
Organizational Behavior

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Chapter 1

History and Evolution of Management Thought

In this chapter we will discuss:

- Early Approaches to Management
- Classical Approach
- Behavioral Approach
- Quantitative Approach
- Modern Approaches to Management
- Emerging Approaches in Management Thought

Table 1.1: Major Classification of Management Approaches and their Contributors

Major Classification of Management Approaches		Major Contributors
Classical approach	Scientific management	Frederick W. Taylor, Frank and Lillian Gilbreth and Henry Gantt
	Bureaucratic management	Max Weber
	Administrative management	Henri Fayol
Behavioral approach	Group influences	Mary Parker Follet
	Hawthorne studies	Elton Mayo
	Maslow's needs theory	Abraham Maslow
	Theory X and Theory Y	Douglas McGregor
	Model I versus Model II values	Chris Argyris
Quantitative approach	Management science	-
	Operations management	-
	Management information system	-
Modern approaches	The Systems Theory	-
	Contingency Theory	-
	Emerging approaches: Theory Z and Quality management	William Ouchi

According to one school of thought, history has no relevance to the problems faced by managers today. Some are also of the opinion that management theory is too abstract to be of any practical use. However, both theory and history are indispensable tools for managing contemporary organizations.

Like most modern disciplines, contemporary management thought has its foundations in the history of management and the many significant contributions of theorists and practitioners. A theory is a conceptual framework for organizing knowledge that provides a blueprint for various courses of action. Hence, an awareness and understanding of important historical developments and theories propounded by early thinkers is important for today's managers.

In this chapter, we first take a look at the early approaches to management. We then focus on four well-established schools of management thought (see Table 1.1): (i) the classical approach; (ii) the behavioral approach; (iii) the quantitative approach and (iv) the modern approaches to management. Finally, some emerging approaches in management thought are discussed.

EARLY APPROACHES TO MANAGEMENT

The Industrial Revolution, which began in Europe in the mid-1700s, was the starting point for the development of management concepts and theories. The rapid growth in the number of factories during this period and the need to coordinate the efforts of

large number of people in the production process necessitated the development of management theories and principles. Many theorists and practitioners in the mid- and late 1800s (preclassical period) contributed valuable ideas that laid the foundation for subsequent, broader inquiries into the nature of management. Five principal contributors can be identified in this early period of development of management thought: Robert Owen, Charles Babbage, Andrew Ure, Charles Dupin, and Henry Robinson Towne (see Table 1.2).

Table 1.2: Preclassical Contributors to Management Thought

Name	Period	Contribution
Robert Owen	1771-1858	Proposed legislative reforms to improve working conditions of labor
Charles Babbage	1792-1871	Advocated the concept of 'division of labor'; devised a profit-sharing plan which led to the modern-day Scanlon Plan
Andrew Ure	1778-1857	Advocated the study of management
Charles Dupin	1784-1873	
Henry R. Towne	1844-1924	Emphasized the need to consider management as a separate field of study and the importance of business skills for running a business.

Robert Owen: Human Resource Management Pioneer

Robert Owen (1771-1858) was a successful British entrepreneur in the early 19th century. He was one of the earliest management thinkers to realize the significance of human resources. He believed that workers' performance was influenced by the environment in which they worked. He proposed legislative reform that would limit the number of working hours and restrict the use of child labor. At his own factories, he introduced a standard working day of 10½ hours and refused to employ children under the age of ten. Owen's proposals were opposed by his business partners and were considered radical (child labor and long working hours were common practices during this era). He tried to improve the living conditions of his employees by ensuring basic amenities like better streets, houses, sanitation and setting up an educational establishment in New Lanark.

Owen recommended the use of a "silent monitor" to openly rate an employee's work on a daily basis. Blocks of wood were painted in four different colors, with each color signifying a certain level of accomplishment. Depending on the productivity of the employee, blocks of appropriate color were then attached to each machine in the factory. Owen believed that these open ratings instilled pride and encouraged healthy competition. Publicizing of sales and production figures by many modern organizations is based on the same psychological principle.

Owen wanted other manufacturers to share his concern for improving workers' working and living conditions. He argued that a manager's best investment was in his workers. Though Owen's ideas were not accepted by his contemporaries, they laid the groundwork for the human relations movement. Owen is also considered a forerunner of the behavioral school because of his concern for human welfare.

Charles Babbage: Inventor and Management Scientist

British professor of Mathematics, Charles Babbage (1792-1871) is widely known as the “father of modern computing.” He was a pioneer not only in the field of computing but also in the field of management. His major contributions to the field of computing were the world’s first mechanical calculator and an “analytical engine” (which was a forerunner of the modern computer). The problems he encountered while carrying out his projects led him to search for new ways of doing things. His desire to improve processes led to many contributions to management theory.

Babbage was an advocate of the concept of division of labor. He was impressed by the idea of *work specialization*, or the degree to which work is divided into various tasks. He believed that each factory operation should be thoroughly understood so that the necessary skill involved in each operation could be isolated. Each worker could then be trained in one specific skill and made responsible only for that part of the operation. He observed that work specialization could apply not only to physical work but also mental work. Babbage felt that work specialization would reduce training time and improve (through constant repetition of each operation) the skills and efficiency of workers. The concept of the assembly line, in which each worker is responsible for a different repetitive task, is based on Babbage’s ideas.

