these conditions, certain HR functions such as recruitment and selection would become irrelevant. Finding the most productive workers for critical jobs becomes a problem. Many individuals would rule out the possibility of working for an organization that is declining.

Though an organization needs a good employee at this time, it will not be in a position in the industry to support its recruiting efforts. Thus, candidates who can help organization to come out of crisis will overlook the company as a possible place of employment.

Selection also will have a different focus. There is little or no hiring. Outplacement, lay-offs, leaves of absence without pay, loaning work sharing, reduced work hours, early retirements and attrition are more prevalent. These activities become critical HRP elements in organizations that operate in a retrenchment mode.

2.3 Outplacement

Outplacement services differ from organization to organization. But, usually these programs are intended to provide career guidance for displaced employees. Organizations communicate what is going to come; identify displaced employees and retrain productive employees so that they can be placed elsewhere in the organization. They also give displaced employees assistance in resume writing, teach them how to attend interviews, provide career counseling and also undertake job searches.

2.4 Lay-offs

Lay-offs may be temporary or permanent. Temporary lay-offs usually occur in slack periods when the workload of a unit does not promise adequate work for the complete workforce. Once the workload comes back to its normal levels, the worker will be recalled. This turns workers into cyclical employees. Proper human resource planning can help to maintain a proper, optimum level of staffing which would reduce cyclical employment. This may involve permanent lay-off of some of the employees.

- **Leave of Absence Without Pay:** Another means of temporarily cutting labor costs is giving workers leaves of absence without pay. Employees with sound financial backing would find it beneficial to leave the organization temporarily to spend sometime on personal interests. These personal interests could range from taking up further studies to engaging in a plethora of other endeavors.

Usually, incumbents holding jobs that may be eliminated in future are be offered these leaves. Thus, this concept serves as a proactive method to help employees prepare for future changes.

- **Loaning:** Organizations loan valuable human resource to other organizations, retaining them on their payrolls and take them back once the slack period is over. Usually, higher level managers are sent on special projects with government or quasi-government agencies. These loaned managers receive a part of their salary from the organization and the rest from the agencies that have loaned them.
- **Work Sharing:** According to this concept one person's job is shared by two people. These two people split an eight-hour workday. Though two people hold one job, the company has to pay only one person's wage. This option helps organizations to retain competent employees in the period of retrenchment.

- **Reduced Work Hours:** Another popular technique used in the period of retrenchment is reduced work hours. This technique is based on the concept that “only so much pie is there and how it is split up is up to the workers”. For instance, let us consider an organization that usually pays Rs.20,000 per month for 10 workers. If due to a crisis, the organization can spend only Rs.16,000 per month on workers, 2 workers have to be laid off. To eliminate the dilemma of whom to lay-off, if each worker agrees to work for fewer hours, receiving less pay, the two jobs that are to be laid off can be saved. The rationale is that receiving less is better than receiving nothing at all. Thus, workers forego some of their benefits in order to keep all the workers employed. This will work when employees are committed to protect the colleagues, who would otherwise be without jobs.
- **Early Retirement:** Early retirement is another device used in the retrenchment period. This technique is used to reduce the number of workers, especially higher-level management personnel. The main purpose of this technique is to buyout some of the highest paid individuals in the organization and delegate their responsibilities to other employees who are collectively paid less than that individual.

The primary target of this technique would be individuals who are two or three years away from retirement. The early retirement technique is an effective cost-saving technique. However, the company may lose some key executives who just decide to “bail out”.

- **Attrition:** Attrition is a process whereby as incumbents leave their jobs for reasons such as, retirement, resignation, transfers etc., those jobs are not filled. This process of attrition is usually accompanied by a hiring freeze. Hiring freezes dictate that no recruiting will take place for jobs that are to be eliminated. Attrition with a hiring freeze is a short-term measure of addressing a surplus of employees.

Though in theory it is possible to resort to out-placement, lay-off etc., in practice they are very difficult to implement. The Labor Laws have provided in-built safety net against retrenchment, whereby the government has to give specific permission before such a measure is taken by any organization. The permission for resorting to retrenchment, lay-off etc., are rarely given by either central government or state government. This leaves the organizations with no option but to resort to “voluntary retirement/separation schemes”. Organizations whether they be in private sector or public sector, motivate their employees to part with the company with no tears in their eyes.

Another strategy is to encourage contracting out some of the organization’s activities. International experience suggests that the areas of contracting out the services are very fertile and yield a rich harvest in a vain endeavor to bolster sick enterprises, improved and more effective services to customers and better value for money. Though some steps have been taken towards contracting out the services in our country, these have been ad hoc, unsystematic and halting. What is required is a clear and comprehensive policy in this crucial area whereby enterprises can concentrate on their core activities leaving peripheral services, though perennial in nature to be contracted out. In this direction, the Fifth Central Pay Commission decided over by Justice (retd.) S R Pandyan, recommended such a step to the government in the wake of liberalization and the dominant role played by the market forces. The government is also planning to bring about a comprehensive legislation. However, there are bound to be hurdles on the way. The main opposition is likely to come from trade unions and similar other associations. But, the employees will have to understand that in this era of globalization one has to either compete or perish.

3. RECRUITMENT

According to Edwin B. Flippo, recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organizations. He views recruitment as a positive activity of hiring because it increases the number of applicants per job opening. The selection activity of hiring is viewed as a negative activity as it attempts to eliminate some applicants, in the process of selecting the most competent candidates.

According to Dale Yoder, *Hand Book of Personnel Management and Labor Relations*, recruitment is “A process to discover the sources of manpower to meet the requirements of the staffing schedule and employ effective measures for attracting that manpower in adequate numbers to suitable effective selection of an efficient workforce.”

Some people use the three terms recruitment, employment and selection, interchangeably, but the terms have different meanings. Recruitment and selection are two of the steps in the total employment process. Recruitment is only finding, and developing the sources of prospective employees and attracting them to apply for jobs in a particular organization. Selection follows recruitment and is the process of finding out the most suitable candidate for a job, from the candidates attracted or recruited.

Ideally, the recruitment process should ensure that for every position available in the firm, there is a sufficient number of qualified applicants and that these applicants should include members of both sexes and various social groups such as weaker-sections of society and disabled persons.

3.1 Factors Affecting Recruitment

There are many factors that affect the recruitment program. These factors can be classified as organizational factors or internal factors, and environmental factors or external factors.

ORGANIZATIONAL FACTORS

The success of a recruitment program is affected by many factors pertaining to the organization itself. One of the most important organizational factors that affects the success of recruitment program is the company's reputation in terms of its products and services. An organization's ability to attract qualified workers is greatly influenced by its image in the community. Good advertising and successful public relations efforts can increase community knowledge about the organization in the community, raise public appreciation, and thus help in boosting the recruitment program.

Another important internal factor that affects the recruitment program is the industrial relations that exist in the organization. The relations with labor unions can be critical to public perceptions of the firm, as can the company's reputation for paying high or low wages. Apart from wages, subtle elements in the organizational culture and climate are also important. People enquiring about job possibilities in an organization from their friends or relatives already working there would come to know about the company's attitudes. For example, if a company's attitude toward its employees is not positive and if the employees are frustrated due to the leadership style or lack of recognition for their efforts by the management, the casual comments by the employees may discourage their friends or relatives from applying to the organization.

Cost is another important factor to be considered in recruitment. A small organization may not conduct interviews in colleges outside the region where it is situated, or pay the travel expenses of candidates, who are called for interview from a distant place, mainly because they lack financial resources.

ENVIRONMENTAL FACTORS

In addition to the factors within an organization, the external environment affects the success of recruitment in a variety of ways. One of these is the condition of the

labor market, which affects the supply' of qualified applicants. If an organization cannot find enough skilled applicants in the nearby area, it might need to undertake a regional or national search program. Competition from other companies is another factor that can reduce the pool of qualified workers or increase the pay packages beyond what the organization is willing to pay.

The recruitment program is also affected by the current economic trends, which influence both the number of people pursuing certain occupations and the demand for their services. In the present scenario, software engineers are in demand, whereas steel and textile workers are facing lay-offs.

Apart from the above discussed factors, social attitudes about particular types of employment will also affect the supply of workers. For instance, jobs that are uninteresting, tiring, or low in status will be avoided by job seekers, unless the wages are extremely attractive. Finally, the laws relating to recruitment in the country provide the legal framework within which an organization's recruitment program must function.

3.2 Recruitment Policy

The recruitment policy of an organization makes clear the objectives of recruitment and lays down the procedures to be followed in implementing the recruitment program. Yoder D., Heneman H. G., Turnbull J. G., and Stone C. H., in their book *Hand Book of Personnel Management and Labor Relations* observed that, "Such a policy may involve a commitment to broad principles such as filling vacancies with the best qualified individuals. It may embrace several issues such as extent of promotion from within, attitudes of enterprise in recruiting its old employees, handicaps, minority groups, women employees, part-time employees, friends and relatives of present employees. It may also involve the organization system to be developed for implementing recruitment program and procedures to be employed."

A well considered and pre-planned recruitment policy, based on the organizational goals, a study of the environment, and the organization needs prevents hasty and ill-considered decisions and ensures effective staffing of the organization.

A good recruitment policy is based on the organization's objectives, identification of the recruitment needs, preferred sources of recruitment, criteria for selection and preferences, the cost of recruitment, and other financial implications.

The organization's objectives, both in the short- and long-terms guide the recruiter in making decisions pertaining to recruitment and also help in understanding the area-wise, job-family-wise needs of personnel in the organization. Identification of recruitment needs, guides the recruiter in preparing the profile, for each category of workers, and in working out the employee specifications, deciding the sections, departments or branches where the prospective recruits should be placed. It also helps in identifying particular responsibilities, which may be immediately assigned to the new recruits.

Apart from the above discussed elements, the criteria of selection and preferences and the cost of recruitment and other financial implications should also be included in a good recruitment policy.

According to Yoder, 'The recruitment policy is concerned with quantity and qualifications of manpower.' He also says that a recruitment policy establishes broad guidelines for the staffing process.

A recruitment policy must:

- i. Comply with the government policy on hiring.
- ii. Provide the optimum employment security and avoid frequent lay-offs or lost-time.
- iii. Provide an open path and encourage each employee to develop his/her talents and skills continuously.

- iv. Assure the management's interest in the personal goals and employment objectives of each employee.
- v. Assure fairness in all employment relations, including promotions and transfers, for all employees.
- vi. Prevent the formation of cliques (a small exclusive group), which comes about when several members of a household or community are employed in the organization.
- vii. Employ handicapped workers and those from minority sections, in jobs that are designed to match their qualifications.
- viii. Encourage one or more trade unions that are strong, effective and responsible.

PREREQUISITES OF A GOOD RECRUITMENT POLICY

An organization's recruitment policy must satisfy the following conditions:

- i. It should be in keeping with the organization's general personnel policies.
- ii. It must be flexible enough to accommodate changes in the organization.
- iii. It should be designed in such a way that it ensures long-term employment opportunities for its employees as well as the achievement of organization goals. It should also help employees to develop their potential.
- iv. It should match the employees' qualities with the requirements of the work for which they are employed.
- v. It should stress the importance of job analysis.

The nature and scope of the recruitment program is influenced by several factors, such as, the skills required, the condition of the labor market, prevailing economic trends, and the organization's image. An organization that has a good image in terms of the pay packages, benefits and welfare activities it provides to its employee, may attract a larger number of applicants than it actually needs, without making any extra recruiting efforts. Small organizations that hire only a few people every year may only require to spread the word around the plant or the office that a vacancy exists. However, societal pressures and government regulations lead an organization to actively seek job applicants from groups who may not otherwise apply for employment.

3.3 Sources of Recruitment

The objectives of recruitment are more likely to be achieved if the recruiting sources used are suitable for the kind of position that is to be filled. For instance, an advertisement in the appointments pages of 'Business Today' are more likely to be read by a manager seeking a top-level executive position, than a garage mechanic seeking employment. Similarly, a recruiter who is seeking to fill a Graduate Engineering Trainee position, visiting an institute offering a two-year postgraduate diploma course, in search of graduate engineers, is looking "for the right person in the wrong place".

Certain types of applicants are more likely to be found through certain recruitment sources. The different recruitment sources are internal search, advertisements, employee reference, employment agencies, educational institutes, and unsolicited applicants. The comparative strengths and weaknesses of these sources in attracting lower level and managerial level personnel are discussed below.

INTERNAL SEARCH

Many big organizations attempt to promote people within the organization wherever possible. The human resource inventory is of great help to recruiters in the internal search. The human resource inventory and the organization's personnel files provide information on the basis of which, certain employees may be considered for positions that fall vacant in the organization. Many organizations

use computer information systems to identify individuals with desirable characteristics for certain vacant positions.

It is a standard procedure in many organizations, to “post” any new job openings and to allow any current employee to “bid” for the position. In communicating the new opening to the employees organizations use the central “positions open” bulletin board in plants or offices, the newsletter of the organization, or sometimes communicate through a specially prepared posting sheet from the personnel department, listing the positions that are currently vacant.

ADVERTISEMENTS

Advertisements are one of the most popular and effective methods used by an organization to communicate to the public that it has a vacancy. However, the type of job usually determines where the advertisements have to be placed. Listing of vacancies for blue-collar jobs on a placard outside the plant gates is common, but to find a Vice President post being listed in the same place would be shocking indeed. The higher positions in an organization require human resources with specialized skills. As the supply of these resources is scarce, the advertisements need to be more widely dispersed. For instance, a vacancy for a top executive post would be advertised in a national periodical, while vacancies for lower-level jobs would be advertised in a local daily or regional trade journals.

Many organizations place ads with no identification of the organization (blind ads), leaving it anonymous. Respondents are asked to send in their applications to a post office box number or to a consulting firm that acts as an intermediary between the applicant and the organization. Such ads are seldom used by large reputed organizations to fill in lower-level positions. However, if an organization doesn’t want to publicize the fact that it is seeking to fill an internal position, or if it wants to recruit for a position, which is presently held by a soon-to-be-moved incumbent, a blind advertisement may be appropriate. This is especially true when the organization expects an extraordinary number of applications in response to their ad. Using blind ads does away with the need to respond to each and every individual who applies. The organization can notify only those individuals whom it considers suitable, leaving the others to assume that their applications were never received.

The basic source of information that has to be placed in the ad is job analysis. The recruiter must decide whether the ad should focus on descriptive elements of the job (job description) or of the respondent (job specification). The rate of response will often be affected by this choice. Advertisements that use more applicant-centered criteria to describe the successful candidate and ask for candidates with qualities that are difficult to measure receive a very good response, whereas advertisements that describe a job requiring precise abilities and experience will limit the number of respondents.

EMPLOYEE REFERRALS/RECOMMENDATIONS

The recommendation of a current employee is one of the best sources for recruiting a new employee. Unless, an employee really believes that the individual can perform well, he is unlikely to recommend the person, as a bad recommendation would reflect on the person making the recommendation. Individuals recommended by present employees are likely to have gathered more accurate information about their prospective jobs. The recommended usually provides more realistic information about the job than any employment agency or newspaper advertisement. This information wipes off unrealistic expectations in the mind of the individual and increases the chances of his continuing in the job.

EMPLOYMENT AGENCIES

Employment agencies can be broadly classified on the basis of the type of clientele they serve – public or state agencies, private agencies, and management consulting firms.

- *Public or State Agencies:* These are the agencies set-up by the government to reduce the problem of unemployment. State employment exchanges in India are designed, both to help job seekers find suitable employment, and to help employers find suitable workers. The job seekers have to enroll in these agencies and provide all the relevant details about their qualifications and skills. Similarly, organizations can register their job vacancies with their local state employment office. These agencies then search for suitable candidates from the inventory of local unemployed individuals. These public agencies primarily cater to the requirements of blue-collar workers. This is because prospective applicants perceive these agencies as having only a few high-skilled jobs, while employers perceive these agencies as having only a few high-skilled applicants.
- *Private Employment Agencies:* The primary difference between the private and public employment agencies is their image and clientele. Private employment agencies generally cater to the need of applicants seeking high-skilled jobs or positions and employers looking for applicants of a higher caliber.

These agencies provide a complete line of services. They undertake a major part of the recruitment process on behalf of the organization. They advertise for the post, screen the applicants based on the criteria specified by the organization, and finally send the short-listed candidates to the organization. The organization selects the best candidate from the already screened list. Unlike public agencies, private agencies charge the organizations and applicants for providing these services. Unlike public employment agencies, private agencies do not specify that an individual must be unemployed to make use of its services.

- *Management Consultants:* Management consultants are another type of employment agency. These agencies, which undertake executive search or 'head hunting', are actually specialized private employment agencies dealing with middle-level and top-level executive placements. They assist organizations in filling up positions, and applicants seeking openings, at these levels. These agencies charge a 'higher fee than other employment agencies, have nationwide contacts, and are thorough in their investigations. An employer looking for an individual for a top-level position, say, for the post of vice-president, would be willing to pay a very high fee to locate exactly the right individual to fill the vacancy. These headhunting firms, in turn, use their contacts, do preliminary screening and identify highly efficient executives. These executives would possess the required skills to do the particular job, can effectively adapt themselves to the organization, and above all would be willing to consider new challenges and opportunities. Usually, these individuals would be in a state of frustration as a result of the inability of their current organization to provide opportunities for them to grow at a pace they are capable of, or may be frustrated as a result of being bypassed for a major promotion.