Babbage believed that the interests of employees and management were closely linked. He therefore devised a profit-sharing plan under which bonuses were given for useful suggestions contributed by employees and wages were based on the profits generated by the factory. His employee incentive techniques are used even today. The modern-day Scanlon Plan, under which workers offer suggestions to improve productivity and then share the resulting profits, is based on Babbage’s ideas.

Andrew Ure and Charles Dupin: Management Education Pioneers

Andrew Ure (1778-1857) and Charles Dupin (1784-1873) were the early proponents of the study of management. Ure was a British academician and Dupin, a French engineer. Ure, who taught at Glasgow University, published *The Philosophy of Manufacturing*, in which he explained the various principles and concepts of manufacturing. In 1819, Dupin was appointed as a management professor in Paris, which marked the beginning of an illustrious career. His writings, well-known throughout France, may have influenced Henri Fayol’s contributions to the theory of management.

Henry Robinson Towne (1844-1924)

Henry R. Towne, President of the Yale and Towne manufacturing company and a mechanical engineer, realized that good business skills were essential for running a business. He emphasized the need to consider management as a separate field of systematic study on the same level as engineering. In a paper, “The Engineer as an Economist,” presented in 1886, Towne suggested that management be studied as a science and that principles be developed that could be used across various management situations. Frederick W. Taylor, who attended the presentation, was influenced by Towne’s ideas. Subsequently, Taylor developed the principles of scientific management.

Assessing Preclassical Contributions

Preclassical theorists generally tried to find solutions to contemporary managerial problems. The early pioneers, with their technical backgrounds, did not regard management as a separate field of study. However, their ideas did lay the foundation for the management theorists of the 1900s.

Table 1.3: A Brief Overview of Classical Theories

Approach	Rationale	Focus
Scientific management	One best way to do each job	Job level
Administrative principles	One best way to put an organization together	Organizational level
Bureaucratic organization	Rational and impersonal organizational arrangements	Organizational level

Adapted from "Evolution of Management Thought"

<<http://www.biz.colostate.edu/faculty/dennism/Management-Evolution.html>>

CLASSICAL APPROACH

Classical management thought can be divided into three separate schools: scientific management, administrative theory and bureaucratic management. Classical theorists formulated principles for setting up and managing organizations. These views are labeled "classical" because they form the foundation for the field of management thought. The major contributors to the three schools of management thought – scientific management, administrative theory and bureaucratic management – are Frederick W. Taylor, Henry Fayol and Max Weber respectively. Table 1.3 gives a brief overview of the classical theories in management thought.

Scientific Management

Scientific management became increasingly popular in the early 1900s. In the early 19th century, scientific management was defined as "that kind of management which conducts a business or affairs by standards established, by facts or truths gained through systematic observation, experiment, or reasoning." In other words, it is a classical management approach that emphasizes the scientific study of work methods to improve the efficiency of the workers. Some of the earliest advocates of scientific management were Frederick W. Taylor (1856-1915), Frank Gilbreth (1868-1924), Lillian Gilbreth (1878-1972), and Henry Gantt (1861-1919).

Frederick Winslow Taylor

Frederick Winslow Taylor took up Henry Towne's challenge to develop principles of scientific management. Taylor, considered "father of scientific management", wrote *The Principles of Scientific Management* in 1911. An engineer and inventor, Taylor first began to experiment with new managerial concepts in 1878 while employed at the Midvale Steel Co. At Midvale, his rise from laborer to chief engineer within 6 years gave him the opportunity to tackle a grave issue faced by the organization – the soldiering problem. 'Soldiering' refers to the practice of employees deliberately working at a pace slower than their capabilities. According to Taylor, workers indulge in soldiering for three main reasons:

- i. Workers feared that if they increased their productivity, other workers would lose their jobs.
- ii. Faulty wage systems employed by the organization encouraged them to work at a slow pace.
- iii. Outdated methods of working handed down from generation to generation led to a great deal of wasted efforts.

Table 1.4: Four Steps in Scientific Management

Step	Description
Step 1	Develop a science for each element of the job to replace old rule of thumb methods.
Step 2	Scientifically select employees and then train them to do the job as described in Step 1.
Step 3	Supervise employees to make sure they follow the prescribed methods for performing their jobs.
Step 4	Continue to plan the work but use workers to actually get the work done.

Adapted from "Management Theory" *Management Principles and Practice II*,
<http://jeeves.commerce.adelaide.edu.au/courses/mpp2/slides/Management_theory.pdf>

Taylor felt that the soldiering problem could be eliminated by developing a *science* of management (the four steps in scientific management outlined in Table 1.4). This approach involved using scientific methods to determine how a task should be done instead of depending on the previous experiences of the concerned worker.

Exhibit 1.1

Scientific Management – A Critique

Scientific management focuses primarily on the work to be done. At the heart of scientific management is the organized study of work, the analysis of work into its simplest elements and systematic improvement of worker's performance of each of these elements. Scientific management can be described as a systematic philosophy of worker and work.

Scientific management, in spite of the hype that it created has not completely succeeded in solving the problem of managing worker and work. In the words of Peter F. Drucker, "Scientific management has two blind spots – one engineering and one philosophical." The first blind spot is the belief that since work has to be divided into the simplest constituent motions, it should also be arranged as a series of individual motions – each motion being carried out by an individual worker. It is quite correct to state that work should be analyzed by the motions that constitute it. But it is an erroneous view that by confining the work to an individual operation, one can do the work in a much better fashion. For the human resource to be used productively, the individual operations must be analyzed, studied and improved and jobs be formed out of these operations which utilize a worker's specific talents.

The second blind spot of scientific management is "the divorce of planning from doing." Work becomes more effective and productive if it involves a good amount of planning. It would be absurd to say that the planner and the doer should be two different persons just because planning and doing have been separated in work analysis. Planning and doing are the separate parts of the same job. No work can be performed effectively unless it includes both these elements. As Drucker very aptly says, "Advocating the divorce of the two is like demanding that swallowing food and digesting it be carried out in two separate bodies."

The two blind spots of scientific management help us understand why its application is met with resistance from the workers. As a worker is taught individual motions, he acquires habit and experience rather than knowledge and understanding. As the emphasis is placed on the doing aspect, bringing in change would cause the workers to feel insecure. Scientific management does not take into consideration the fact that change is inevitable and one of the major functions of an organization is to bring about change.

Adapted from Peter F. Drucker, *The Practice of Management* (New York: Harper Business, 1986) 280-286.

In essence, scientific management as propounded by Taylor emphasizes:

- i. Need for developing a scientific way of performing each job.
- ii. Training and preparing workers to perform that particular job.

- iii. Establishing harmonious relations between management and workers so that the job is performed in the desired way.

The two major managerial practices that emerged from Taylor's approach to management are the piece-rate incentive system and the time-and-motion study.

Piece-rate incentive system

Taylor felt that the wage system was one of the major reasons for soldiering. To resolve this problem, he advocated the use of a piece-rate incentive system. The aim of this system was to reward the worker who produced the maximum output. Under this system, a worker who met the established standards of performance would earn the basic wage rate set by management. If the worker's output exceeded the set target, his wages would increase proportionately. The piece-rate system, according to Taylor, would motivate workers to produce more and thus help the organization perform better.

Time-and-motion study

Taylor tried to determine the best way to perform each and every job. To do so, he introduced a method called "time-and-motion" study. In a "time-and-motion" study, jobs are broken down into various small tasks or motions and unnecessary motions are removed to find out the best way of doing a job. Then each part of the job is studied to find out the expected amount of goods that can be produced each day. The objective of a time-and-motion analysis is to ascertain a simpler, easier and better way of performing a work or job.

Exhibit 1.2

Frederick W. Taylor – The Prophet of Efficiency

Frederick W. Taylor rose from the rank of an apprentice to that of a Chief Engineer at Midvale Steel in a short span of six years. Taylor's approach to efficiency was similar to that of a scientist – he observed, measured and recorded the most trivial tasks. He believed that no matter how easy a task seems, one needs to study it systematically to find the "one best way" to do that task.

Taylor observed at Bethlehem Steel that each worker performed a variable amount of work depending on his ability. He also noted that workers brought their own shovels to work and they used the same shovel for materials of different relative weights, like iron ore and ash. By analyzing carefully, Taylor determined that the optimum weight for shoveling was 21 pounds. He then suggested the use of shovels of different sizes for different classes of materials, thereby ensuring that the weight of the material being shoveled was around 21 pounds. By implementing Taylor's plans of use of shovels of different sizes, the average amount shoveled was increased from 16 to 59 tons.

As a result of these changes, productivity improved and the company's costs decreased despite an increase in the wages of workers. Thus, scientific management with its emphasis on measurement and analysis embodied the principle of efficiency. Behind the concept of Scientific management is a simple maxim: "Never assume that the best way of to do something is the way it has always been done."

Adapted from Joan Magretta and Nan Stone, What Management Is (New York: Free Press, 2002) 24-27 and Kathryn M. Bartol and David C. Martin, Management, 3rd edition, (USA: Irwin McGraw-Hill, 1998) 41-42.