SCHOOLS, COLLEGES, AND UNIVERSITIES

Educational institutions are an excellent source of potential employees for entry-level positions in organizations. Most colleges and universities have placement services that help their graduates to get employment. Though educational institutions are usually viewed as sources for getting people for entry level positions, sometimes even individuals with considerable experience are identified

through these educational institution placement services. These individuals might be employees who have returned to school to upgrade their skills or knowledge or the alumni of the institute using their educational institution as a placement center.

However, organizations usually tend to focus on colleges that have strong reputation in areas in which they have critical requirements.

- *Unsolicited Applicants:* Another source of prospective applicants is “walk-ins”. These applicants reach the employer by letter, telephone or in person. Though this source is affected by certain factors such as the economic conditions, the organization’s image, and the job seeker’s perception of the type of jobs that might be available, it is still an excellent source of supply. If an organization does not have openings at a particular time, it may stockpile for meeting future requirements.
- *Other Sources:* Organizations often consider non-traditional sources while searching for certain types of applicants. For instance, recruiting from associations of the handicapped can provide highly motivated workers, and a forty-plus club can be an excellent source of mature and experienced workers.

Although the sources employed usually vary with economic conditions, the employer’s efforts in recruiting are not always rational and distinct. Many large organizations combine community relations and recruitment, whereas many small organizations keep no records of recruitment and use a variety of methods.

3.4 Constraints on Recruiting Sources

Though, the sources discussed above can be utilized for searching for prospective candidates, there are certain constraints in attempting to attract qualified applicants, which need to be recognized by a recruiter. For instance, the organization may not have included the best candidate in the pool of qualified applicants; the best candidate may not want to join that organization; or such candidate may be given lower priority based on certain job performance criteria. On the whole, these and other constraints restrict a manager’s freedom to recruit and select a candidate of his choice. Some of these constraints are discussed below:

- *The image of the organization* is one of the potential constraints. If people perceive an organization has a poor image, it is unlikely to a large number of applicants. Most college graduates would like to work for big organizations that provide excellent salaries, myriad benefits, and have a good image and reputation in society. However, all big organizations may not necessarily have a good image. Large organizations that account for heavy pollution, provide poor-quality products, unsafe working conditions, and respond indifferently to the needs of their employees may have a bad image.
- Another constraint is the *nature of the job*. Jobs that are unattractive or considered ‘low-status’ by society, are difficult to be filled. Also, jobs that are viewed as boring, hazardous, anxiety-creating, low paying, or lacking promotion potential, seldom attract a qualified pool of applicants. Even during times of economic stagnation, people may not want to take up these jobs.
- Certain *internal organizational policies* also act as constraints. Policies such as “promote from within wherever possible” will give priority to employees within the organization and propose to fill in all vacant positions other than entry-level positions, from within the ranks. This policy may force the organization to utilize inferior internal sources, when competent candidates are available outside.

- *Union requirements* can also restrict recruiting sources. In many organizations, individuals who are considered for employment have to be screened and approved by the unions. This determines who can apply and who has the priority in selection. Often this political process limits the management's freedom to select those individuals who it believes would be the most suitable candidates. The candidate preferred by the management may not meet the criteria stipulated by the unions.
- Another major constraint is the *government's influence*. The government's policies regarding recruitment restrict the manager's freedom to a certain extent. Organizations can no longer select individuals on the basis of non-job-related factors such as, physical appearance, sex, or religious background. For instance, though an airlines company would prefer to select attractive females as flight attendants, it would be breaking the law if suitably qualified male candidates are rejected on the basis of sex.
- Finally, the *cost of recruiting* is a constraint that should not be overlooked. Sometimes, because of budget restrictions, searching for applicants for a long period of time may not be possible. Similarly, when an organization considers several recruiting sources, the recruiting expenditures are made on that source which ensures the best returns on "investment". These expenditures relating to each source are prioritized considering the limited resources. The sources that have low priority do not receive the same resources as the high priority sources, which ultimately restricts a recruiter's effort to attract the best person for the job.

3.5 Recruitment Evaluation

Recruitment strategies, objectives and policies should be evaluated continuously to ensure that they are in keeping with corporate strategies, objectives and policies. The recruitment sources and techniques also need to be evaluated to ensure that they conform to the recruitment objectives and policies of the organization.

All organizations cannot develop every source of labor to the fullest extent. The various sources used by an organization should be evaluated and judged in terms of the degree of success in obtaining competent personnel. For this, the personnel currently employed in each category of jobs should be evaluated and if a correlation is discovered between successful personnel and a particular labor sources, those sources should be further developed with money and effort.

Sources in the recruitment function can be judged based on a number of criteria. Some of these criteria in the order of their increasing importance are:

- i. The number of applicants,
- ii. The number of offers made,
- iii. The number of hiring's, and
- iv. The number of successful placements.

The number of job applicants criterion is the least important among all the criteria. This is because applicants can be attracted by recruitment methods that may not result in successful hiring. The second criterion, 'the number of offers made' is a better indication of the quality of the recruitment than 'the number of applicants' criterion. 'The number of acceptance of hirings' has more value and is closer to the real objective of securing an adequate number of qualified personnel. But, the true effectiveness of a recruitment program can be determined by the number of successful placements. This involves finding how successful the placement was? Whether the employee quit because of misunderstanding the nature of the job and organization, and whether the person is a good employee in terms of productivity and attitude? Such an evaluation will include an appraisal of the selection procedure, as one cannot properly evaluate recruitment without considering the end result, a successful placement.

Evaluation of the sources and techniques of recruitment helps in assessing their degree of suitability in achieving corporate strategies and objectives. It also facilitates monitoring and controlling the recruitment practices. In addition, recruitment evaluation helps an organization to review, update or modify manpower plans and the recruitment sources and techniques selected, in view of the changes in the internal and external environment.

4. SELECTION AND PLACEMENT

Selection is the process of ascertaining the qualifications, experience, skill, knowledge etc., of an applicant with the purpose of determining the suitability for a job. The selection procedure starts with securing relevant information about an applicant. The primary purpose of the selection process starting from the initial screening interview to the physical examination, exists for the purpose of making effective selection decisions. As 'Yoder', in his book, *Personnel Management and Industrial Relations* states that, "The hiring process is of one or many 'go, no-go' gauges. Candidates are screened by the application of these tools. Qualified applicants go on to the next hurdle, while the unqualified are eliminated." Every activity in the selection process is a predictive exercise that enables managerial decisionmakers to predict which job applicant will be successful if hired.

Any selection decision can result in four possible outcomes, two of them indicating correct decisions and the other two indicating wrong decisions. Correct decisions are those when an individual is predicted to be successful and the individual actually proves to be successful on the job. Alternatively when an individual is predicted to be unsuccessful and might have performed so if selected is also a correct decision. In the first case, the individual is successfully accepted and in the second case the individual is successfully rejected in the selection process.

A wrong decision occurs when an individual, who would later perform successfully on the job is rejected (reject errors), or when an individual who would perform poorly on the job is selected (accept errors). In the former case, the organization misses a good candidate who can add value to it. It also incurs the costs of undertaking selection activities without any gains. In the latter case, the organization has to bear the cost of training the employee, the costs incurred (or profits foregone) due to the incompetence of the employee. Moreover, if the company decides to fire the employee, in addition to the costs mentioned earlier, it also incurs the cost of severance, and the costs of further recruiting, selecting and screening. Hence, the main objective of any selection activity is to reduce the probability of making reject or accept errors while increasing the probability of making correct decisions.

A secondary purpose of the selection process is to provide information about and sell to the candidate, the job and the organization. Though this aspect receives less attention, probably because it is very closely intertwined with recruitment, it is prevalent throughout the selection process. The selection process is an effort to balance the objectives of evaluating and attracting. Unless a large number of applicants are not attracted, the selection process suffers from an error arising out of too small a sample. One example of such activity, which serves both the purposes, is the interview. While interviewing, the interviewer tries to gather information about the candidate as well as informs the applicant about the job and the organization. The latter part is critical for the organization to successfully sell itself to the candidate. If the organization fails to sell itself, there is little likelihood that the applicant will accept the job even if it is offered.

In brief, selection has two purposes:

- i. To take a decision based on the prediction about which job applicant would be successful if selected, and

- ii. To provide information about the job and the organization in order to ‘sell’ them to the right candidate.

However, these two purposes are not always compatible. Tiresome and stressful tests, grilling interviews and other such activities rarely endear the organization to the candidate. But, the selectors have to balance these two aspects, which is quite daunting.

4.1 The Selection Process

The selection process has its roots in the organization goals, job design, and performance appraisal. Apart from these, recruitment and selection instruments also are part of the selection process.

Organization goals dictate the general hiring policy of the organization. They also enable the policymakers to determine how the employees fit into the overall framework of the organization. They establish the relationships among the employees in the organization too. *Job design* determines what duties and responsibilities each job will entail. The nature of the job, and aspects like whether it is motivating or repetitive affects the performance of employees on that job. Performance appraisal involves the measurement of job success and identifies the successful employees. *Job specification* details the traits, skills, and background an individual must have to qualify for the job. This information is basically drawn from the job analysis. Finally, the *selection instruments* used in the selection process need to be determined.

A combination of different selection instruments can be used in the selection process. This combination may vary from one organization to the other. Usually, the process begins with reviewing the applications, gathered through the organization’s recruitment effort. The applicants who appear to be qualified for the position are then called for an initial screening, where selectors look for the minimum requirements that are laid down by the job specifications. In the next step, the applicants are asked to fill in the application blank, which standardizes information about all those who may be considered.

The next step is to conduct tests that are relevant to the job and validated by the organization. After conducting the tests the applicants are usually interviewed by the HR department. Next, a background investigation of suitable applicants is done. This involves checking the references and employment history of the applicants. Finally, the applicants who successfully pass through all these steps, are interviewed by the departmental heads or supervisors. During the in-depth interview, job requirements are discussed so that the applicant can understand what is expected of him/her and the supervisor can judge the applicant’s interest in the job. At this point, a job offer may be made to the applicant best-qualified for the job. If that applicant rejects the offer, the management can either offer it to the other qualified applicants or take up the recruitment process again if there are no other applicants who are qualified for the job. If the applicant accepts the offer, the process of placing the applicant in the organization begins.

Evaluating Ability and Motivation

The primary objective of any selection process is to maximize an employee’s future performance. An employee’s performance depends mainly on his/her ability and motivation to perform the job. Thus, determining which applicant possesses the necessary ability and the greatest motivation to be a successful employee is the basic purpose of the selection process. Often, failure on the job is not due to lack of skill or ability to perform the job successfully, but due to a lack of motivation. While skills and abilities can be developed in employees through training – both inside and outside the organization – motivation cannot be developed to the same extent.

Thus, we see that evaluating motivation is a key aspect of the selection process. The past performance of a job applicant is one important indicator of how he/she

may perform in the future. Therefore, gathering an accurate and verifiable record of the applicant's past job performance is critical, though it is sometimes difficult. The past employer may not want to part with the correct information about an employee.

Measuring the job applicant's values is another way to accurately assess a person's motivation. The applicants who share the same values as the employer are more likely to be committed to the achievement of organization goals.

4.2 Selection Method Standards

The selection criteria, against which an applicant will be evaluated, need to be chosen with care. To allow an accurate prediction of an applicant's success on the job, the selection methods should meet the following generic standards – reliability, validity, generalizability, utility and legality.

- **Reliability:** A selection method is considered reliable if it produces consistent results. Usually, the reliability of a selection method is measured in one of the three ways given below:
 - i. *The Repeat, or Test-retest Approach:* In this approach, the method is used on the same candidate for a second time. If the score does not vary significantly, the method is considered reliable.
 - ii. *The Alternate-form Method:* In this approach, two forms of the same method are used.
 - iii. *The Split-half Procedure:* In this approach, a method is divided into two parts.

The selection method will be considered reliable if there is considerable correlation between the two sets of scores in each approach.

- **Validity:** The validity of a selection method is the degree to which the scores or rankings it provides relate to the success on the job. A selection method must be first reliable if it is to have any validity, but it is not necessary that all reliable selection methods are valid.

There are three general methods for determining the validity of a selection method, criterion validity content validity, and construct validity.

In evaluating a particular selection method, any combination of the three types of validity may be useful depending on the job content.

- **Generalizability:** Generalizability of a selection method is defined as the degree to which its validity, established in one context, can be extended to other 'primary contexts' over which a selection method can be extended – different situations (i.e., jobs or organizations), different samples of people, and different time periods. A selection method must be valid to be generalized, but it is not necessary that all valid methods are generalized.
- **Utility:** "Utility is the degree to which the information provided by selection methods enhances the bottom line effectiveness of the organization." (J W Bondrean, "Utility Analysis for Decisions in Human Resource Management", in *Handbook of Industrial and Organizational Psychology*. The more reliable, valid, and generalizable the selection method, the more utility, it will have. However, many characteristics of particular selection context may enhance or lessen the utility of a given selection method, even when reliability, validity, and generalizability are held constant.
- **Legality:** Legality is the final standard that any selection method should adhere to. Selection method should not violate the existing laws and legal precedents prevalent in the country with the workforce growing diverse in cultural and social backgrounds, this aspect has become more and more important. MNCs have to consider the legality of a number of countries they are operating in.

4.3 Application Forms

An application form, also referred to as an application blank, is a formal record of an individual's appeal or intention for employment. It is a traditional and widely accepted device for securing information about prospective candidates. It is usually used to screen job applicants at the preliminary levels. These application forms are designed to help applicants provide pertinent information that is used in the job interview. The information is also used in reference checks to determine the applicant's suitability for employment. The information needs are based on the size of the company, nature of business activity, kind and level of the job etc.

Application forms designed by some organizations are brief, general and easy to answer, whereas the application forms of some others are elaborate and require detailed information about the applicant. Sometimes applicants are also required to write about their values, future goals etc., in quite lengthy manner.

Some of the items that usually appear on the application form are:

- i. *Personal Information:* This includes the name, present and permanent address, sex, date of birth, marital status, health, height and weight, nationality, number of dependents, annual income of applicant's parents etc. The selectors can use this information to judge the suitability of the job applicant by obtaining information regarding his socio-economic background, neighborhood, family status and background, all of which have an impact on employee behavior. The current trend is to minimize the personal information need and focus work experience and educational qualification.
- ii. *Educational Qualifications:* This includes the list of schools, colleges, and institutions attended by the job applicants, the period of study, the various courses taken and subjects studied, and the percentage of marks, and the class and ranks secured by the job applicants. This part of the application blank provides a lot of relevant information for judging an applicant's academic background.
- iii. *Work Experience:* This covers the experience gained by the job applicant in all the previous jobs. Details about the nature and quantum of work handled, period of experience in each job, the responsibilities and duties involved, and reasons for leaving the past organizations are sought. This information enables the selectors to determine what his/her aptitudes are, what kind of a relationship he/she had with past employers etc. This also shows whether an applicant is steady or leaves job too often.

4.4 Types of Selection Tests

- **Intelligence Tests:** Intelligence is defined in many ways by various psychologists, Binet Simon considered intelligence as a general trait, a capacity for comprehension and reasoning, L L Thrustone, in their *Factorial Studies of Intelligence*, distinguished mental abilities from the general trait of intelligence and created more specialized intelligence tests based on reasoning, word fluency, verbal comprehension, numbers, memory and space. The Wechsler-Bellevue Intelligence Scale utilized a multiple measurement of such factors as digits span both forward and backward, information known, comprehension, vocabulary, picture arrangement and object assembly.
- **Aptitude Tests:** Aptitude tests measure whether an individual has the ability to learn a given job, if given adequate training. Aptitude tests can be used when an applicant has little or no experience related to the job, which is to be filled. Organizations that are looking for persons who will show a higher degree of success after the training period normally utilize these tests.

- **Achievement Tests:** Applicants who claim to have a certain amount of knowledge in a particular area are put through achievement tests. These tests measure the extent of their knowledge. Organizations that wish to employ experienced candidates can use these tests. These tests can be classified into 'job knowledge' test and 'work sample' test.

In a job knowledge test, a candidate's knowledge of a particular job in which he has experience is tested, while in the work sample test a portion of the actual work is given to the candidate and asked to perform it. These tests enable the management to evaluate the candidate's knowledge about the job and the ability to do the actual work.

- **Situational Tests:** Situational tests evaluate a candidate's performance in a real-life situation. In this test, the candidate is asked, either to deal with a particular situation or solve certain problems associated with the job.

Situational tests include 'leaderless group discussions', 'in basket' and 'business games'.