Frank and Lillian Gilbreth

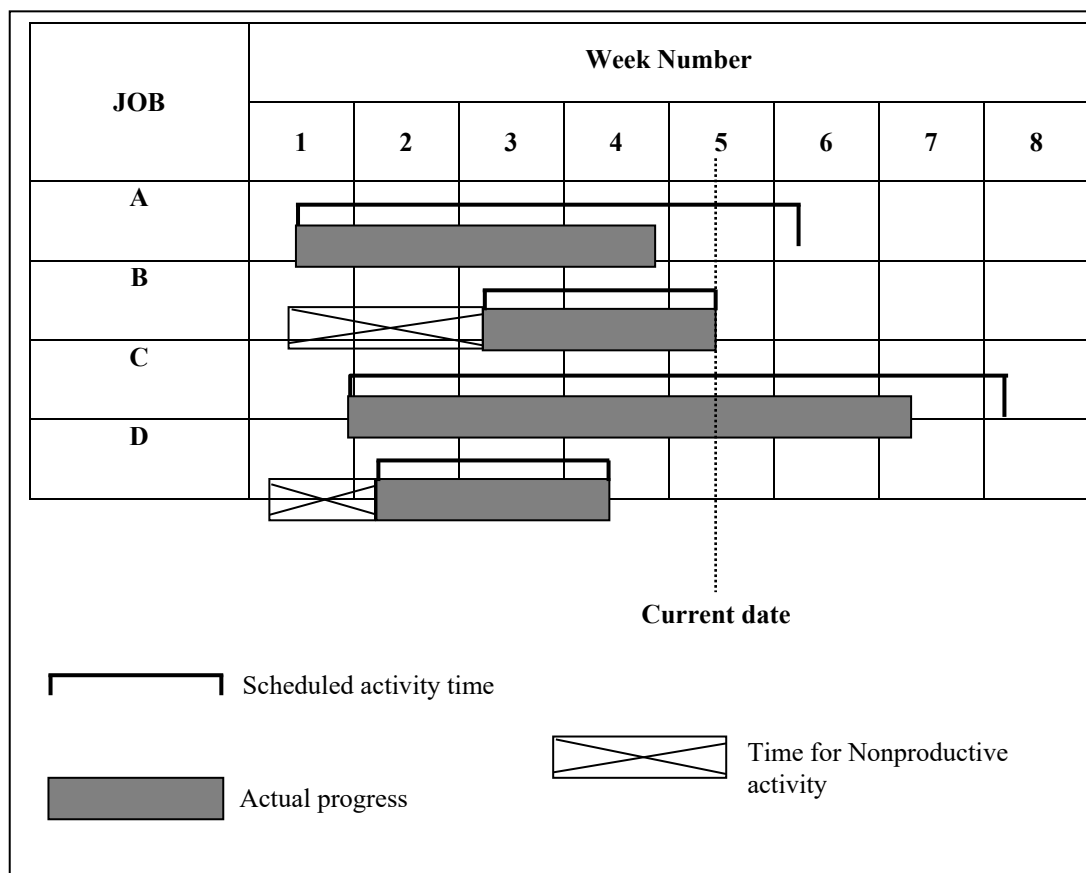
After Taylor, Frank and Lillian Gilbreth made numerous contributions to the concept of scientific management. Frank Gilbreth (1868-1924) is considered the "*father of motion study*." Lillian Gilbreth (1878-1972) was associated with the research pertaining to motion studies. Motion study involves finding out the best sequence and minimum number of motions needed to complete a task. Frank and Lillian Gilbreth

were mainly involved in exploring new ways for eliminating unnecessary motions and reducing work fatigue.

The Gilbreths devised a classification scheme to label seventeen basic hand motions – such as “search,” “select,” “position,” and “hold” – which they used to study tasks in a number of industries. These 17 motions, which they called **therbligs** (Gilbreth spelled backward with the ‘t’ and ‘h’ transposed), allowed them to analyze the exact elements of a worker’s hand movements. Frank Gilbreth also developed the *micromotion* study. A motion picture camera and a clock marked off in hundredths of seconds was used to study motions made by workers as they performed their tasks. He is best known for his experiments in reducing the number of motions in bricklaying. By carefully analyzing the bricklayer’s job, he was able to reduce the motions involved in bricklaying from 18 ½ to 4. Using his approach, workers increased the number of bricks laid per day from 1000 to 2700 (per hour it went up from 120 to 350 bricks) without exerting themselves.

Lillian’s doctoral thesis (published in the early 1900s as *The Psychology of Management*) was one of the earliest works which applied the findings of psychology to the management of organizations. She had great interest in the human implications of scientific management and focused her attention on designing methods for improving the efficiency of workers. She continued her innovative work even after Frank’s death in 1924, and became a professor of management at Purdue University. Lillian was the first woman to gain eminence as a major contributor to the

Figure 1.1 Gantt scheduling chart



development of management as a science. In recognition of her contributions to scientific management, she received twenty-two honorary degrees.

Henry Laurence Gantt

Henry L. Gantt (1861-1919) was a close associate of Taylor at Midvale and Bethlehem Steel. Gantt later became an independent consultant and made several contributions to the field of management. He is probably best remembered for his work on the task-and-bonus system and the Gantt chart. Under Gantt's incentive plan, if the worker completed the work fast, i.e. in less than the standard time, he received a bonus. He also introduced an incentive plan for foremen, who would be paid a bonus for every worker who reached the daily standard. If all the workers under a foreman reached the daily standard, he would receive an extra bonus. Gantt felt that this system would motivate foremen to train workers to perform their tasks efficiently.

The Gantt Chart (see Figure 1.1) is still used today by many organizations. It is a simple chart that compares actual and planned performances. The Gantt chart was the first simple visual device to maintain production control. The chart indicates the progress of production in terms of time rather than quantity. Along the horizontal axis of the chart, time, work scheduled and work completed are shown. The vertical axis identifies the individuals and machines assigned to these work schedules. The Gantt chart in Figure 1.1 compares a firm's scheduled output and expected completion dates to what was actually produced during the year. Gantt's charting procedures were precursors of today's program evaluation and review techniques.

Limitations of scientific management

Scientific management has provided many valuable insights in the development of management thought. In spite of the numerous contributions it made, there are a few limitations of scientific management. They are:

- The principles of scientific management revolve round problems at the operational level and do not focus on the management of an organization from a manager's point of view. These principles focus on the solutions of problems from an engineering point of view.
- The proponents of scientific management were of the opinion that people were "rational" and were motivated primarily by the desire for material gain. Taylor and his followers overlooked the *social needs* of workers and overemphasized their *economic* and *physical* needs.
- Scientific management theorists also ignored the human desire for job satisfaction. Since workers are more likely to go on strike over factors like working conditions and job content (the job itself) rather than salary, principles of scientific management, which were based on the "rational worker" model, became increasingly ineffective.

Administrative Theory

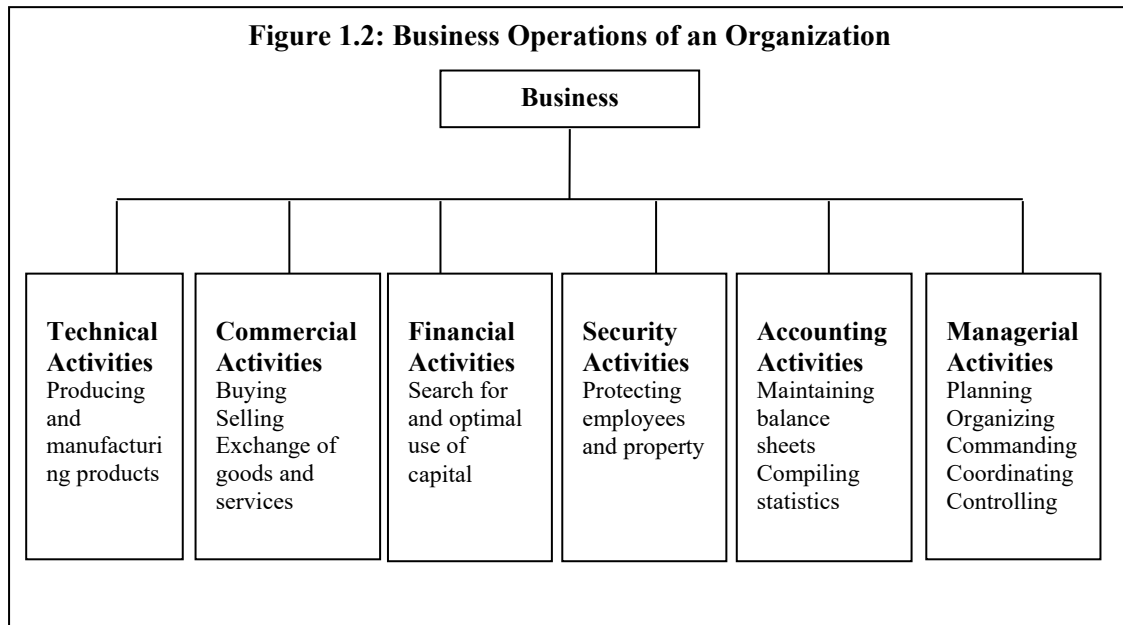
While the proponents of scientific management developed principles that could help workers perform their tasks more efficiently, another classical theory – the administrative management theory – focused on principles that could be used by managers to coordinate the internal activities of organizations. The most prominent of the administrative theorists was Henri Fayol.

Henri Fayol

French industrialist Henri Fayol (1841-1925), a prominent European management theorist, developed a general theory of management. Fayol believed that "with scientific forecasting and proper methods of management, satisfactory results were inevitable." Fayol was unknown to American managers and scholars until his most

important work, *General and Industrial Management*, was translated into English in 1949. Many of the managerial concepts that we take for granted today were first articulated by Fayol.

According to Fayol, the business operations of an organization could be divided into six activities (See Figure 1.2)



Technical	–	Producing and manufacturing products.
Commercial	–	Buying, selling and exchange.
Financial	–	Search for and optimal use of capital.
Security	–	Protecting employees and property.
Accounting	–	Recording and taking stock of costs, profits, and liabilities, maintaining balance sheets, and compiling statistics.
Managerial	–	Planning, organizing, commanding, coordinating and controlling.

Fayol focused on the last activity, managerial activity. Within this, he identified five major functions: planning, organizing, commanding, coordinating and controlling. Fayol's five management functions are clearly similar to the modern management functions – planning, organizing, staffing, leading and controlling. Fayol's concept of management forms the cornerstone of contemporary management theory.

Fayol outlined fourteen principles of management:

1. Division of work: Work specialization results in improving efficiency of operations. The concept of division of work can be applied to both managerial and technical functions.
2. Authority and responsibility: Authority is defined as “the right to give orders and the power to exact obedience.” Authority can be formal or personal. Formal authority is derived from one's official position and personal authority is derived from factors like intelligence and experience. Authority and responsibility go hand-in-hand. When a manager exercises authority, he should be held responsible for getting the work done in the desired manner.

3. Discipline: Discipline is vital for running an organization smoothly. It involves obedience to authority, adherence to rules, respect for superiors and dedication to one's job.
4. Unity of command: Each employee should receive orders or instructions from one superior only.
5. Unity of direction: Activities should be organized in such a way that they all come under one plan and are supervised by only one person.
6. Subordination of the individual interest to the general interest: Individual interests should not take precedence over the goals of the organization.
7. Remuneration: The compensation paid to employees should be fair and based on factors like business conditions, cost of living, productivity of employees and the ability of the firm to pay.
8. Centralization: Depending on the situation, an organization should adopt a centralized or decentralized approach to make optimum use of its personnel.
9. Scalar chain: This refers to the chain of authority that extends from the top to the bottom of an organization. The scalar chain defines the communication path in an organization.
10. Order: This refers to both material and social order in organizations. Material order indicates that everything is kept in the right place to facilitate the smooth coordination of work activities. Similarly, social order implies that the right person is placed in the right job (this is achieved by having a proper selection procedure in the organization).
11. Equity: All employees should be treated fairly. A manager should treat all employees in the same manner without prejudice.
12. Stability of tenure of personnel: A high labor turnover should be prevented and managers should motivate their employees to do a better job.
13. Initiative: Employees should be encouraged to give suggestions and develop new and better work practices.
14. Espirit de corps: This means "a sense of union." Management must inculcate a team spirit in its employees.