- *Leaderless Group Discussion:* Candidates are asked to participate in a group discussion, while the management observes and evaluates the candidate's capabilities in the areas of initiating, leading, selling abilities, conciliation skills, oral communication skills, co-ordinating and concluding skills. IBM uses a Leaderless Group Discussion in which each participant is required to make a five-minute presentation.
- *In Basket:* This candidate is given actual letters, telephone and telegraphic messages, reports and requirements from various officers in the organization, along with adequate information about the job and organization. The candidate is asked to take decisions on various issues based on the 'in basket' information.
- *Business Games:* It is a living case in which candidates play themselves, an assigned role, and are evaluated within a group. These are used for a variety of executive activities, from marketing to capital asset management. The games vary from stock market to battle simulations.
- **Interest Tests:** A person who is interested in a job or task will do much better than one who is not. Interest tests help the management to find out whether a candidate is interested in the job applied for. These tests are generally inventories of the likes and dislikes of candidates in relation to work, job, occupations, hobbies and recreational activities.
- **Personality Tests:** The personality of individuals plays an important role in their success. Individuals having intelligence, aptitude, and the right experience for a certain job often fail due to their inability to get along with and motivate other people. These tests probe an individual's value system, emotional reactions, maturity level, and characteristic mood. These are expressed through traits like self-confidence, tact, emotional control, optimism, decisiveness, sociability, conformity, objectivity, patience, fear, distrust, initiative, judgment, dominance or submission, impulsiveness, sympathy, integrity, stability and self-confidence.

The personality tests are usually objective tests, they can be used for group testing and can be rated objectively. However, projective tests also have been designed in order to obtain a more realistic assessment of personality.

These personality tests, along with interest tests, may draw fake answers. However, techniques of scoring like the Preference Record, have been developed to distinguish between the honest answers and those answers that are given only to make good impression. There are also methods to identify the carelessly or randomly completed test. Both interest and personality tests are of great value in

election process. The interest tests provide the 'can do' factors and the personality tests provide the 'will do' factors of an individual.

4.5 Interviews

An interview enables managers to fill the gaps in the information provided by application blanks and tests. It may also provide entirely new information. Interviews are particularly useful for assessing intangible factors such as, motivation and enthusiasm that cannot be shown on an application blank.

Though interviews are the least objective part of the selection process, they are generally considered the most valuable method of selection. Interviews give the management a chance to influence the candidate's view of the organization as well as assess the candidate's attitude towards the job. This makes an interview preceding a job offer, an extension of the recruitment process, and also a part of the selection process.

Interviews are sometimes unreliable and inconsistent in their results due to certain causes. One such cause is the problem of personal biases. Even when interviewers recognize their personal biases, an interviewee's sex, race, religion, school or hobbies may influence the final decision. Interviewers must constantly work to reduce such biases. In a multi product Indian company the bias of VP (HR) in favor of his alma mater reduced the company to an off-campus coterie in a few years. In India the community to which the proprietor belongs normally gets an easy employment in the company. But in such companies the morale of employees is normally low and is reflected in their performance. This affects the companies adversely. As no two interviewees have the same background and experience, interviews differ from interviewee to interviewee. The aspects of the individuals, their skills, and their work histories can be different and must be discussed differently with each individual.

The setting of the interview often affects the outcome. For instance, if one interview takes place in the morning when the interviewer is fresh and the other interview takes place in the afternoon, the outcome may be different, other factors remaining the same. When the interviewer is in a hurry to leave, the second interviewee may not have received the same attention as the person who was interviewed first.

Finally, if the company intends to interview a large number of people and there is a deadline for filling the position, the interviewer would be under additional pressure. This may result in selection decisions that may not be rational. Normally, during this type of hurried interviews, the interviewer falls prey to various personal biases.

There are several types of interviews, each of which is described below:

- i. **Preliminary Interview:** Preliminary interviews are first round interviews that are usually quite short and aim to eliminate the obviously unqualified job applicants. These interviews are generally informal and unstructured.
 - a. *Informal Interview:* Informal interviews can be conducted at any place by any person to secure non-job-related information. For instance, the interaction between a job applicant and the personnel manager when the former meets the latter to enquire about existing vacancies or to seek additional information about the employment advertisement is an informal interview.
 - b. *Unstructured Interview:* In these interviews the interviewee is given the freedom to talk about self, to reveal knowledge in various areas, background, expectations, interests etc. Also, the interviewer may provide any information required by the candidate regarding the job or the organization.

Generally, the preliminary interviews obtain more obvious facts and impressions. They enable the manager to quickly evaluate the

interviewee on the basis of appearance and facility in speech. It can be argued that such bases are unsatisfied and erroneous.

- ii. **Core Interview:** A core interview is normally the interaction between the job applicant and the line manager or experts, where the applicant's job knowledge, skills, talent etc., are ascertained. The various forms that this interview can take are:

- a. *Background Information Interview:* The purpose of the background information interview is to collect the information that is not available in the application form as well as to check this information against the information provided in the application form. This includes information about education, place of domicile, family, health, interests, hobbies, likes, dislikes, extra-curricular activities of the applicant and so on.
- b. *Job and Probing Interview:* The purpose of the job and probing interview is to test the applicant's knowledge about duties, activities and methods of doing the job, the applicant's abilities in critical/problematic areas, and the methods of handling those areas etc.
- c. *Stress Interview:* The objective of the stress interview is to test the applicant's ability to withstand stress. Interviewers put the interviewee under stress, by repeatedly interrupting him, criticizing his answers, asking him unrelated questions or keeping quiet for unduly long periods after the interviewee has finished speaking. Such interviews must be handled with utmost care and skill. The caveat for the interviewer is that such situations should never be overdone.
- d. *Group and Discussion Interview:* There are two methods for conducting – the group interview method and the discussion interview method.

In the group interview method, all the applicants are brought into one room and interviewed one by one. This method enables a busy executive to save valuable time and gives a fair account of objectivity to the applicants.

In the discussion interview method, all the applicants are brought into one room and given a topic for discussion. While the applicants are asked to discuss the topic in detail, the interviewer evaluates the applicants' initiative, interpersonal skills, dynamism, presentation, leadership abilities, comprehension skills, and ability to work with others.

Group discussion interviews put interviewees at ease because they are normally informal and flexible. However, they may not always reveal relevant details about the applicant's background and skills. If a group is small, about five, this method of interviewing may be useful.

- e. *Formal and Structured Interview:* The formal and structured interviews are rigidly structured. The formalities and the procedures to be followed in arranging and conducting the interview like, fixing the venue, time, panel of interviewers, opening and closing of the interview, intimating the applicants officially, etc., are laid down in detail. The course of the interview – the questions to ask, who in the interview panel to ask what questions and in what sequence are planned and structured well in advance, depending on the job requirements. There is very little room for interviewers to deviate from the questions and the sequence in which they are to be asked.
- f. *Panel Interview:* Most organizations invite a panel of experts, specialized in different areas, to interview applicants. This is because one person may not be able to effectively judge candidates' overall suitability. In a panel interview, different experts interview each candidate, judge his performance individually and arrive at a

consolidated judgment, based on each expert's judgment and the weight age given to each factor. This type of interview is likely to be effective, as each applicant is evaluated by experts in their respective areas. However, care should be taken to avoid excessive weight age to a particular factor, or domination of a few experts. In an old brick and mortar company, the panel was heavily loaded with production experts. Candidates having high creativity, but moderate logical skills were rejected for an R&D chief's job.

- g. *Depth Interview*: In these interviews, the applicants are questioned extensively in the core areas of knowledge and skills required for the job. They are evaluated by experts in that particular field. These experts ask relevant questions that will elicit critical answers from the applicants, initiate a discussion regarding critical areas of the job, and or ask the applicants to explain the minute details about the job performance. For highly technical job, depth interviews ensures a better fit between the candidate and the job.
- iii. **Decision-making Interview**: After the applicants' knowledge in the core areas of the job is evaluated by the experts, including the line managers of the organization, the applicants are finally interviewed by the departmental heads. These interviews are usually in the form of informal discussions. The interviewer at this level evaluates the applicant's interest in the job, organization, his reaction/adaptability to the working conditions, career planning promotional opportunities, work adjustment and allotment etc. The HR manager also tries to find out the candidate's ideas about salary, allowances, benefits, promotions and opportunities. The departmental head and the HR manager exchange their views about the applicant and then jointly communicate their decision to the chairman of the interview board. Finally, the chairman makes a decision about the applicant's selection.

4.6 Interview Process

Interview is not a single step. It is a process consisting of several steps. The major steps are:

- **Preparation**: Advance preparation for all types of interviews is very important. It helps the interviewer to focus on the important aspects and to remember and absorb many impressions and facts during the interview. Though interviews conducted on the spot may not allow for any preparation, the following guidelines would be of great help to an interviewer"
 - i. *Specific Objectives of the Interview need to be Determined*: The specific objective of the interview should be determined in advance. The information that an interviewer wishes to secure from the interviewee and the information that he would like to convey to the interviewee should be decided well in advance. There should be little overlap with other employment steps. For instance, the interviewer should avoid basic information questions that have already been answered on the application blank. In general, employment-interviewing objectives are largely intangible, dealing with such traits as character, social adjustment, attitude, motivation, oral expression, and capacity for growth and advancement.
 - ii. *Method of Accomplishing the Interviewing Objective must be Determined*: This involves deciding which type of interview to be used to accomplish the objectives of the interview whether to use a standard rating form or a less systematic evaluation, whether to take notes or to rely upon memory.
 - iii. *Gather as much Information as about the Interviewee as Possible*: A thorough study of the application form and test performance of the applicant enables the interviewer to avoid further evaluation of those

areas that have already been evaluated effectively by other means and to crosscheck the validity of the applicant's responses.

- **Setting:** The setting for an interview, which has both physical and mental aspects, deserves special emphasis.
 - i. *The Physical Setting for the Interview Should Ensure Privacy and Comfort:* The physical setting for an interview must provide privacy and comfort for the interviewee, so that he can relax and talk more freely. This elicits a lot more genuine information for the interviewer to evaluate. Other factors such as lighting, acoustics and the arrangement of furniture and other items in the interview are also part of the physical setting. In general, professional companies exuberate a sense of warmth through their setting.
 - ii. *The Mental Setting Should be One of Ease:* An initial effort should be made by the interviewer to create an atmosphere of ease. Instead of plunging directly into the business at hand, some interviewers indulge in idle conversation to start with, which is advisable. In this process, interviewers can use subjects of general interest or more specialized subjects based on the interviewee's interests, as mentioned in application form. The interviewer must be conscious of his non-verbal behavior. Feelings such as impatience, irritation, and resentment can be conveyed by body language. Such non-verbal cues, if perceived by the interviewee, create a physical barrier between the interviewer and interviewee, hindering the establishment of rapport. A rapport is necessary for eliciting complete and genuine information from the interviewee.
- **Conduct of Interview:** This is that step in the interviewing process where most of the action takes place. This step involves obtaining the desired information and facts that are needed by the interviewer. It is important that the following factors are taken into consideration in the conduct of an interview:
 - i. *The Interviewer Should Possess and Demonstrate a Basic Liking and Respect for People:* This is the most fundamental principle in interviewing. Though it is not a specific rule to be followed, it is a fundamental philosophy. An interviewer who likes to converse with people and is truly interested in them is more likely to gather more information about them. Such interviewers create a comfortable atmosphere, which leads the interviewee to open up.
 - ii. *Questions Should be Open-ended to Encourage the Interviewee to Talk:* Questions posed by the interviewer should be so designed that they encourage the interviewee to speak out. The type of questions should be based on the information that has to be obtained. If it is a mere confirmation that is expected from the interviewee, objective or closed questions resulting in 'Yes' or 'No' answers can be used. On the other hand, if the interviewer wants to obtain some detailed and more comprehensive information, open-ended questions may be used.
 - iii. *The Interviewer Should Listen Attentively and If Possible, Projectively:* The interviewer should be fully attentive to the interviewee. Marginal listening not only prevents obtaining full information, but is insulting to the interviewee. If possible, the interviewer should projectively listen to fully understand the meaning of what is being said by the interviewee. This is possible for interviewers who can listen faster than the interviewee can talk. The interviewer must attempt to project himself in the position of the interviewee, which requires an 'imaginative study of

the personal background of the interviewee as revealed by his application form. Projection does not necessarily mean that the interviewer must agree with everything that is said by the interviewee. The interviewer must still retain a measure of objectivity by means of which the interviewee and his capabilities can be evaluated.

- iv. *A Void Hostile Questions:* The interviewer should at all cost avoid offensive and hostile questions which could cause uneasiness in the interviewee. For instance, instead of directly asking what the interviewee did not like in his last job, the interviewer can ask, 'If you could have changed your last job, what particular things would you have wanted changed?'.
- **Close:** The closing of the interview is as important as its commencement. It should be without awkwardness and embarrassment.
 - i. *The Interviewer should Make Some Overt Sign to Indicate the End of the Interview:* Once the interview is completed, it is the responsibility of the interviewer to bring the conversation smoothly to a close and to indicate it in some obvious manner. Some of the indications are laying the pen or pencil down, pushing back a chair, standing up, etc. This enables the interviewee to make a reasonably poised exit and many appreciate such signs, particularly after having been caught in stressful situations during the interview.
 - ii. *The Interviewee Should be Given Some Type of Answer or Indication of Future Action:* The interviewee should not be left hanging in the air, wondering what would happen next. The interviewee may be accepted, in which case he is informed about further employment processing. Sometimes, the interviewee is rejected for not measuring up to the job specification. In such cases, many prefer a rejection letter, rather than a face-to-face rejection. If the decision to be taken requires sometime, the same must be conveyed to the interviewee.
- **Evaluation:** Finally, once the interviewee leaves the interview room, the interviewer must immediately undertake the task of evaluating the candidates while the details are fresh in his mind. The interviewer should record all the details now if it is not done during the interview. If a rating sheet is provided for the structured interview, the interviewer should enter the points and the supporting information. Based on his observations, rating and performance of the interviewee, the interviewer should evaluate the individual and some decision must be arrived at regarding his employment.

Besides evaluating the applicant, interviewers must always evaluate themselves. As interviewing is largely an art, practice can improve its application.

4.7 Background Investigation

The next step in the selection process is to undertake an investigation of those applicants who could be potential employees. Background investigation proves the authenticity of responses made by these individuals in their application forms and interviews. Background investigation is usually conducted through reference checks. This may include contacting former employers to confirm the applicant's work record and to obtain the appraisal of his performance, contacting other job-related and personal references, and verifying the various achievements, including the educational attainments, provided on the application forms.

There are several methods that can be used by the HR department in checking the references. First, the HR specialist can personally visit former employers or friends

of the applicant. This method will be usually considered, only for applicants for high-ranking positions as it involves extra time and expense. The second method is using Mails. This method has certain disadvantages: it may take days or weeks to obtain information and it lacks the depth of information that a personal phone call can provide. Another disadvantage is that, most employers are increasingly cautious of putting their perceptions about former employees in writing. The third method is talking to the references on the telephone. Former supervisors or employers are more likely to give complete information regarding an applicant's background over the phone. Moreover, this is time-efficient. A recently introduced method for checking references is using the services of outside professional agencies. These agencies investigate the background of applicants and charge for their services. Such agencies conduct interviews with former employers and check records, credit files, and educational credentials of the applicant.

4.8 Placements

Once the candidate reports for duty, the organization has to initially place him in the job for which he is selected. According to Paul Pigors and Charles A. Myers, in their book *Personnel Administration*, placement is "The determination of the job to which an accepted candidate is to be assigned and his assignment to that job. It is matching of what the supervisor has reason to think he can do with the job demands (job requirement), it is a matching of what he imposes (in strain, working conditions) and what he offers in the form of payroll, companionship with others, promotional possibilities etc." A proper placement of an employee results in low employee turnover, low absenteeism, and accident rates in shop floor jobs and improved morale.

After selection, the employee is usually put on a probation period ranging from six months to two years. The organization generally decides the final placement after the initial probation period is over based on the employee's performance during the period. If the employee's performance is not satisfactory, the organization may extend the probation period or ask the employee to quit. If the employee performs satisfactorily during this period, his services are regularized.

SUMMARY

- Job design and job analysis help to achieve this right individual-job fit. Job design involves structuring job elements, duties, and tasks to achieve effective job performance and optimal employee satisfaction. Effective HR departments help match employee skills to job requirements. Sometimes a job description is rewritten or a position is created to fit a talented employee. Job analysis is the first step in assembling a wage and salary administration program because it defines the content of an organization's jobs on which to base wages and salaries.
- Human Resource Planning, also popularly known as manpower planning, is the process by which an organization ensures that it has the right number and type of people, at the right places, at the right time, and that these people are capable of performing the tasks effectively and efficiently. This helps the organization to achieve its overall objectives.
- Recruitment and selection are two of the steps in the total employment process. Recruitment is only finding, and developing the sources of prospective employees and attracting them to apply for jobs in a particular organization. Selection follows recruitment and is the process of finding out the most suitable candidate for a job, from the candidates attracted or recruited.
- A proper placement of an employee results in low employee turnover, low absenteeism, and accident rates in shop floor jobs and improved morale.

Chapter XIII

Development of Human Resources

After reading this chapter, you will be conversant with:

- Performance Appraisal
- Employee Training and Development
- Compensation Management

Several factors influence the effective functioning of an organization. Unless and until, qualified and motivated people fill the positions in a organizational structure, the aims and purposes of management are often meaningless. Here arises the need for an efficient system of *human resources management* that encompasses crucial tasks such as, performance appraisal, employee training and development and compensation. In this chapter, we shall discuss each of these functions.

1. PERFORMANCE APPRAISAL

Performance appraisal can be viewed as the process of assessing and recording staff performance for the purpose of making judgments about staff, that lead to decisions regarding pay increases and/or promotions. It is the systematic review of an employee's strengths and weaknesses pertaining to his job. Appraisal is an essential element in staff training and development process.