Bureaucratic Management

Bureaucratic management, one of the schools of classical management, emphasizes the need for organizations to function on a rational basis. Weber (1864-1920), a contemporary of Fayol, was one of the major contributors to this school of thought. He observed that nepotism (hiring of relatives regardless of their competence) was prevalent in most organizations. Weber felt that nepotism was grossly unjust and hindered the progress of individuals. He therefore identified the characteristics of an ideal bureaucracy to show how large organizations should be run. The term "bureaucracy" (derived from the German *buro*, meaning office) referred to organizations that operated on a rational basis. According to Weber, "a bureaucracy is a highly structured, formalized, and impersonal organization." In other words, it is a formal organization structure with a set of rules and regulations. The characteristics of Weber's ideal bureaucratic structure are outlined in Table 1.5. These characteristics would exist to a greater degree in "ideal" organizations and to a lesser degree in other, less perfect organizations.

Table 1.5: Major Characteristics of Weber's Ideal Bureaucracy

Characteristic	Description
Work specialization and division of labor	The duties and responsibilities of all the employees are clearly defined. Jobs are divided into tasks and subtasks. Each employee is given a particular task to perform repeatedly so that he acquires expertise in that task.
Abstract rules and regulations	The rules and regulations that are to be followed by employees are well defined to instill discipline in them and to ensure that they work in a co-coordinated manner to achieve the goals of the organization.
Impersonality of managers	Managers make rational decisions and judgments based purely on facts. They try to be immune to feelings like affection, enthusiasm, hatred and passion so as to remain unattached and unbiased towards their subordinates.
Hierarchy of organization structure	The activities of employees at each level are monitored by employees at higher levels. Subordinates do not take any decision on their own and always look up to their superiors for approval of their ideas and opinions.

The term “bureaucracy” is sometimes used to denote red tapism and too many rules. However, the bureaucratic characteristics of organizations outlined by Weber have certain advantages. They help remove ambiguities and inefficiencies that characterize many organizations. In addition, they undermine the culture of patronage that he saw in many organizations.

Limitations of bureaucratic management and administrative theory

Scholars who emphasized the human approach to management criticized classical theorists on several grounds. They felt that the management principles propounded by the classical theorists were not universally applicable to today's complex organizations. Moreover, some of Fayol's principles, like that of specialization, were frequently in conflict with the principle of unity of command.

Weber's concept of bureaucracy is not as popular today as it was when it was first proposed. The principal characteristics of bureaucracy – strict division of labor, adherence to formal rules and regulations, and impersonal application of rules and controls – destroy individual creativity and the flexibility to respond to complex changes in the global environment.

Classical theorists ignored important aspects of organizational behavior. They did not deal with the problems of leadership, motivation, power or informal relations. They stressed productivity above other aspects of management. They also failed to consider the impact of the external and internal environment upon employee behavior in organizations.

BEHAVIORAL APPROACH

The behavioral school of management emphasized what the classical theorists ignored – the human element. While classical theorists viewed the organization from a production point of view, the behavioral theorists viewed it from the individual's point of view. The behavioral approach to management emphasized individual attitudes and behaviors and group processes, and recognized the significance of behavioral processes in the workplace. Table 1.6 gives an overview of the key contributions to management theory by the behavioral management school of thought.

Table 1.6: Contributions of Behavioral Thinkers to Management Thought

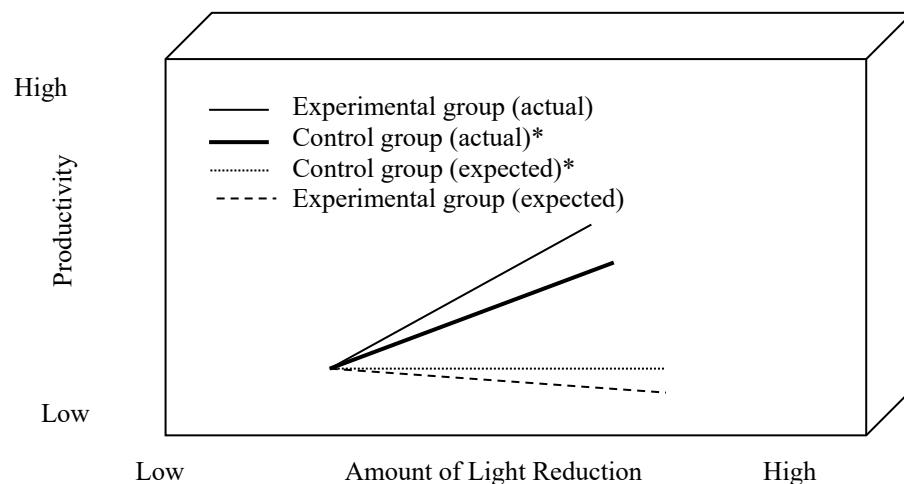
Name	Period	Contribution
Mary Parker Follet	1868-1933	Emphasized group influence and advocated the concept of 'power sharing' and integration
Elton Mayo	1880-1949	Laid the foundation for the Human Relations Movement; recognized the influence of group and workplace culture on job performance
Abraham Maslow	1908-1970	Advocated that humans are essentially motivated by a hierarchy of needs
Douglas McGregor	1906-1964	Differentiated employees and managers into Theory X and Theory Y personalities
Chris Argyris	-	Classified organizations based on the employees' set of values

Mary Parker Follet: Focusing on Group Influences

Mary Parker Follet (1868-1933) made important contributions to the field of human resource management. Though Follet worked during the scientific management era, she understood the significance of the human element in organizations. She gave much more importance to the functioning of groups in the workplace than did classical theorists. Follet argued that organizational participants were influenced by the groups within which they worked.