It can be described as, "the process of judging the competence with which an employee has performed the duties and responsibilities associated with the position for which the person was hired by a company or organization, usually for the purpose of contract renewal or promotion."

Although most formal appraisal programs focus on the six-month or yearly review, performance appraisal ideally, should be seen as an ongoing process, rather than an isolated event. Supervisors and managers should give their staffs positive, constructive feedback on a regular basis. In order to be effective and constructive, the performance manager should make every effort to obtain as much objective information about the employee's performance as possible.

One method of maintaining quality and quantity of services in the face of diminishing purchasing power is to have more efficient and productive staff. Even without pressure to increase the overall productivity, many organizations establish a base line for assessing individual staff member's performance.

1.1 The Need for Performance Appraisal

Performance appraisal is essential to point out positive and negative aspects of a person's role and to look for ways of improvement, in order to benefit the individual, department and entire organization. Appraisals are useful tools, and serve as a basis for HR decisions pertaining to promotion, demotion, and termination of employees. It implies that an appraisal system facilitates the promotion of employees with outstanding performance and the weeding out or transfer of poor performers. It even provides a concrete feedback to employees so as to improve their performance, and overcome weaknesses, if any.

Effective performance appraisal systems contain two basic systems operating in conjunction: an evaluation system and a feedback system. The main aim of the evaluation system is to identify the performance gap (if any), which is the shortfall that occurs when performance does not meet the standard set by the organization as acceptable. The main aim of the feedback system is to inform the employee about the quality of his or her performance. The overall objectives of an employee performance evaluation program are to measure, maintain, and improve job performance.

Mohrman, Resnick-West and Lawler (1989) identify the following objectives:

- To increase motivation to perform effectively;
- To increase staff self-esteem;
- To gain new insight into staff and supervisors;
- To better clarify and define job functions and responsibilities;
- To develop valuable communication among appraisal participants;

- To encourage increased self-understanding among staff as well as insight into the kind of development activities that are of value;
- To distribute rewards on a fair and credible basis;
- To clarify organizational goals so they can be more readily accepted; and
- To improve institutional/departmental manpower planning, test validation, and development of training programs.

The appraisal system should assist the employees in determining personal goals, which aid in their career development and that in turn, aid in accomplishing the organizational goals.

1.2 Performance Appraisal Process

The appraisal process starts with the establishment of performance standards. Performance standards should be based on job analysis and job description. These performance standards should be clear and objective for easy understanding. The expectations of the manager about his employees in terms of work performance should be properly communicated to the employees, so that their performance can be appraised against the set standards. However, some jobs have vague performance standards, and information regarding the expectations of the manager are also not always communicated clearly. To ensure that information is received and understood by the employee as intended by the manager, feedback should be given by the employee to the manager.

The next step in the appraisal process involves the measurement of performance. It is important to understand what is to be measured and how it should be measured. Some of the sources of information that are generally used by managers to measure performance include personal observation, statistical reports, oral reports, and written reports. Each of these has its own strengths and weaknesses; when combined together, they increase the probability of getting more reliable information.

What is to be measured is more important to the evaluation process than how it is to be measured, because if the wrong criteria are selected, it can lead to serious consequences. Moreover, what is to be measured determines what the employees in an organization try to excel at. The criteria chosen should represent performance as stated in earlier step of the appraisal process.

The subsequent step in the appraisal process involves comparing actual performance with the standards. Deviations between the actual and standard performance are identified. The next step is discussion of the appraisal with the employee.

The manager faces the challenge of presenting an accurate appraisal to the employee and having him accept the appraisal in a constructive way. This is a very sensitive issue since it involves the assessment of the contribution and abilities of another person. Moreover, this has an impact on the self-esteem of the employee as well as his subsequent performance. Conveying appraisal results can either have positive or negative motivational consequences.

The final step in the appraisal process involves taking corrective action, which can be of two types. The first type is immediate and is concerned with symptoms. The second type is basic and tries to identify the underlying causes. Immediate corrective action means 'putting out fires' whereas basic corrective action identifies the cause of deviation and tries to bridge the discrepancies permanently. In short, while immediate action puts things back on track, basic action deals with the reasons behind performance deviation.

1.3 Who Should do the Rating?

In many situations, the rater is the immediate superior of the employee who is to be rated. However, many companies may also use multiple raters. Peer and self-evaluations are also on the increase, as are customer or client evaluations. Some appraisal systems have included the use of subordinate or reverse ratings and team rating techniques. Appraisals are conducted by different parties, each of which is discussed below:

SUPERIORS

The person who has the best opportunity to observe an employee and decide how well he is achieving his goals and objectives, is the ideal person to rate the employee. In most cases, it is the immediate superior/supervisor who keeps a close and direct watch on the employee, and is aware of the level of performance that is expected of the employee. However, supervisors often seek to avoid the appraisal process for fear of face-to-face confrontations.

PEERS

Where employees work closely with each other in a non-competitive work group environment, peers will be the best people to evaluate the job performance of their co-workers. Peers can provide the organization such information, which the supervisors of those employees cannot. However, such peer evaluations may not always be honest because of possible grudges against co-workers.

CUSTOMERS/CLIENTS

In service jobs, evaluation by customers or clients is fast gaining ground. Customer suggestions or customer comment cards, customer questionnaires, and follow-up surveys are commonly used in many service organizations ranging from banks to departmental stores to hotels. However, it is not possible for customers or clients to give an appropriate evaluation of the employees, as they are familiar with only one part of the employee's performance. Thus, the overall performance appraisal continues to be the supervisor's responsibility. Customer assessment is only a part of the overall appraisal.

SELF-APPRAISAL

This refers to the evaluation that employees make of themselves. Generally, after the employee and the supervisor make their evaluations, they discuss perceived differences. Here, the aim is not only to assess a person, but also to encourage employee development, to build teamwork and to link job performance with the organization's goals. Self-rating is particularly relevant for appraising white-collar employees.

Supervisors sometimes react to the self-ratings by employees. When they find that the employee's self ratings are higher than their own, they change their ratings positively. A certain study revealed that negotiating or posturing occurs in such performance appraisal procedures. A number of organizations encourage discussions regarding differences in subjective ratings between the employee and the supervisor so as to ensure active involvement from both sides.

REVERSE APPRAISALS

In reverse appraisals, subordinates rate their supervisor. This is popular in educational institutions, where the students rate their faculty members on their performance. Several companies like IBM, AT&T, and others use these reverse appraisals as part of their appraisal process.

360-DEGREE PERFORMANCE APPRAISAL

The appraiser can be any person who has thorough knowledge about the job content, contents to be appraised, standards of contents and who has direct contact with the employee. The appraiser should be one who can determine what is more important and what is relatively less important, and make the right assessment without any bias. Performance appraisal by all these parties – supervisor, peers, subordinates, employees themselves, customers and users of services – is referred to as the 360-degree appraisal.

TEAM APPRAISALS

The multiple rater approach of having a team evaluate the performance of individual team members is known as team appraisals. This method ensures procedural fairness and increases employee involvement in their own performance and job.

1.4 Performance Appraisal Methods

The significance of performance evaluations has prompted academicians and practitioners to create various methods to assess performance. No single technique is suitable at all times for all situations, each has its own advantages and disadvantages. We will examine some of the commonly used methods in appraising performance.

STRAIGHT RANKING

This is the oldest and simplest method of performance appraisal. Under this method, employees are ranked from best to worst, on the basis of their work performance. Based on the average of the rankings given by the rater, relative ranking of each member of the group is determined.

GRAPHIC RATING SCALE

The oldest and most widely used technique of performance appraisal is the *graphic rating scale*. It is also referred to as the *conventional rating* method. Under this method, the appraiser/rater gives a subjective evaluation of an employee's performance ranging from low to high. Among the different types of rating scales in use in organizations, some are based on numerical values while others give appraisers a choice of adjectives with which to describe employee behavior.

The graphic rating scale method is inexpensive to develop and administer. In this method, the appraisers do not need much training or time to fill up the form. It also has the advantage of being applied to a large number of employees. However, this technique has its own disadvantages. The appraisers' biases or prejudice may be evident in a subjective instrument of this kind. Certain criteria may be included or omitted to make this form applicable to different types of jobs. For example, the criteria 'maintenance of equipment' may be applicable only to the production workers. The descriptive assessments also are subject to individual biases and interpretations. When it is difficult to identify specific performance criteria for certain jobs, the form may rely on irrelevant personality traits that do not bring out the appropriate meaning of the evaluation.

CHECKLIST

In the *checklist* approach, the appraiser is presented a list of positive or negative adjectives or descriptive statements related to behavior, and asked to point out all those that apply to the employee being appraised. The appraiser has to select those adjectives or statements that best describe the employee's performance and characteristics. Thus, a score is developed by calculating the positive checks. Some examples of checklist statements are:

- Cooperation with co-workers,
- Keeping workstation clean and tidy,
- Completing work on time according to plans,
- Never willing to work overtime, and
- Not able to accept constructive criticism.

Economy, convenience, the limited training needed for appraisers, and standardization are the key merits of this approach. The demerits include susceptibility to rater biases (particularly the halo effect), use of personality criteria rather than performance criteria, misinterpretation of checklist items, and the use of inappropriate weights. Moreover, this approach does not permit the appraiser to give relative weights.

ESSAY METHOD

Essay method is the simplest method of appraisal where the appraiser writes a free-form essay describing an employee's past performance, strengths, weaknesses, and potential and makes suggestions for his development. The essay method is simple and does not require any extensive training or complex forms to be filled by the appraiser. The essay method has certain disadvantages – the essays are unstructured and they differ to a great extent in their content and length. This makes comparison among the employees in the organization difficult. Nevertheless, the essay appraisal gives considerable information, which is easy for the employee to assimilate. This method typically provides qualitative data more than quantitative data. Therefore, it is characterized by greater subjectivity in comparing and ranking employees. However, the essay method can be used effectively in conjunction with other appraisal methods.

CRITICAL INCIDENT METHOD

The critical incident method requires the appraiser to maintain a record of unusually favorable or unfavorable happenings in an employee's work. This technique draws the appraiser's attention to these critical or key behaviors that bring out the difference between doing a job effectively or ineffectively. Under this method, the appraiser writes small anecdotes describing effective or ineffective behavior of the employee. This kind of a behavioral-based appraisal is more relevant than a trait-based appraisal since it is more job related. Critical incidents, with their focus on behaviors, evaluate behaviors rather than personalities.

The merits of this approach are that it provides a factual record for discussions and decision-making. However, this approach requires close and continuous observation by the appraiser. It is also expensive and time consuming and employees become apprehensive when they know that their rater is keeping a watch on them.

FORCED CHOICE METHOD

The forced choice approach is a special kind of checklist, which requires the appraiser to choose the statement that best describes the employee being ranked, from a pair of statements. Typically, both statements in the pair are either positive or negative. For example, works hard, usually tardy.

The appraiser has to decide which statement best describes the individual being assessed. As in the checklist method, the appraiser does not know the correct answer, thus, the element of bias is eliminated. A certain person in the HR department is assigned the duty of scoring the answers based on the key. The key should be validated so that the management is justified in claiming that employees with higher scores are better performing employees.

There is minimum chance of bias or distortion in this method since the appraisers are not aware of the correct answers. However, many appraisers do not prefer this method, because they do not like the idea of being forced to choose between statements that are difficult to differentiate between. There is the chance of appraisers getting frustrated as a result of not knowing what represents a "good" and what represents a "bad" answer, and trying to align the formal appraisal with their intuitive evaluations.

PAIRED COMPARISONS

In this approach each employee is compared with all the other employees in the same group who are being evaluated. In such instances, overall performance is the basis for comparison. An index may be developed showing the number of times each employee is rated superior to another. The employee preferred the most is the best employee on the criterion selected.

BEHAVIORALLY ANCHORED RATING SCALES (BARS)

This approach which has gained attention in recent years, combines key elements of the graphic rating scales and the critical incident approaches. In this approach, the appraiser gives ratings to the employees on the basis of items along a

continuum, which focuses on specific job behaviors rather than traits or characteristics. This approach depends primarily on the appraisers powers of observation, and minimizes the amount of subjectivity or judgment required of the appraiser. The major advantage of this approach over graphic rating scales is that, the scales and terminology are clear and demonstrably job related, and thus is more likely to increase reliability as well as validity.

MANAGEMENT BY OBJECTIVES (MBO)

This approach features an agreement by a superior and his employee on the employees objectives for a specified period and a periodic review of how well the employee is able to accomplish those objectives. In other words, employees are assessed by how well they achieve a specific set of objectives that have been determined to be critical in the successful completion of their jobs. MBO is a process by which organizational objectives are converted into individual objectives. Generally, objectives are written in quantitative terms, though certain objectives are stated in qualitative terms. The MBO system includes the following steps:

- The superior and the employee agree mutually on the key elements of the employees job.
- Both of them agree on the employees specific objectives for a specified period.
- The employee establishes a plan of action necessary to meet each objective.
- During the specified period, the employee periodically reviews his progress toward achieving objectives, usually jointly with the superior. Such progress checks help to identify any need to change action plans or modify objectives.
- After the specified period, the superior and the employee meet together and evaluate the performance of the employee against the set objectives.

In a nutshell, MBO calls for interaction between the superior and the employee in goal setting and in the review of the performance of employees.

Merits of MBO

MBO is an objective, performance-based method of appraisal. It gives individual employees greater direction and self-control, builds their self-confidence, motivates them, improves their performance, level of growth and development, and gives them complete information about the criteria on which they need to be assessed.

MBO fosters better superior-subordinate relationships and improves communications. From the organizations perspective, MBO results in enhanced overall performance, identification of management advancement potential and developmental needs, better co-ordination of objectives, and minimum duplication and overlap of duties and activities. Top managements commitment to and support of MBO programs lead to gains in terms of productivity.

Demerits of MBO

The MBO system is not an absolutely perfect system. MBO programs are systems of joint target setting and performance review when used effectively. However, when the directives of the superior are unreasonable, MBO can become a one-sided, autocratic and time-consuming approach. Sometimes, too much emphasis on measurable quantitative objectives can result in neglect of more important responsibilities, and sacrifice of quality. Since, evaluation is done on the basis of goal accomplishment, employees may set low targets so as to achieve them easily.

1.5 The Appraisal Interview

The appraisal interview is viewed by most organizations as the key feature that plays a prominent role in determining the success or failure of a performance appraisal system. Generally, there is a provision for interviews in most of the

appraisals. An appraisal interview is one of the final steps of the appraisal process; it involves discussing the appraisal with the employee. Performance-related feedback is one of the main methods of improving employee performance and development. Thus, employees become aware of where they stand in the eyes of the organization, and are coached and counseled so that they can improve their performance. Managers, typically, try to gather the following three types of information in an appraisal interview:

- Performance improvement feedback,
- Corporate goal feedback, and
- Salary information.

1.6 Challenges of Performance Appraisal

The performance appraisal process and techniques should be objective, so that the appraisers personal bias and prejudices are kept out. However, it would be unrealistic to assume that all practicing managers interpret and standardize the criteria against which employees will be evaluated impartially. Sometimes, managers use non-performance or subjective criteria to assess employees. It is important that direct performance criteria be used as much as possible in appraising employees. Some of the rater biases that impede objective evaluation are discussed below.

THE HALO EFFECT

The halo effect or error occurs when the appraisers personal opinion of the employee affects the measures of performance. The halo effect is “A tendency to rate high or low based on a high or low rating on some specific factor.” For example, if an employee is conscientious and reliable, the appraiser may show bias towards that employee to the extent that he rates him high on many attributes. This opinion of the appraiser may distort the estimates of the actual performance of the employee. For example, a particular employee may be rated by his supervisor as below satisfactory on all criteria, as a result of a few bad habits of the employee, such as being irregular or late for work. Appropriate education is the best way to correct the halo error. Often an appraiser is not aware of this tendency and someone has to point it out in order to help him rectify it.

THE ERROR OF CENTRAL TENDENCY

This is perhaps the most commonly found error in evaluating employees. Some raters do not like to take the chance of rating their employees as effective or ineffective. Hence, they rate all or most of the employees as average. Typically, appraisers give their marks around the center of the appraisal sheet, impeded by a failure to use the extremes of the scale of rating. This reflects the inability to differentiate between and among employees.

LENIENCY AND STRICTNESS BIAS

There are “easy” raters and “tough” raters in different phases of life. The *leniency bias* results in raters tending to be easy in assessing the performance of employees. These raters perceive all employee performance as good and give a favorable rating. On the other hand, the *strictness bias* results from appraisers being too strict or harsh in their ratings. Such appraisers resort to such a practice to be perceived by others as a “tough judge” of people’s performance. Both these errors occur particularly when the performance standards are vague.

CROSS-CULTURAL BIASES

On the basis of ones culture every rater has certain expectations of human behavior. When people have the chance of rating other people belonging to different cultures, they apply their own cultural expectations to people holding a different set of beliefs or behaviors. In India, elders are treated with respect and held in high esteem. When a young manager is assigned the responsibility of rating an older subordinate, this cultural value of “respect and esteem” may result in subjective rating. With increasing cultural diversity and movement of people across national boundaries, this potential source of bias is likely to become more prominent.

PERSONAL PREJUDICE

An appraiser's personal likes or dislikes towards a particular class of people may affect the ratings these people may receive. For example, it is observed that, especially at the higher levels, male managers give undeserved low ratings to women who are placed in traditionally male jobs. These biases become all the more difficult to overcome when the appraisers are not aware of their prejudices. Such prejudices hinder effective evaluation. While the halo error affects an appraisers judgment of an employee, this kind of a personal prejudice affects an appraisers judgment of entire groups.

THE RECENCY EFFECT

When a manager uses subjective performance measures, ratings are strongly affected by the most recent actions of the employee. It is more likely that the manager remembers the more recent actions, irrespective of whether they are good or bad.

SIMILARITY ERROR

Appraisers make a similarity error when they evaluate other people in the same way that they perceive themselves. Appraisers have certain perceptions about themselves, which they tend to project onto the appraisees.

1.7 Reducing Rater Bias

Bias can be reduced by providing training and feedback, and by the proper selection of performance appraisal techniques. The three steps involved in training raters are:

- Explaining biases and their underlying causes to the raters.
- Bringing out the importance of the role of performance appraisals.
- If subjective measures need to be used for evaluation, then suitable training should be given to raters to apply them. Once subjective performance measures are put into practice, raters should be given a feedback about their earlier ratings. Feedback helps raters to adjust their behavior accordingly.

1.8 Uses of Performance Appraisal

Performance appraisals help management to make effective decisions and/or make appropriate modifications in the earlier decisions concerning the following issues of HRM:

- Organizational planning based on the potentialities of the firm's human resources,
- Human resource planning based on the strengths, potentialities and weakness of human resources,
- Organizational effectiveness through performance improvement,
- Salary, allowances, incentives and benefits,
- Placement or any changes made in placement
- Training and development needs and the effectiveness of these programs, and
- Career planning and development and movement of employees.

Performance appraisal can also be used to evaluate the existing plans, the information system, job analysis and internal and external environmental factors affecting employee performance, such as relations with superiors, working conditions, and personal problems of the employee. This evaluation leads to improvement in plans, information systems and job analysis, thus establishing a conducive work environment and greater control over the controllable environmental variables.

Performance appraisal helps an employee to improve his performance, which leads to his self-development. Through close interaction and proper understanding, performance appraisal facilitates in healthy superior-subordinate relations.

2. EMPLOYEE TRAINING AND DEVELOPMENT

Merely placing employees in jobs does not ensure their success. Often, employees are uncertain about their roles and responsibilities. Job demands and employees' capabilities need to be balanced, through orientation and training programs. It is important that every organization has well-trained and experienced people to perform its activities. Training helps to increase the skill levels and the versatility and adaptability of employees. Moreover, the ongoing trends toward greater work force diversity, flatter organizations, and increased global competition, have increased the significance of training and development efforts to help employees take up expanded duties and greater responsibilities. Technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, which means considerable and continuous investment in training and development. Companies like IBM and AT&T spend about \$1 billion annually on employee training programs.

Training not only enables employees to do their current jobs effectively, it helps them throughout their careers by preparing them to undertake future responsibilities. HR managers need to make crucial decisions regarding which employees should be trained, the areas in which they need to be trained, by whom they should be trained, what training methods should be used, the cost incurred in training and what outcomes to expect after training.

In this section we will discuss the concept of training, and the purposes of training. The section also deals with, assessing training needs and determining priorities, and the areas of training. In the last part, we will study the various employee-training methods, and the evaluation of the training program.

2.1 Concept of Training

Training is a learning experience, which brings about a relatively permanent change in an individual, improving his ability to perform a job. Typically, training involves a change in skills, knowledge, attitudes and social behavior. It means changing what employees know, their way of working, their work attitude or the level of interaction they have with their superiors or colleagues. Michael Armstrong, in his book, *A Handbook of Personnel Management Practice*, defines training as, "the systematic development of the knowledge, skills and attitudes required by an individual to perform adequately a given task or job." According to Edwin B. Flippo, training is "the act of increasing knowledge and skill of an employee for doing a particular job."

Training aims at enhancing the performance of the organization through the improved performance of the employees. This, in turn, improves the economic performance of the country. Moreover, effective training also helps in reducing learning time. The effectiveness of training can be assessed by the level of change in the job behavior of the employee.

2.2 Purposes of Training

Every organization, irrespective of its size or nature of operations, needs to provide training to its employees, no matter what the employee's qualification, skill, or suitability for the job is. The major purposes of training are discussed below:

- **Improve Performance** – Unsatisfactory performance of employees, owing to some skill deficiencies, can be improved through the right kind of training. Although all the problems of ineffective performance cannot be solved through training, a sound training program is, to a great extent instrumental in reducing those problems.

- **Update Employees' Skills:** It is important for management to consider the technological advances that help the organization to function more effectively. Technological changes may bring about job changes. Training enables updating of employee skills to integrate the technological changes successfully into the organization.
- **Avoid Managerial Obsolescence:** Managerial obsolescence is the failure to adopt new methods and processes that make employees more effective. Fast changing technical, legal and social environments have an impact on the way managers perform their jobs, and those employees who do not adapt to these changes become obsolete and ineffective.
- **Prepare for Promotion and Managerial Succession:** One way to motivate and retain employees is through a systematic program of career development. Training helps an employee to acquire the skills required for a promotion and it makes easy the transition from an employee's present job to the one with greater responsibilities. Organizations should, therefore, provide such training that helps to retain promising employees.
- **Satisfy Personal Growth Needs:** Training helps those employees who are achievement oriented and face many challenges on the job. Training helps to improve organizational effectiveness as well as personal growth of employees.

2.3 Assessing Training Needs And Determining Priorities

Management can assess the need for training by answering four basic questions:

- i. What are the goals of the organization?
- ii. What tasks need to be completed to accomplish these goals?
- iii. What are the behaviors required for each employee to complete one's assigned tasks?
- iv. What deficiencies, if any, do employees have in terms of skills, knowledge, and attitudes required to perform their jobs effectively?

These questions bring out the close relationship between human resource planning and determination of training needs. The training program should be based on the organization's needs, the type of work that is to be done, and the type of skills required to complete that work. It is important to answer question 4, so as to have a good idea of the nature and extent of the training needs.

Some of the signals that a manager should closely observe and act towards are those directly relating to productivity, or inadequate job performance. Inadequate job performance generally occurs during the first few months of an individual on a new job, assuming that the individual is putting in satisfactory effort. In such a case, efforts should be concentrated on raising the skill level of the employee. A drop in productivity indicates that skills need to be "fine-tuned".

In addition to these signals, a high reject rate or unusually large scrapage, show that there is a need for employee training. Increase in the number of work accidents reported is also an indication of the need for training. Technological breakthroughs or changes brought about as a result of job redesign may also pose a demand for training. Such job changes need a training effort that is less crisis-oriented; that is, preparing for a planned change rather than reacting immediately to unsatisfactory conditions.

Once it is decided that training is needed, training goals have to be established. Management should clearly determine the results it seeks from each employee in the organization. It is not enough to simply say that change in employee skills, knowledge, attitudes or social behavior is desirable. It has to be clarified as to what is it that needs to be changed and how much is to be changed. Goals should be tangible, verifiable, measurable, and clear to the management as well as employees.

2.4 Areas of Training

Organizations provide training to employees in the following areas:

- i. **Company Policies and Procedures** – Training in the area of company policies and procedures helps the new employees to acquaint themselves with the company rules, practices, procedures, culture, organization structure, product/services offered by the company and so on. This helps the employee to adjust to the new work environment. Information regarding the organization instills a feeling of confidence and respect in the mind of a new employee. Moreover, first-hand information regarding the kind of skills required by the company, the various development programs etc., is also given to the employee; this helps him to know the level of contribution that he is expected to make toward the growth and development of the organization.
- ii. **Training in Specific Skills** – Training in specific skills related to a job is likely to improve the employee's job effectiveness. For example, training is given to a bank clerk in making correct ledger entries, accurate mathematical calculations, quick comparisons of figures, entries etc.
- iii. **Human Relations Training** – Human relations are all the more important in organizations where employees have to establish and maintain healthy human relations with both organizational members and customers. Training has to be given to employees in the areas of self-learning, interpersonal skills, group dynamics, perception, leadership styles, motivation, disciplinary procedure, grievance redressal and so on. This type of training may result in better teamwork, which in turn, leads to improved efficiency and productivity of an organization.
- iv. **Problem-solving Training** – Employees, irrespective of their levels and functions, often face problems in an organization. Sometimes, it may happen that there is a certain root cause underlying the problems confronted by different managers. In such a case, the management may take steps to hold discussions among the different managers regarding these common problems, to arrive at effective solutions. Besides finding solutions to the problems, such discussions also serve as a forum for the exchange of useful ideas and information. A trainer helps in organizing such meetings and training the employees to actively involve themselves in such meetings.
- v. **Managerial and Supervisory Training** – All employees in an organization, at some point of time perform managerial and supervisory functions such as, planning, organizing, decision-making, maintaining interpersonal relations, directing and controlling. Thus, training in those areas is essential for employees.
- vi. **Apprentice Training** – In accordance with the Indian Apprentice Act, 1961, industrial units of specified industries have to provide training in basic skills and impart knowledge in specified trades to educated unemployed/apprentices in order to improve their opportunities for employment or to help them promote their own business. This kind of training typically ranges from one to four years. Technical knowledge is generally provided in such training that is given in the areas of trades, crafts, and the like.

2.5 Employee Training Methods: On-the-Job Methods and Off-the-Job Methods

In selecting any training method, there are trade-offs. There is no single best method. The effectiveness of a method depends on a number of factors such as:

- i. Cost effectiveness,
- ii. Desired content of the training program,
- iii. Learning principles,

- iv. Appropriateness of the facilities,
- v. Employee preferences and capabilities, and
- vi. Trainer preferences' and capabilities.

The significance of these trade-offs relies on the situation. For example, cost effectiveness is the least important factor that is taken into consideration in training a pilot whose job has immense task significance. Irrespective of the type of method selected, each method has certain learning principles related to it. Though these trade-offs influence the type of methods to be used, HR professionals need to have a thorough knowledge of the various methods and the learning principles. The most popular training methods used by organizations can be categorized into on-the-job methods and off-the-job methods. We will discuss these methods below.

ON-THE-JOB TRAINING

Many of the widely used methods of training take place on the job. This is because of the simplicity and cost effectiveness of these methods. An employee is placed in the actual work situation and made to feel productive in on-the-job training. It is learning by doing or practice. On-the-job training is most effective for such jobs where simulation is difficult or where jobs can be learned quickly by watching and doing.

However, on-the-job training may be subjected to low productivity because employees develop their skills while doing their jobs. The errors made by employees while they learn are another disadvantage of this method. But when damages caused by employees are minimum, where training facilities and personnel are limited and also expensive, and where it is desirable for the employees to learn the job under regular working conditions, the advantages of on-the-job training most often offsets its disadvantages. Some of the widely used on-the-job training methods are job instruction training, apprenticeship programs, job rotation, coaching and committee assignments. Each of these methods is discussed below.

- i. **Job Instruction Training:** Job Instruction Training (JIT) is primarily used to teach employees how to do their current jobs. This method has proved to be highly effective and has become very popular.
- ii. **Apprenticeship Programs:** Individuals seeking to enter skilled trades like carpenters, electricians etc. are required to go through formal apprenticeship under a more experienced employee or employees, before they join their regular jobs. The apprenticeship period typically ranges from one to five years. During the apprenticeship period employees receive lesser remuneration than a fully qualified employee.
- iii. **Job Rotation:** This is also known as cross training and involves placing an employee on different jobs for periods of time ranging from one or two days to several weeks. Under job rotation, the trainee moves from one job to another, and gains job knowledge and experience in each of the different job assignments from his trainer/supervisor. Besides giving employees training in a variety of jobs, job rotation helps the organization when vacations, absences, downsizing or resignations take place. Learner participation and high job transferability are the major learning advantages of this method.
- iv. **Coaching:** Coaching is similar to apprenticeships where the coach acts as a model for the trainee to copy. Typically, the supervisor, or the HR professionals function as coaches in training the employee. Coaching is less formal than an apprenticeship program because it is provided when needed, rather than being a part of a more planned, structured program. Participation, feedback and job transference are generally high in coaching.

OFF-THE-JOB TRAINING

Off-the-job training refers to the training performed away from the employee's immediate work area. The employee is separated from the job situation and his attention is focused upon learning material related to his job performance. In this method, the employee is free from distractions of his job requirements, so that he is able to place his entire concentration on learning the job rather than performing it. Off-the-job training covers a number of techniques such as, classroom lectures, various simulation exercises, and programmed instruction.

- i. **Classroom Lectures:** The lecture approach is widely known for effectively conveying specific information – rules, procedures or methods. A formal classroom presentation can be made more interesting by the use of audiovisuals or demonstrations. It acts as a means for clarifying difficult points and increases the retention level. The lecture method is less effective without proper feedback or active participation of the trainees. However, this disadvantage can be minimized by modifying the structured lecture format, thereby allowing more interaction between the trainer and the trainees.
- ii. **Simulation Exercises:** Any training activity that places the employee in an artificial work environment that closely resembles actual working conditions is simulation. Simulation exercises can be in the form of case exercises, computer modeling and role-playing.
 - a. *Case Exercises* – An in-depth description of particular problems that employees face in an organization are presented in a case. The trainee after studying the case, tries to identify the relevant problems, analyzes these problems, and evaluates alternative courses of action, and decides upon the most satisfactory action.
 - b. *Computer Modeling* – In this method, the work environment is simulated by programming a computer to imitate some of the realities of the job. For example, computer modeling is especially used in the airlines industry for the training of pilots. The computer simulates many of the key job dimensions and allows learning to occur without risk or high costs, which would be incurred even if a small mistake was to be made in a real-life flying situation. In this method, the trainee has the opportunity to learn from his mistakes. However, computer modeling is very expensive and its use is justified in cases involving formal programs where a large number of employees are to be trained, and the risk and costs of allowing the employee to learn on the job are very high.
 - c. *Role Playing* – Role playing is described as a method of human interaction involving realistic behavior in imaginary situations. The trainees play the role of different characters like, the production manager, HR manager, union leaders etc. It helps in improving interpersonal skills.
- iii. **Programmed Instruction** – This method can be in the form of programmed texts or manuals and the like. The subject matter that is to be learned is presented in a series of carefully planned sequential units, which are arranged from simple to complex levels of instruction. This requires the trainee to respond at different stages. The ideal format helps in getting instantaneous feedback that helps the trained to know whether his response is correct or not.

2.6 Evaluation Of The Training Program

To verify the success of a training program, HR managers systematically evaluate the training activities. Lack of evaluation is a major flaw in many of the training and development efforts. It is important to assess whether the content of the program had any value for the trainees. However, trainers, to a great extent, rely upon the experiences reported by the trainees, rather than evaluate the content themselves.

The basis for evaluation and the method for collection of information needed for evaluation have to be determined at the planning stage itself. Evaluation helps in controlling the training program. Effective criteria used to evaluate training focuses on outcomes. Trainers are especially concerned with:

- Trainees reactions to the content and process of training.
- Knowledge or learning acquired as a result of the training experience.
- Changes in behavior as a result of training.
- Measurable improvements or results seen in individuals or the organization, like lower turnover, lesser absenteeism or fewer accidents.

There are certain steps involved in evaluating the training program. First, the evaluation criteria are determined before the training begins. These should be in compliance with the objectives of training. Then, trainees are put to a pretest where they are tested for their level of knowledge before the training program begins. Ideally, this test should be given to two groups – the group that is to be trained, and a control group that will not receive any training. After the training is over, a post-test will measure improvement, if any, that has resulted from the program. If the improvement in the trained group is remarkable (if it did not result from chance), it can be said that the program had been effective in bringing about a positive change.

The program is justified as being successful only when the improvement meets the evaluation criteria and it is transferred to the job, bringing about a behavioral change that is measured best by improved job performance. Follow-up studies conducted after a few months will help to determine the level of learning that has been retained.

2.7 Merits of Training

The advantages of imparting training to the members of an organization are many, for individual employees as well as for the organization. Some of these are:

- i. Increased Productivity – Enhancement of employee skills leads to improvements in quality as well as quantity of output.
- ii. Increased Morale – The human needs of security and ego satisfaction are met by the possession of appropriate skills. Meaningful work that requires knowledge, skill and pride boosts the morale of the employees.
- iii. Reduced Supervision – A trained employee does not require much supervision. Since, both the employee and the supervisor seek greater autonomy in their work, adequate training helps them to equip themselves with the skill and knowledge required to perform their jobs with a certain amount of independence.
- iv. Reduced Accidents – Deficiencies in the skills of employees have been the underlying cause for many work accidents. Suitable training in both job skills and safety measures helps in bringing down the accidents rate.
- v. Increased Organizational Stability – The creation of a reservoir of skilled employees can help an organization sustain its effectiveness despite the loss of key personnel in the organization. Employees need to possess multiple skills and the flexibility to adapt to the jobs that they are transferred to.

3. COMPENSATION MANAGEMENT

Compensation is the reward employees receive in exchange for their contribution to the organization. Compensation administration deals with designing a pay structure that will attract, motivate and retain competent employees in an organization.