Follet recognized the critical role managers play in bringing about the kind of constructive change that enables organizations to function. She suggested that organizations function on the principle of "power with" rather than "power over." Power, according to Follet, was the ability to influence and bring about a change. She argued that power should not be based on hierarchy; instead, it should be based on cooperation and should involve both superiors and subordinates. In other words, she advocated 'power sharing.'

Figure 1.3: Actual versus Expected Results for the Experimental and Control Groups in one of the Hawthorne Illumination Studies



* Lighting remained at the same level in the control group

Source: Kathryn M Bartol and David C. Martin, *Management*, 3rd edition (USA: Irwin McGraw-Hill, 1998) 49.

Exhibit 1.3

Limitations of Human Relations Approach

Human relations theory recognizes the significance of human resources. This theory believes that each individual is unique and the attitude and behavior of an employee determines the way he or she works. This theory is against the view that people respond automatically to monetary stimulus. Human relations theory was one of the greatest advances in management, yet, it did not succeed in establishing new concepts.

The limitations of the Human Relations theory are:

- The Human Relations theorists are of the opinion that by removing fear, people would perform effectively. This view attacked the assumption that workers can be motivated to work only through fear. The Human Relations approach made a significant contribution at a time when it was generally being assumed that workers have to be coerced to work. Yet, this approach has very little to say about positive motivation. The positive motivation aspect has been generalized by the Human Relations theorists.
- Human Relations theory does not provide enough focus on work. It emphasizes more on interpersonal relations and on “the informal group.” Consequently, this approach assumes that a worker’s attitudes, behavior and effectiveness is predominantly determined by his relation with his fellow-workers and not by the kind of work he does.
- Human Relations does not understand the economic implications of organizational problems. Therefore, most of the principles advocated cannot be applied in the organizational context. Human Relations theory also tends to be very vague. It stresses on “giving the workers a sense of responsibility” but hardly tells what their responsibilities are.

Human Relations theory has made noteworthy contributions to the field of management. It provides valuable guidance in understanding the employees and managing them. This theory also states the importance of attitudes and behaviors in managing the workforce effectively. Human Relations is one of the foundations on which the building of management is to be built. Although this theory has given great insights, it has its limitations also. This theory focuses more on the informal group and is very vague about the positive motivation aspects.

Adapted from Peter F. Drucker, The Practice of Management (New York: Harper Business, 1986) 278-280.

Follet also advocated the concept of integration, which involves finding a solution acceptable to all group members. She believed that managers should be responsible for keeping a group together and ensuring that organizational objectives are achieved through group interaction. Her humanistic ideas have influenced the way we look at motivation, leadership, teamwork, power and authority.

Elton Mayo: Focusing on Human Relations

Elton Mayo (1880-1949), the “Father of the Human Relations Approach,” led the team which conducted a study at Western Electric’s Hawthorne Plant between 1927 and 1933 to evaluate the attitudes and psychological reactions of workers in on-the-job situations. The researchers and scholars associated with the Hawthorne experiments were Elton Mayo, Fritz Roethlisberger, T.N. Whitehead and William Dickson. The National Research Council sponsored this research in cooperation with the Western Electric Company. The study was started in 1924 by Western Electric’s industrial engineers to examine the impact of illumination levels on worker productivity (see Figure 1.3). Eventually the study was extended through the early 1930s. The experiments were conducted in four phases:

- a. Illumination experiments
- b. Relay assembly test room experiments
- c. Interview phase
- d. Bank wiring observation room experiments

The various phases of Hawthorne experiments have been explained in detail in chapter 2.

Contributions of Hawthorne experiments

The Hawthorne experiments, which laid the foundation for the Human Relations Movement, made significant contributions to the evolution of management theory. Some of the contributions are illustrated in Table 1.7.

Table 1.7: Elton Mayo and the Hawthorne Studies

Pre-judgments	Findings
Job performance depends on the individual worker.	The group is the key factor in job performance.
Fatigue is the main factor affecting output.	Perceived meaning and importance of the work determine output.
Management sets production standards.	Workplace culture sets its own production standards.

Source: Louis E. Boone and David L. Kurtz, Management, International Student edition (USA: McGraw-Hill Inc., 1992) 37.

Criticism of Hawthorne studies

The Hawthorne studies have received considerable criticism. They have been criticized on the following grounds:

1. The procedures, analysis of findings, and the conclusions reached were found to be questionable. Critics felt that the conclusions were supported by little evidence.
2. The relationship made between the satisfaction or happiness of workers and their productivity was too simplistic.
3. These studies failed to focus attention on the attitudes of employees at the workplace.