Compensation administration deals with the following:

- a. **Acquiring Qualified Personnel** – Compensation for acquiring personnel must correspond with the supply and demand of employees. Premium wages can also be offered to attract applicants who are already employed in some other organizations.
- b. **Retaining Current Employees** – Compensation levels are to be competitive in order to retain existing employees.
- c. **Ensuring Equity** – Efforts should be made for maintaining internal and external equity for the satisfaction of the employees.
- d. **Controlling Costs** – A rational compensation helps the organization to obtain and retain workers at a reasonable cost.
- e. **Rewarding Desirable Qualities** – An effective compensation plan should reward performance loyalty, experience and responsibility.
- f. **Legal Requirements** – A sound compensation system should comply with the legal requirements imposed by the government.

Compensation administration helps the organization to achieve strategic success by ensuring internal and external equity. Internal equity ensures that the more demanding positions or better-qualified people in the organization are paid in accordance with their capability. External equity assures that jobs are fairly compensated when compared with similar jobs in the labor market.

The major phases of compensation administration include:

- a. Carrying out the evaluation of each job on the basis of job analysis information available. This is to ensure that internal equity is based on each job's relative worth.
- b. Determining whether there is external equity of wages by conducting wage and salary surveys.
- c. Determining compensation for each job on the basis of internal and external equities.

3.1 Incentive Plans

Incentive plans are designed to compensate employees for work done, skills they have acquired and used, the time they spend on their jobs etc. Some of the incentive systems the organizations commonly used are:

- i. **Piece-rate System** – A standard rate of pay is fixed for each unit of the output produced by a worker. This is called straight the piecework plan. For example, many computer chip manufacturers pay the workers at a flat rate of Rs.3 per component. These systems are easy to understand, simple to calculate and act as effective motivational tool. This system cannot be used for a job which cannot be objectively measured as in the case of a receptionist or jobs which are interrelated like that of assembly-line workers.
- ii. **Standard Hour Plan** – In this system, incentives are provided when an employee completes the work than the time required for its completion. For example, the standard time set for servicing a car is four hours for an auto mechanic. The pay rate for each hour is set at Rs.6 per hour. Even if the mechanic completes the work in three hours, he is paid Rs.24.
- iii. **Commissions** – Employees are paid commission either as 'straight commission' or 'Salary plus commission':
 - a. *Straight Commission* – The total pay of the employee is determined by the commission formula. A company's turnover, its policies and strategies determine the commission formula.
 - b. *Salary-plus-Commission* – A basic monthly salary along with a commission incentive is provided in this method. The commission portion may vary from 20-40 percent of the total value of the company's turnover.

- iv. **Team-based or Group Incentive Systems** – In this system, incentives are provided to the team or group of employees in accordance with the task accomplished. Emphasis is laid on teamwork and co-ordination among workers. Goals and results are clarified and established for teams. Teams are evaluated on the basis of performance targets achieved. Incentives to the teams are given on the basis of this evaluation. This system can be effectively used in situations when a new team-building program like TQM is implemented. An important measurement tool used in the team based incentive system is the 360-degree feedback. In this system peers, customers, suppliers, and managers assess the team's performance. GE Appliances has introduced this tool for evaluating the team's performance.
- v. **Profit-sharing Plans** – Employees receive a share of the company's profit, in addition to their regular wages. There are three major types of profit-sharing plans:
 - a. *Distribution Plan* – In this plan, annual or quarterly cash bonus is paid according to a pre-determined formula. For example, at Public Grocery, a Florida-based-grocer, employees receive 20 percent of the stores profits as bonus.
 - b. *Deferred Plan* – Employees earn profit-sharing credits instead of cash payment, which are not distributed until disability, death or retirement. This type of plan is similar to deferred-income retirement plan. For example, at Public Grocery, employees received 10 percent of the store's profit in a deferred income plan.
 - c. *Combination Plan* – This type of plan allows employees to receive a portion of each period's profit in cash bonus, with the remainder put in a deferred plan. Many companies like, Ford Motor Company, Steelcase, Lincoln Electric, distributes their profits to their employees by adopting profit-sharing plans.
- vi. **Employee Stock Ownership plans** – Employee Stock Option Plan (ESOPs) is the foremost among the tools participative management in an organization. Through ESOPs, dynamic corporations leverage their human resource competence. When properly implemented, these plans have a positive impact on key areas such as, work culture, motivational levels, employee loyalty and safety of intellectual capital.

This plan provides a mechanism through which certain eligible employees purchase the stock of the company at a reduced rate. Some stock option plans also provide for the issue of special non-voting stock for employees at special prices. The stock option plan is widely used in executive compensation plans. Many firms like, Exxon, American Telephone and Telegraph Corporation, Mobil Oil and Atlantic Rich field have adopted ESOPs.

ESOPs could also strengthen a company's asset base, decrease the impact of corporate taxes and increase its equity. By the year 2000, 25 percent of all US workers have the privilege of using an ESOPs. For example, in Pepsi Company, stock options equal to 10 percent of compensation are made available to the employees.

3.2 Executive Compensation

An executive's compensation depends upon the company's size, profitability, the complexity and importance of the job. Executive incentives must strike a balance between short-term results and long-term performance. Executive incentives fall in the following categories:

- **Base Salary** – This salary is generally determined through job evaluation and serves as a basis for other types of benefits.

- *Annual Bonus* – Payment of bonus is based on the performance of the company. Annual bonuses for executives include both cash and stock payment. Such incentives must suit the needs of the executive. For example, middle-aged executives desire cash bonus to meet the needs of a growing or maturing family.
- *Executive Benefits and Perks* – Expensive club membership, private use of company airplane, personal and legal counseling is the common perks are offered to an executive.
- *Long-term Incentives* – These incentives enable the executive to accumulate wealth in the long run by providing various types of executive benefits. The executives have a stake in the long-term future of the firm through these incentives. Golden parachute is a popular long-term incentive program. A parachute is a clause in the employment contract that provides compensation to the executive, if the executive's services are terminated due to acquisition, merger or demotion. Some companies provide compensation of three years salary in case the service of the executive is terminated due to acquisition by another company. The parachute serves two major purposes: it retains key executives and discourages takeover by hostile organization.
- *Weighted Incentive Systems* – According to this system, the executives are rewarded on the basis of contributions made by them in multiple areas. Based on the weights used, part of incentive bonus are provided to the executives for bringing improvement in market share, profit margin, cash flow and other indexes.
- *International Incentives* – Many global companies provide international incentives to their international executives and key employees. These companies bear the cost of housing, transportation cost and taxes of the executives who have been given an overseas assignment.
- *Performance Based Incentives* – Employees are likely to be highly motivated by performance-based incentives. They try to increase their productivity when they perceive a direct relationship between their level of performance and the rewards received.
- *Stock Option Plan* – Executives are granted the right to purchase the company's stock at a pre-determined price. The price can be set below, or above the market value. These incentives are provided to the executives for improving the performance of the company. Employees are given deferred stock incentive systems, which gradually increase with the number of years of service. For example, some companies provide stock incentives that take four years for complete ownership by executives.

3.3 Variable Compensation

Variable compensation programs are designed to provide varying compensation to individuals and groups in accordance with their specified behavior that contributes to organizational effectiveness. These programs are designed to motivate individuals and groups effectively in an organization.

VARIABLE COMPENSATION FOR INDIVIDUALS

Individual-variable compensation is given to an individual through the following incentive schemes:

- **General Merit/Seniority Progression** – Promotion or progression in an organization depends on the seniority or merit of a person. Variable compensation is provided to the individual on the basis of their promotion or progression in an organization. Various strategies have been followed for

promoting an employee. For example, in the case of lower level jobs, seniority is considered for promotion, whereas in case of higher-level jobs, merit is the criterion.

- ii. **Incentive Plan for Production Workers** – These workers are paid in accordance with the output achieved and the fair compensation determined for such output. Payment on the basis of time expended is one of the most commonly used arrangements for production workers. For example, time payment plan is used in industries using automatic and semi-automatic machinery such as paints, automobiles, chemicals etc.
- iii. **Incentive Plan for Managers** – The incentives for executives depend on the complex and variable nature of managerial duties. The following incentives are given the managers:
 - Cash bonus depending on profits or individual performance evaluation.
 - Stock options, which allow a manager to purchase company's stock at a particular price.
 - Performance related rewards are allocated according to the achievements of a manager. A manager can take cash bonus equal to the value of stock's appreciation over a span of time.

Suggestion System – The basic purpose of suggestion systems is to stimulate creative thinking among employees. The employee is encouraged to think of ways to do job more effectively, reduce waste and improve equipment, material and procedure. In a survey of 228 companies slightly over half used suggestion systems on an intermittent or continuous basis for their employees.

VARIABLE COMPENSATION FOR GROUPS

Cooperation and collaboration are essential elements if a group is to achieve its desired targets. Compensation plans for a group includes:

- **Group Piece Rate** – In this system, compensation for a team depends on the output produced by the team and the standard rate for each unit of output. For example, for each unit of output the entire team is allocated Rs.6. If the team produce 30 units then the incentive for the total group Rs.180.
- **Production Sharing Plan** – Joseph Scanlon, an official of the United States Workers Union, developed the Scanlon plan. The plan has two primary features.
 - i. Setting up a departmental committee of union and management representatives who meet together for considering cost-saving suggestions.
 - ii. The saving is determined by comparing actual labor costs with standard labor costs. The documented cost saving are divided with 75% gains to employees and 25 percent to the company.
- **Profitsharing Plans** – Profit sharing has received a considerable boost in recent years, as various companies have adopted it as a means of promoting greater productivity to meet world competition.

There are two types of employee profit-sharing plans:

- i. **Cash or Current Distribution** – In this plan benefit is distributed in cash among participants, at least once every year.
- ii. **Trust or Deferred Distribution** – In this type of plan, management places a part of the profit in a trust and distributes the remainder in cash each year.

Though this discussion, focuses on compensation in terms of salaries and wages, it is important to remember that a consistent finding of studies of pay and motivation is that cash compensation, while important, is often overshadowed by employees' needs for growth, challenge, and the feeling of being valued and appreciated.

Money is not the only way to attract the best people. The best way to attract and keep good people is to offer them: Responsibility, a good working environment, a sense of accomplishment, a belief in the business, and a fair salary.

SUMMARY

- Performance appraisal measures the qualitative as well as quantitative aspects of job performance. The primary objectives of an appraisal are – to assess past performance, to identify training needs, to set and agree on future objectives and standards and to motivate.
- The appraisal process begins with the establishment of performance standards. Performance is measured against these set standards. After a discussion between the appraiser and appraisee, corrective steps are taken.
- Different methods are used for appraising performance. In the straight ranking method, employees are ranked from best to worst on the basis of work. Under the *graphic rating scale* method, an employee's performance is rated on a scale ranging from high to low. In the *checklist* approach, the rater is given a set of positive or negative adjectives or descriptive statements that best describe the employee's performance and characteristics. The *essay* method is the simplest method of appraisal where the appraiser writes a free-form essay describing an employee's past performance, strengths, weaknesses, potential and suggestions for future development. Under the *critical incident* method, the appraiser evaluates performance on the basis of a record of unusually favorable or unfavorable happenings that he makes a record of. The *forced choice* method is a kind of *checklist*, which requires the appraiser to choose the statement that best describes the employee being rated from a pair of statements. Each employee is compared with all the other employees in the same group in the *paired comparison* method.
- BARS combine key elements of the graphic rating scales and the critical incident methods. MBO involves an agreement between a superior and his employee on the employee's objectives for a specified period and a periodic review of how well the employee is able to accomplish those objectives. The appraisal interview is characterized by performance-related feedback, which improves employee performance and development.
- Some rater biases that impede objective evaluation are the halo effect, the error of central tendency, leniency and strictness biases, cross-cultural biases, personal prejudice, the recency effect and the similarity error. Such biases can be reduced by providing suitable training and feedback to raters, and through the proper selection of performance appraisal techniques.
- Training is a learning experience, which brings about a relatively permanent change in an individual, improving his ability to perform a job. Typically, training involves a change in skills, knowledge, attitudes and social behavior.
- Various on-the-job and off-the-job training methods are used to train employees. Many of the widely used methods of training take place on the job. This is because of the simplicity and cost effectiveness of these methods. An employee is placed in the actual work situation and made to feel productive in on-the-job training. It is learning by doing or practice. Off-the-job training refers to the training performed away from the employee's immediate work area.

- Compensation is the reward employees receive in exchange for their contribution to the organization. Compensation administration deals with designing a pay structure that will attract, motivate and retain competent employees in an organization.
- Incentive plans are designed to compensate employees for work done, skills they have acquired and used, and the time they spend on their jobs. Several incentive systems are used in an organization. Under the piece-rate, system a standard rate of pay is fixed for each unit of the output produced by a worker. In a standard hour plan, incentives are provided when an employee completes the work than the time required for its completion. Employees are sometimes paid commission either as 'straight commission' or 'salary plus commission'. Under the team based or group incentive system, incentives are provided to the team or group of employees in accordance with the task accomplished. Employees in some organizations also receive a share of the company's profit, in addition to their regular wages. Finally, the employee stock option plan provides a mechanism through which certain eligible employees purchase the stock of the company at a reduced rate.

Chapter XIV

Industrial Relations

After reading this chapter, you will be conversant with:

- Industrial Relations
- Grievance Handling
- Disciplinary Action
- Employee Relations and Collective Bargaining

Introduction

The management of industrial relations has been an important and sensitive issue in organizations for nearly a century. Between the 1920s and 1980s, industrial relations in India were affected by the rapid changes in the economy and the industry. This, in turn, resulted in industrial conflicts, strikes and lock-outs. The last decade of the twentieth century, however, saw the start of a new era in the history of industrial relations in the country. The number of man days lost due to strikes and lock-outs reduced considerably. This can be attributed to a complete change in the attitudes of the management and the employees. In a liberalized economy characterized by intense competition, the management and the workers strive together for the achievement of organizational objectives.

In this chapter, we will discuss the definition and concept of industrial relations, the various parties involved in these relations and their roles, and the objectives of industrial relations. We will also discuss grievance handling and disciplinary action. Finally, we shall examine the different machineries for prevention and settlement of industrial disputes and the concept of collective bargaining.

1. INDUSTRIAL RELATIONS

Industrial relations can be defined as the relationship between the management and the employees of an industry. According to Dale Yoder, industrial relations is a “whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of an industry.”

The International Labor Organization (ILO) states that “industrial relations deal with either the relationships between the state and employers’ and workers’ organizations or the relations between the occupational organizations themselves”.

V B Singh defines industrial relations as “an integral aspect of social relations arising out of employer-employee interaction in modern industries, which are regulated by the state in varying degrees in conjunction with organized social forces and influenced by prevailing institutions. This involves a study of the state, the legal system, workers’ and employers’ organizations at the institutional level; and that of patterns of industrial organization (including management), capital structure (including technology), compensation of the labor force and market forces at the economic level”.

From the various definitions given above, we understand that:

- Industrial relations is an outcome of employer-employee relationship in an organization.
- Industrial relations facilitate harmonious relationships in an organization by setting a framework for the management and the employees.
- Industrial relations is based on mutual compromise and adjustment, for the benefit of both the parties involved.
- The state and the legal system also have a role to play in the maintenance of a conflict-free industrial environment.
- The different parties in the system with a well-defined role are the management, the employees and the unions.

1.1 Different Roles in Industrial Relations

Industrial development in India led to the emergence of trade unions. A trade union is a representative body of employees, chosen by the employees themselves. In a productive enterprise, where employees do the work and the management takes decisions on behalf of the employers, the interests of the employees are represented by the trade unions. These unions play a multifarious role in protecting the interests of the employees.

The important role played by the three parties in industrial relations, namely the management, the workers and the unions, is discussed in detail in the following paragraphs. All the three, have their own interests and that of the organization, at heart. The state also has a role to play in maintaining industrial relations.

Employees: The employees are the pillars on which the organization is built. They are the chief contributors to the organizational objectives, and are the organization's most valuable resource. To maintain harmonious industrial relations, employees have to be satisfied with the organization, its policies and procedures and their jobs. Dissatisfied or unhappy employees can trigger industrial conflicts and disputes, disrupting organizational harmony and peace. Therefore, it is important that employee friendly policies and rules are framed to provide a conducive work environment and quality work life to the employees. This would also motivate them to perform better and contribute more to the organizational goals and objectives.

Trade Unions: Trade unions, constitute the employee representative bodies in an organization. Though there is only one recognized trade union in an organization, there can be other registered unions that have a say in the various employee-related matters of the organization. The trade unions negotiate with the management, in the interests of the employees, at the organizational level or at the industry level.

In India, there are a number of central labor organizations like Indian National Trade Union Congress (INTUC), All India Trade Union Congress (AITUC), National Labor Organization (NLO) and Center of Indian Trade Union (CITU) to which a large number of organizational level trade unions are affiliated. These organizations represent and protect the interests of their members on all important issues that affect workers' interests. In the process of fighting for workers demands, the unions sometimes resort to pressure tactics like threats of strikes, and gheraos.

Trade unions enjoy power and status based on the support of the employees. Their power is used as a weapon in regulating the organization's industrial environment and having their demands accepted by the management. These demands usually relate to increase in wages, improvement in working conditions, and additional benefits and welfare measures. In some cases, trade unions also have a political affiliation, which adds to their power.

The Management: The management plays a critical role in the industrial relations of an organization. Management policies can help in maintaining high employee morale and in preventing industrial conflicts and disputes. The role of the management in industrial relations has slowly undergone a metamorphosis from an exploitative authoritative style to a more participative style. During the initial years of industrialization the management was in an authoritative position and laid down the rules of employment. Workers were paid low wages in spite of working for unduly long hours and were ruthlessly exploited. The working conditions were pathetic, with the absence of even basic amenities like water. The management enforced a strict discipline and any breach was punished severely. The management was impervious to the needs and demands of the workers. This style of management, led to the growth of the 'revolutionary trade unions'.

With the advent of the 'human relations' era, the management adopted a 'paternalistic' style. Under the 'benevolent authoritative' style, the management was kind, but strict towards the workers. Employers looked upon workers as children who required careful guidance. Welfare amenities and other benefits were provided for their wellbeing. This change from an exploitative authoritative style to a benevolent authoritative style was mainly due to the demands from the trade unions and the protective guard of government legislation.

As trade unions went from strength to strength, they demanded that they too should have a say in management -related issues. Management was forced to introduce a two-way communication channel with the employees. This facilitated a

free-flow of communication – downwards, upwards and laterally. Information-sharing, consultation with the unions and collective bargaining received attention during this stage. Under this style of management, the employees were treated as mature and intelligent individuals with a right to express their opinions. The final word however was that of the management.

In the participative style of management, employees are considered as stakeholders in the organization. They are treated as partners, and share the power with the management. They not only voice their opinions, but are also heard and respected. They play a major role in all aspects of management, from determining the strategy to identifying the objectives, and from planning the execution to implementing the decisions. The employees or human resources of an organization have grown to become its most valuable asset.

The Government: The government has a limited role to play in industrial relations. It provides a basic framework within which the management, the trade unions and the employees are expected to work for the common good of the organization. The government comes into the picture only when the three players fail to do this and are unable to sort out their differences. The government then intervenes as a mediator through the process of conciliation, arbitration and adjudication.

1.2 Objectives of Industrial Relations

The objectives of industrial relations are:

- i. To safeguard the interests of the labor and the management by preventing one of the players from getting a strong hold over the other.
- ii. To develop and secure mutual understanding and good relationships among all the players in the industrial set-up.
- iii. To maintain industrial peace and harmony by preventing industrial conflicts.
- iv. To improve the standard of living of the average worker by providing basic and standard amenities.
- v. To increase productivity by minimizing industrial conflicts and maintaining harmonious industrial relations.
- vi. To ensure discipline in the organization and in the industry.
- vii. To provide a basic framework for the management and the employees to resolve their differences.
- viii. To improve the bargaining capacity of the workers through trade unions.

Organizations, over the ages, have realized that understanding and resolving workers' grievances before they assume the complex shape of industrial disputes, is better than handling strikes and lock-outs.

In the last 15-20 years there has been a paradigm shift in the attitudes of both the management and the workers. Both are conscious that maintaining harmonious industrial relations would enhance productivity and help the organization to survive and grow in an immensely competitive environment. Hence, there is an increased focus on preventing any kind of industrial disputes arising out of conflict of opinions and clash of interests between the management and the workforce.

2. GRIEVANCE HANDLING

Employees differ as individuals, in their needs, expectations and behavior. When their needs are not satisfied or their objectives are not achieved, the result is employee dissatisfaction. It is not an easy task for the management to keep all the employees satisfied and motivated, all the time. There can be different reasons for an employee being dissatisfied. For example, failing to get a promotion or a pay hike, which the employee has been expecting, can lead to unhappiness and dissatisfaction. This dissatisfaction takes the shape of a grievance when it is formally brought to the notice of the management.

The grievance redressal procedure of an organization enables employees to air their dissatisfaction. It is important that an organization has an effective grievance redressal system. This helps the organization to solve problems at the level of an individual rather than have them result in industrial unrest. Keeping track of employee grievances also helps an organization check its policies and procedures to avoid similar problems in the future.

C B Mamoria brings out the difference between dissatisfaction, grievance and complaint. Dissatisfaction arises when an individual is not happy in his job and when the organization does not recognize the individual's goals. This dissatisfaction leads to complaints when an individual discusses it with another employee in the organization. When the dissatisfaction relating to the work is brought to the notice of the management, the complaint becomes a grievance.

A grievance is a sign of an employee's discontent, either with the job or the organization. The gap between employee expectations and organizational rewards normally leads to a grievance. An unpleasant relationship with the supervisor can sometimes lead to a grievance. Dale S Beach defined grievance as "dissatisfaction or feeling of injustice in connection with one's employment situation that is brought to the notice of the management."

Edwin B Flippo views grievance as "a type of discontent, which must always be expressed. A grievance is usually more formal in character than a complaint. It can be valid or ridiculous, and must grow out of something connected with company operations or policy. It must involve an interpretation or application of the provisions of the labor contract."

The above definitions show that the cause for a grievance is the lack of congruence between employee and management goals. When an employee has a grievance and takes it to the management, the grievance redressal authority must analyze it to identify the root cause. If the management fails to take the necessary corrective action, the employee's morale and consequently his performance will get affected. In extreme cases, it can even lead to industrial unrest if more employees feel dissatisfied and discontented.

The management should show genuine concern and use a humanitarian approach while dealing with employee grievances. The grievance of an employee might have little significance to the management, but for the employee, it is of great significance as it concerns his career and his future in the organization. Therefore, a grievance should be analyzed and settled using a humane approach, along with procedural and legal approaches. However, care should be taken to avoid any violation of rules and regulations as this might result in future problems for the management.

2.1 Causes of Grievance

Grievances can also arise out of the day-to-day working relations in an undertaking. Relations with supervisors and other colleagues also determine employee's job satisfaction. According to the National Commission on Labor, "the complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment and discharge would constitute grievances." Such grievances, if not dealt with immediately and in accordance with a procedure that secures the respect of all parties, can result in a climate of industrial conflict.

The different factors that can result in employee grievances are:

- Dissatisfaction of the employee with his compensation or different components of compensation like incentives or benefits.
- Employee disappointment resulting from denial of a promotion or a transfer.
- Unpleasant relationships with supervisors and other colleagues.
- Unhealthy or harmful working conditions.

- Job assignments that do not match employee aptitude or skill
- Lack of adequate resources to achieve objectives of the job.
- Denial of leave, overtime or other benefits.

2.2 Effective Grievance Redressal Procedure

The following conditions are necessary for a grievance redressal procedure:

- i. Enjoys the trust, confidence and respect of all the employees and the management.
- ii. Identifies the root cause for employee grievance.
- iii. Resolves the issue at the lowest possible level.
- iv. Resolves the issue in an amicable manner.
- v. Resolves the issue without any delay.
- vi. Does not result in any violation of organizational rules and policies.
- vii. Provides for data and information management of employee grievances.
- viii. Tracks the redressal procedure to provide the current status to the employee and the management.
- ix. Helps the management to identify the core issues, which need to be avoided in future.
- x. Provides unbiased and objective redressal of employee grievances.
- xi. Should be a short and simple procedure that can be easily understood by all the employees.
- xii. Considers the legal, social, financial and psychological aspects for an amicable settlement.

2.3 Conflict Resolution

Grievances result in conflicts if there is incompatibility in the goals and expectations of the management, the employees and the union. For an organization to work smoothly and effectively there is a need for goal congruence and expectation match between the organization and individual employees. When this is absent, a grievance arises. This grievance, if not resolved immediately, can hamper the work process in the organization by leading to conflict.

Traditionally, any conflict that arose was suppressed or eliminated. However, behavioral scientists recommend that conflicts should be uncovered and ultimately worked through, for the benefit of the individual as well as the organization. According to the contingency approach to conflict management, a conflict can be both good and bad, depending upon the situation. In fact, it is believed that a constructive conflict can prove to be productive and advantageous for the organization. For instance, if no challenging questions are posed to the management, some of its decisions, which are perhaps counterproductive, might ultimately affect the organization and its performance. Thus, managers should accept the inevitability of conflict and recognize those grievances that might aid organizational renewal. However, at the same time, they have to minimize the reactions that interfere and block the attainment of legitimate organizational goals.

Although conflict is dealt with in different ways, there are seven primary ways people respond to it. They are:

Avoidance: People who hate confrontations that might lead to anger, sarcasm, rejection, and unpleasantness adopt this strategy. They try to withdraw from the situation rather than to face it. These kinds of individuals are usually sensitive to their own feelings and also to others' feelings.

Accommodating: These people suppress their own needs, opinions, and feelings, sacrificing their own interests, in order to resolve the conflict in an amicable manner.

Win/Lose: At the other end of the spectrum are those who see conflict as a competition in which there has to be a winner and a loser. They force their interests and ideas onto others, often using force or compulsion, bribery or punishment. The outcome is usually an organizational battle in which inter-personal relationships suffer.

Arbitration: An outside party is involved to resolve the conflict in an unbiased and objective manner. In the absence of an arbitrator, both the parties might try for a settlement that suits their interests better. In the case of arbitration, the decision of the arbitrator is final.

Mediation: An outside party mediates and helps the two parties reach conciliation. The mediation party steers the two disputing parties towards a mutually acceptable settlement and does not pass judgment.

Compromising: Both the parties meet “halfway” in order to reach an agreement. That is, each party makes a few compromises to reach a commonly acceptable settlement. In some cases however, this might lead to problems in the future as each party might feel that it has compromised more than the other.

Problem-solving: It is the ideal solution where both parties emerge as “winners.” Defining the needs of both the parties, and then trying to equitably meet those needs, while supporting and respecting the values of both, can often achieve a win-win solution. Relationships are maintained and often enhanced in such a situation. Table 1 briefly explains the different methods adopted in the face of a conflict and the eventual results of each method adopted.

Table 1

Methods	Result
Win-Lose	One party takes an upper hand
Withdrawal and retreat (Avoidance)	The less dominant party withdraws from the conflict.
Smoothing (Accommodating)	A method where the differences are sorted out as the parties consider the importance of the organization's performance.
Compromise	Bargaining is done to arrive at an intermediate acceptable position.
Arbitration	An outside party involves itself in resolving the conflict and issues a final decision on the conflict.
Mediation	An outside party mediates and helps the two primary parties reach conciliation. The mediator steers the two disputing parties towards a settlement.
Problem-solving	An open exchange of information takes place so that differences between both the parties can be resolved to result in a win-win solution.

Source: ICAI Center for Management Research

3. DISCIPLINARY ACTION

Disciplinary problems are caused by employees who do not abide by the organizational rules and regulations. Some examples of problem-creating employees are employees who are chronically late for work; or who indulge in fights with co-workers; or who come drunk to work; break the safety rules etc. Such behavior by employees not only results in inefficient performance by them but also disturbs the performance of other employees. Indiscipline should be handled carefully and quickly as it may affect the performance and morale of the entire work group. Some discontented employees, unhappy with the job or the working conditions might pose discipline problems. Some employees however create discipline problems for the management irrespective of the organizational policies and their job related conditions. Handling these discipline problems and employee discontent is a sensitive issue and a challenging task.

According to Earl R. Bremblett discipline in its broadest sense means “orderliness, the opposite of confusion. It does not mean a strict and technical observance of rigid rules and regulations. It simply means working, cooperating and behaving in a normal and orderly way, as any responsible person would expect an employee to do.”

Employees should adhere to the rules and regulations laid out by the organization to ensure order and discipline. But not all employees accept the responsibility of disciplining themselves. When employees indulge in acts of indiscipline, the organization is forced to take action against them to discourage such behavior. In such cases, merely trying to motivate these employees so that they adhere to the accepted norms of responsible employee behavior may not be enough. Such employees may require some degree of external disciplinary action like punishment.

An employee is subjected to disciplinary action when he fails to meet some obligations towards his job or the organization. The primary objective of disciplinary action is to make an employee conform to the organization’s rules and regulations.

3.1 Forms and Types of Discipline

Discipline among employees can be achieved in two ways, either through rewards or through penalties. Based on this, discipline can be classified into two types:

- Self-imposed or positive discipline
- Enforced or negative discipline

If employees are motivated through rewards, appreciation, constructive support, reinforcement or approved personnel actions to conform to organizational rules and regulations, it is termed as positive discipline. The attitude and mindset of the employees is developed to ensure that they willingly conform to the rules and regulations of the organization. Positive discipline requires an efficient leader who can motivate employees and make them work together towards implementing discipline in the organization. The concept of self-discipline and self-control is emphasized through positive discipline, as employees willingly cooperate to ensure discipline in the organization. They develop mutual respect for each other and the organizational rules and procedures. This happens when they understand and believe that these rules and procedures will contribute to the achievement of the organizational goals as well as their personal goals. Hence positive discipline is also known as cooperative discipline or determinative discipline.

If employees are forced to follow the rules and regulations of the organization by inducing fear in them, then it is referred to as negative discipline. In this type of discipline, the employees fear loss of promotion, an increment or a job and therefore reluctantly and unwillingly try to conform to the organizational rules. Negative or enforced discipline involves the use of techniques like reprimands, fines, lay-offs, demotions or transfers. Using these kinds of techniques will result in only partial success in meeting the standards of performance.

Organizations should use negative discipline only when it is extremely essential. All efforts should be made to ensure discipline through a positive approach, so that employees are motivated to perform as per the disciplinary standards laid out by the organization.

3.2 Causes of Indiscipline and Misconduct

Indiscipline relates to disorderliness at work and non-conformity to the prescribed rules and regulations of the management. Some of the causes of indiscipline are:

- When an employee has to perform a job that does not suit his qualifications, experience or aptitude, it can lead to employee frustration and demotivation. This can lead to acts of misconduct like irregular attendance, tardiness at work etc.

- Strained relationships with the supervisor or with colleagues can force an employee to indulge in acts of indiscipline similar to the ones stated above.
- Improper or biased evaluation of individuals and their performance can result in demotivated employees, who might resort to misconduct to express their dissatisfaction and distress.
- An inefficient, ineffective and closed-door grievance redressal procedure in an organization can result in indiscipline of employees who are dejected and frustrated.
- Loss of trust or confidence in each other, or in the management, can make employees behave in an indisciplined manner.
- Lack of proper education and upbringing of the workers can also lead to indiscipline at work.
- Improper or inconvenient working conditions can lead to acts of indiscipline by workers.
- Ambiguous working responsibilities, organizational policies and procedures also lead to frustration among employees and result in misconduct.
- Social and economic pressures or compulsions, outside the purview of the organization, may also lead to indiscipline and misconduct of employees.

All these causes indicate that most of the reasons of indiscipline are internal to the organization. Some reasons are personality specific and a few are due to external factors like social and economic pressures. Therefore, having the right organizational culture and a good manager is important to guide and help employees towards fulfilling their tasks in a disciplined manner. At the same time employees should also be cooperative and should show an equal sense of responsibility to maintain discipline.

3.3 Principles of Maintaining Discipline

Disciplinary procedure in an organization has serious implications for its employees. Therefore, it is necessary to ensure that the formulated procedure is fair and acceptable to all the employees. The principles that have to be adhered to, in the maintenance of discipline are:

The rules and regulations should be framed with mutual coordination and acceptance of the management and employees. By involving employees in the process, their degree of compliance with the rules can be improved.

All the rules should be evaluated and updated from time to time to ensure their relevance and utility. For example, introduction of automation might not require the employee to wear safety gear any longer. But the old rule of the disciplinary procedure might still require the employer to wear the gear.

Rules should be formulated based on the nature of work and working conditions.

The rules should be so formulated that they ensure an objective and unbiased analysis of the acts of indiscipline. Every employee should be treated the same way under the disciplinary procedure. For example, the penalty for an act of sexual harassment should be the same for an unskilled worker or a manager.

All the employees should know the penalties for violation of different rules. This would help in maintaining restraint when they contemplate acting in violation of rules and regulations.

The disciplinary procedure should ensure that an employee does not repeat a similar act of indiscipline in the future. The disciplinary action taken, should deliver a strict message to the employee, regarding the consequences of a similar act being repeated.

The disciplinary procedure should provide for analysis of a rule or its violation, if the employees are violating the rule frequently. For example, suppose a problem of absenteeism is common in a plant and an analysis reveals that employees frequently go on leave due to illness which is caused by the working conditions. Therefore, absenteeism in this case is not a result of indiscipline, but a problem to be resolved by improving the working conditions.

The entire procedure including the appeal and review of all the disciplinary actions should be mentioned in the employee's handbook or collective agreements.

The procedure should provide for a legal as well as a humane approach.

McGregor's Red-hot Stove Rule

One effective way to approach the disciplinary process is to follow what is popularly known as the Red-hot Stove Rule. This suggests that administering discipline is more like touching a hot stove. According to this rule propounded by McGregor, corrective action should be immediate, impartial and consistent with a warning like the results of touching a red-hot stove. The results of touching a red-hot stove are:

Immediate: The burn received when a person touches a red-hot stove is immediate and the person knows that something has gone wrong. There is no cause and effect ambiguity. Similarly, an employee should be made to realize immediately if he or she is going against the norms or rules.

Impersonal: Regardless of who touches it, the stove causes burns. In the same way, the rule applied for a particular act of indiscipline should reflect the offense and not the person who committed it

Consistent: Every time a person touches a red-hot stove, he receives burns. That is, the results are consistent. In the same way discipline should be enforced and ensured across every employee and every situation.

Foreseeable: The red-hot stove warns the individual through the heat it generates, that it will burn if touched. In the same way, employees should be made aware that poor conduct or indiscipline will result in specific, pre-determined consequences.

Therefore, the administration of a disciplinary procedure should be immediate, impersonal, consistent, and should be preceded by a warning. These principles guide the effective use of a disciplinary procedure.

3.4 Disciplinary Procedure

To incorporate all the principles, disciplinary procedure should be implemented in different stages and not in a single stage. The different stages in the disciplinary procedure of an Indian organization are discussed below:

- i. **Forming and Issuing a Charge sheet:** When the management of an organization wants to initiate an enquiry against an employee for alleged misconduct, the concerned employee is issued a charge-sheet. The charge sheet should clearly indicate the charges against the employee and seek an explanation for the employee's misconduct. The management can issue a show cause notice before issuing a charge sheet to get an explanation from the employee. This step can be taken if the management wants to avoid issuing a charge sheet before giving the employee a chance to explain.
- ii. **Considering the Explanation:** If the employee admits his misconduct or if the management is satisfied with the explanation offered by the employee in response to the charge-sheet, there is normally no further enquiry.
- iii. **Issuing the Notice of Enquiry:** If it is decided that an enquiry be held, a notice of enquiry has to be issued to the worker. The notice must mention the time, date, and place of enquiry. An enquiry officer is also appointed, preferably aided by a person well-versed in law, or an outside expert conversant with the intricacies and procedures of domestic enquiries.

- iv. **Holding a Full-fledged Enquiry:** The enquiry should be in conformity with the principles of natural justice and the employee concerned must be given an opportunity to be heard. In some cases, if it is felt that the offence is serious or that the employee concerned might influence the enquiry proceedings, he might either be asked to go on leave or may be suspended with or without pay, pending enquiry. The enquiry officer must record the findings in the process of enquiry in an impersonal and objective manner. He should refrain from making any judgmental comments.
- v. **Final Order of Action:** The appropriate authority, based on the findings of the enquiry officer, makes the judgment. He either acquits the employee or judges him guilty of the charges. Based on the decision taken, the punishment for the employee's misconduct is determined. While doing so, the manager should consider the employee's previous record, precedent and the effects of this action on other employees. In case the employee feels that the enquiry is biased or improper and that the disciplinary action is unjust, he should be given a chance to make an appeal.
- vi. **Follow-up:** After administering disciplinary action, there should be proper follow-up. The punishment for misconduct should be conveyed to the employee. In some cases, the permission of the conciliation officer, tribunal or the court may need to be taken to make the order of punishment effective. The management should also ensure that the indiscipline of the employee is not repeated.

3.5 Approaches to Discipline

There are three main approaches to discipline. They are incorrect discipline, preventive discipline and positive discipline.

INCORRECT DISCIPLINE

The term 'incorrect discipline' refers to the usage of improper and incorrect measures to enforce discipline in the organization. Some of the incorrect techniques used by managers are:

Punitive Discipline: This is a disciplinary procedure where discipline is instilled in the employees through fear. This approach assumes that employees work more effectively and with discipline if fear is instilled in them. This is also referred to as negative discipline. This kind of disciplinary approach is less in use now, because of the protection of the employees by unions and government legislation.

Negative Feedback: In some organizations, employees are given feedback only when their performance is found to be unsatisfactory. However, if an employee performs well, his performance is not recognized or acknowledged, and no feedback is given. This kind of approach, called the negative feedback approach, demotivates employees. Hence it is important for organizations to give both positive and negative feedback to employees to enable them to evaluate their own performance.

Late Intervention: Indiscipline by an employee should be identified in the initial stages and the necessary corrective action should be taken. In case the manager ignores it and allows the problem to continue, then solving it becomes difficult in the later stages. This is referred to as late intervention or procrastination discipline.

Labeling Employees not Behavior: Managers sometimes tend to label employees because of their unsatisfactory performance on a job. Such labeling has certain negative implication. First, the employee may carry the label over to other jobs and work units, and the label may serve as a self-fulfilling prophecy. Second, such labeling focuses only on the employee and not on his act of indiscipline or misconduct, which is what needs to be addressed.

Misplaced Responsibility: A proper analysis may sometimes reveal that it is not the employee, but the management, that is responsible for the misconduct of the employee. Managers have to realize and accept that they are sometimes

responsible for the performance problems of their employees. It is important for managers to recognize that they also have to contribute to the inculcation of discipline in employees.

PREVENTIVE DISCIPLINE

This is one of the most widely used approaches of discipline in organizations. In this, employees are managed in a way that prevents undesirable behavior or misconduct. This approach needs an environment of job satisfaction and trust that will lead to improved employee performance. Managers need to take extra care to see that employees are satisfied and do not indulge in any activity that leads to indiscipline in the workplace. Creating such an environment requires managers to have clear objectives in selecting suitable employees for the organization.

POSITIVE DISCIPLINE

An approach in which unsatisfactory behavior of employees is corrected through the support and positive attitude of the managers is called positive discipline. Here, the employees are made to realize their behavior through constructive feedback. Then, they are helped to overcome their shortcomings with adequate support from the managers. This type of disciplinary process is positive and facilitates problem-solving in a people oriented approach.

Any employee committing a mistake is not harassed or punished, but is helped to overcome the problems that led to indiscipline. This approach mainly lays emphasis on believing that if employees are treated fairly and in a humane manner they will follow the disciplinary process of the organization. Positive discipline is much more than the simple act of a manager or supervisor discussing performance problems with an employee. It is a process comprising of a series of policies and steps.

Steps in the Process of Positive Discipline

Responsibility for ensuring discipline: Often organizations are in a dilemma as to who is responsible for ensuring discipline among employees. Some organizations give the authority to the immediate supervisors, while others feel that doing so will result in inconsistency in application of discipline.

Communicating organizational policies, procedures and rules: The management should communicate all its policies, procedures and rules to the employees. This is very important to maintain satisfactory levels of employee performance. This information can be communicated by employee hand books, orientation programs, union contracts, rules and regulations posted on bulletin boards, superior-subordinate discussions of job standards, company policies and procedures.

Communicate the performance expected and penalties for violation: When formulating the disciplinary procedure, it is important for the managers to make clear the performance that is expected from the employees. This should be communicated to all the employees in a simple and lucid style. Punishing an employee for indiscipline is unwise, unless the management has clearly defined standards of discipline and good performance. An effective way of communication is providing the employees with written material on the organization's principles of discipline, and the penalties for indiscipline.

Collecting concrete data about any disciplinary violation: Before action is taken against an employee for acts of indiscipline, a thorough analysis has to be done regarding the allegations made. There has to be concrete evidence that a disciplinary violation has taken place. Valid information, clearly indicating an employee's wrongdoing makes disciplinary procedure more effective and easier to administer.

It is important to collect concrete facts because an employee may improve his or her behavior if shown evidence of indiscipline or violation of rules. Conflicting and disputable data is unlikely to motivate an employee to change. Even as per law, an employee is innocent until he is proved guilty. Also if the employees'

union files a grievance indicating that disciplinary action was unjustly administered and the issue reaches arbitration, the arbitrator will go through the data collected by the management. If the data do not substantially justify the management's action, the award will most likely go in favor of the employee. This might lead to a loss of face and employee trust for the management.

Administering Progressive Discipline: Although the type of disciplinary action that is appropriate may vary depending on the situation, it is generally desirable for discipline to be progressive. Two important characteristics of progressive discipline are:

- i. An appropriate penalty for the offence, and
- ii. A series of increasingly serious penalties for continued unsatisfactory performance.

Administering Corrective Counseling: The final step in the process of positive discipline is corrective counseling. The objective of positive disciplinary action is not to rule out punishment but to correct an employee's undesirable behavior at the right time.

For corrective counseling to be effective, the employee's supervisor must be genuinely interested in helping him overcome his problems. The supervisor must offer support, encouragement, and assistance to the employee. Corrective counseling differs from traditional techniques in one aspect. In this method, the superior avoids telling the employee how to solve his problems. Instead, he helps him find solutions by himself, thus making the employee responsible for determining the most effective way to overcome the problem. As the employee participates in the process of problem solving, the chances for long-lasting improvement in his behavior are high.

3.6 Types of Disciplinary Action

Different acts of indiscipline deserve different kinds of disciplinary action based on their severity and gravity. The various disciplinary actions that are administered in response to noticed acts of indiscipline by employees are verbal warning, written warning, suspension, pay cut, demotion and dismissal.

VERBAL WARNING

Verbal warning is an informal warning given to an employee. It is one of the mildest actions taken against an employee for an act of indiscipline. Such warnings are given in an informal and private environment. The supervisor should explain to the employee, the rule that has been violated and the implications for violating it. For example, if an employee reports late to the office frequently, then the manager might call the employee to his cabin and explain that employees should report to the office on time. The manager should make efforts to find out the reason for the employee being late and ask for possible alternative solutions to the problem. If the solutions offered by the employee are not suitable, then the manager can help him to find ways to avoid the problem in the future. The employee should also be made aware of the consequences of not reporting to office on time. It is a good practice to keep a temporary record of this reprimand in the employee's file. If the verbal warning is effective, further disciplinary action can be avoided. However, if the employee fails to improve his performance, the manager may have to resort to more severe action.

WRITTEN WARNING

If the oral warning fails, then the next step is to give a written warning to the employee. This is the second step in progressive disciplinary procedure and the first formal stage of the disciplinary procedure. This is a formal stage as the written warning is placed in the employee's file and a copy given to the employee and one sent to the personnel department. The procedure followed before a written warning is issued, is almost the same as that of the verbal warning. The employee

is informed of the violation, its effect, and potential consequences of future violations. The only difference between the two actions is that the manager tells the employees that a written warning will be issued. The manager writes down the rule that has been violated, any assurances given by the employee that he will correct his behavior, and the further action that will be administered if the deviant behavior is repeated.

Many organizations remove these written warnings from the employee's official files, if the behavior of the employee is good over a period of time, usually two years, after the written warning has been issued.

SUSPENSION

If the employee does not adhere to the rules and regulations of the organization in spite of being given a verbal and written warning, then the next step is 'suspension' of the employee. However, if the act of indiscipline is quite serious, then the employee may be suspended without any prior verbal or written warning.

In suspension, the employee is laid-off from work for a short period of time and he is not paid during this time. This kind of action helps in making the employee realize his fault and the inconvenience that his behavior has caused to others in the workplace. It is also assumed that a suspension may convince the employees that the management is serious about them following the organizational rules.

DEMOTION

If no improvement is noticed in the performance of the employee even after suspension, and if the management wants to strongly avoid dismissing the employee, demotion may be an alternative. Very few organizations use this step as a disciplinary action. This is because it has a tendency to demoralize not only the employee but his coworkers as well. This kind of punishment is not temporary, as the employee has to continue in the demoted job for an unspecified period until the management finds his performance improved. This may add to the employee's distress and he may fail to perform up to the mark even in this job.

PAY CUT

Cutting the undisciplined employee's pay is another alternative used in administering disciplinary action. This approach has a demoralizing effect on the employees, but is considered a rational action by management if the only other alternative is dismissal. If the employee alters his behavior, the pay cut can always be cancelled.

DISMISSAL

The ultimate disciplinary punishment is dismissing the erring employee. This action must be used only for the most serious offenses or after all earlier steps have failed. The decision to dismiss an employee should be given long and hard consideration before being implemented. Being sacked from a job causes emotional trauma to an individual. This is especially true of employees who have been with the organization for a long period and for those past their prime age in the job market. In addition, the management must consider the possibility that a dismissed employee might resort to legal action to fight the decision.

4. EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

The term 'collective bargaining' was coined by Sydney Webb and Beatrice Webb, who believed that collective bargaining was the collective equivalent to individual bargaining whose primary aim was achieving economic advantage. This viewpoint of Sydney Webb and Beatrice Webb was popularly known as the 'critical viewpoint'. Later, many definitions were given by experts in the field of industrial relations. Some of the important definitions of collective bargaining are:

According to J H Richardson "collective bargaining takes place when a number of work people enter into a negotiation as a bargaining unit with an employer or group of employers with the object of reaching an agreement on the conditions of the employment of the work people."

Selig Perlman stated, that “collective bargaining is not just a means of raising wages and improving conditions of employment. Nor is it merely democratic government in industry. It is, above all, a technique whereby an inferior social class or group exerts a never slackening pressure for a bigger share in social sovereignty as well as for more welfare, greater security and liberty for its members.”

Effectively, collective bargaining is a managerial tool that facilitates an amicable and mutually acceptable agreement between the management and the employees, to solve all employment-related problems. In some cases, third-party intervention might be necessary to resolve these matters.

The following conditions favor collective bargaining:

- There should be a single union, or in case of multiple unions, a common agreement among them. Clash of interests among unions’ leads to chaos and uncertainty which would result in a loss to the employees.
- Management should be open to the requests of the trade unions and should identify the union representatives.
- The culture of the organization should foster the right spirit for collective bargaining to be successful.
- The role of a third party should be minimized and agreements should be based on bipartite bargaining.
- All the parties involved should aim at a win-win situation and not a win-lose situation. The common interests of the organization and its employees should be taken into consideration while reaching any agreement.

4.1 Collective Bargaining Process

The procedure for resolving an industrial dispute is laid out normally, as a contract between the management and the employee unions. Issues that are settled during collective bargaining relate to wages, bonus and other benefits, employment conditions and grievance redressal procedure. The process of collective bargaining involves three steps – preparation for negotiation, negotiation and contract administration.

PREPARATION FOR NEGOTIATION

The first step in the process of collective bargaining is to make the necessary preparations to negotiate a contract. Both the parties should have a clear understanding of the problem at hand. They should understand and interpret the existing contract completely to identify the loopholes or problems, if any. This would help them to formulate the requirements of their respective parties, for incorporation in the next contract. They should be in possession of all the facts and figures required for making a strong case. Once the parties are ready with their evidence, they should construct a strong and logical argument, to be presented for negotiation. This case should be built in a strategic manner, after identifying the needs of the opposing party and intelligently predicting their arguments. A nearly accurate assumption of the arguments of the opposite party facilitates building a forceful and irrefutable case.

Information is acquired from both internal and external sources. The internal data usually comprises employee performance reports, overtime figures, reports on transfers, turnover and absenteeism, grievance and accident reports and copies of recently-negotiated contracts. The external data includes statistics related to the current economy at the local and national levels, data relating to the cost of living, terms of recently-negotiated labor agreements etc. This information enables the parties to frame their terms of negotiation and also anticipate the terms of negotiation of the other party.

NEGOTIATION

The negotiation process begins with submission of the demands of the trade union to the management. The demands are usually on the higher side, – a little more than what employees actually want. The management also employs the same tactics and starts the negotiation at a different level, i.e. offering something less

than what it has in mind. Both the parties adopt this strategy to provide leverage for negotiating. The preparation done earlier helps them to foretell, though not accurately, each other's proposals. Therefore, they start at different levels, negotiate and ultimately reach a mutually acceptable agreement. The union representatives lower their demands and the management increases its offer.

After a verbal agreement is reached a written contract is entered into.

If the management and the union representatives fail to reach an agreement, the involvement of a third party becomes necessary. The role of the third-party can be that of a conciliator or an arbitrator. The conciliator plays a consultant's role, helping the parties to resolve their differences and reach an agreement. In case the conciliation fails, the arbitrator hears the arguments of the two parties and gives his decision. If either or both the parties decline to abide by the decision of the arbitrator, then the conflict reaches the final stage, namely, adjudication. This happens when the arbitration fails and the situation has led to an industrial dispute or strike or lock-out. The government or its representative intervenes to resolve the dispute. Both the parties are legally bound to abide by the judgment passed at the adjudication stage.

CONTRACT ADMINISTRATION

Administration of the contract is the last step in the process of collective bargaining and is as important as reaching an agreement. The labor-management relations in the firm determine the success of administration of a contract. The administration is not as dramatic as the process of negotiation itself and therefore does not draw equal attention. However, it is the most important step in the process of collective bargaining as it determines the future of industrial relations in the firm by preventing any disputes.

The terms of the contract and the agreement reached have to be widely circulated among all the employees. The employees and the management should respect the contract and abide by the terms laid down in it. One of the key elements of a contract would be the procedure for handling industrial disputes. Both parties should follow the procedure scrupulously, whenever a conflict arises.

SUMMARY

- Industrial relations concerns the relationship between the management and the employees of an industry. With the liberalization of the economy industrial relations in India have changed over the last 10-15 years. The employees, trade unions and management are the major players in industrial relations.
- A grievance is a sign of an employee's discontentment with his job or his relationship with his colleagues. Grievances generally arise out of the day-to-day working relations in an organization. An employee or a trade union protests against an act or policy of the management that they consider as violating employee's rights.
- Some employees, regardless of an organization's efforts at selection, socialization, job design, performance standards and reward practices, create discipline problems for the management. Employees who cannot be motivated to maintain such discipline require some degree of extrinsic disciplinary action. The primary objective of disciplinary procedure is to motivate an employee to conform to the organization's performance standards.
- Collective bargaining is the process of negotiation between the management and the worker representatives for resolving differences related to wages, bonus and other benefits, employee working conditions, grievance redressal procedure, and so on. The process of collective bargaining has three steps – preparation for negotiation, negotiation and contract administration. If collective bargaining fails, the other stages in conflict settlement are conciliation, arbitration and adjudication, in that order.