Abraham Maslow: Focusing on Human Needs

In 1943, Abraham H. Maslow (1908-1970), a Brandeis University psychologist, theorized that people were motivated by a hierarchy of needs. His theory rested on three assumptions. First, all of us have needs which are never completely fulfilled. Second, through our actions we try to fulfill our unsatisfied needs. Third, human needs occur in the following hierarchical manner: (i) physiological needs; (ii) safety or security needs; (iii) belongingness or social needs; (iv) esteem or status needs; (v) self-actualization, or self-fulfillment needs. According to Maslow, once needs at a specific level have been satisfied, they no longer act as motivators of behavior. Then the individual strives to fulfill needs at the next level. Managers who accepted Maslow's hierarchy of needs attempted to change their management practices so that employees' needs could be satisfied.

Douglas McGregor: Challenging Traditional Assumptions about Employees

Douglas McGregor (1906-1964) developed two assumptions about human behavior, which he labeled “Theory X” and “Theory Y.” According to McGregor, these two theories reflect the two extreme sets of belief that different managers have about their workers. Theory X presents an essentially negative view of people. Theory X managers assume that workers are lazy, have little ambition, dislike work, want to avoid responsibility and need to be closely directed to make them work effectively. Theory Y is more positive and presumes that workers can be creative and innovative, are willing to take responsibility, can exercise self-control and can enjoy their work. They generally have higher-level needs which have not been satisfied by the job.

Like Maslow’s theory, McGregor’s Theory X and Theory Y influenced many practicing managers. These theories helped managers develop new ways of managing the workers. Table 1.8 gives a comparison of Theory X and Theory Y characteristics.

Table 1.8: A Comparison of Theory X and Theory Y Characteristics

Theory X	Theory Y
Most people dislike work and they avoid it when they can.	Work is a natural activity like play or rest.
Most people must be coerced and threatened with punishment before they work. They require close direction.	People are capable of self direction and self control if they are committed to objectives.
Most people prefer to be directed. They avoid responsibility and have little ambition. They are interested only in security.	People become committed to organizational objectives if they are rewarded in doing so.

Source: “Evolution of Scientific Management”, *Engineering Management 333*,
<<http://www.ee.uwa.edu.au/~ccroft/em333/lectures97/lecb.pdf>>.

Chris Argyris: Matching Human and Organizational Development

Chris Argyris, a Yale University professor, made significant contributions to the behavioral school of management thought. The major contributions of this behavioral scientist are the maturity-immaturity theory, the integration of individual and organizational goals, and Model I and Model II organization analysis.

Argyris points out the inherent conflict between the healthy individual and the rigid structure of the formal organization. He believes that people progress from a stage of immaturity and dependence to a state of maturity and independence. Many organizations tend to keep their employees in a dependent state, thereby blocking further progress. This tendency may keep an individual from realizing his or her true potential. Further, Argyris argues that several of the basic concepts and principles of modern management – such as specialization – hinder the development of a “healthy” personality. He feels that such incongruence between the organization and individual development results in the failure and frustration of employees. Such incongruence, Argyris argues, can be corrected by techniques such as job enlargement and job loading, which increase the work-related responsibilities of the individual and allow him to participate in the decision-making process.

Model I and Model II organizations

Argyris classifies organizations as Model I and Model II organizations on the basis of the employees’ set of values. The employees in Model I organization are manipulative and pitted against each other. They are not willing to take risks. Workers in Model II organization are open to learning and less manipulative. Their access to information gives them freedom to make informed choices, which in turn increases their

willingness to take risks. Hence, according to Argyris, managers should strive to create a Model II environment.

QUANTITATIVE APPROACH

The quantitative management perspective emerged during World War II. During the war, the army (in the U.S and U.K) brought together managers, government officials and scientists to help it deploy its resources more efficiently and effectively. These experts used some of the mathematical approaches to management devised earlier by Taylor and Gantt to solve the logistical problems encountered by the army during the war. After the war, many organizations started applying the same techniques to solve business problems. The quantitative approach to management includes the application of statistics, optimization models, information models and computer simulations. More specifically, this approach focuses on achieving organizational effectiveness through the application of mathematical and statistical concepts. The three main branches of the quantitative approach are: (i) management science (ii) operations management and (iii) management information systems.

Management Science

The management science approach stresses the use of mathematical models and statistical methods for decision-making. It visualizes management as a logical entity, the action of which can be expressed in terms of mathematical symbols, relationships and measurement data. Another name commonly used for management science is operations research. Recent advances in computers have made it possible to use complex mathematical and statistical models in the management of organizations. Management science techniques are widely used in the following areas:

- Capital budgeting and cash flow management
- Production scheduling
- Development of product strategies
- Planning for human resource development programs
- Maintenance of optimal inventory levels
- Aircraft scheduling

Various mathematical tools like the waiting line theory or queuing theory, linear programming, the program evaluation review technique (PERT), the critical path method (CPM), the decision theory, the simulation theory, the probability theory, sampling, time series analysis etc. have increased the effectiveness of managerial decision-making. To apply a quantitative approach to decision-making, individuals with mathematical, statistical, engineering, economics and business background skills are required. Since one person cannot have all these skills the quantitative method requires a team approach to decision-making. This approach has been criticized for its overemphasis of mathematical tools. Many managerial activities cannot be quantified because they involve human beings who are governed by many irrational elements.

Operations Management

Operations management is an applied form of management science. It deals with the effective management of the production process and the timely delivery of an organization's products and services. Operations management is concerned with: (i)

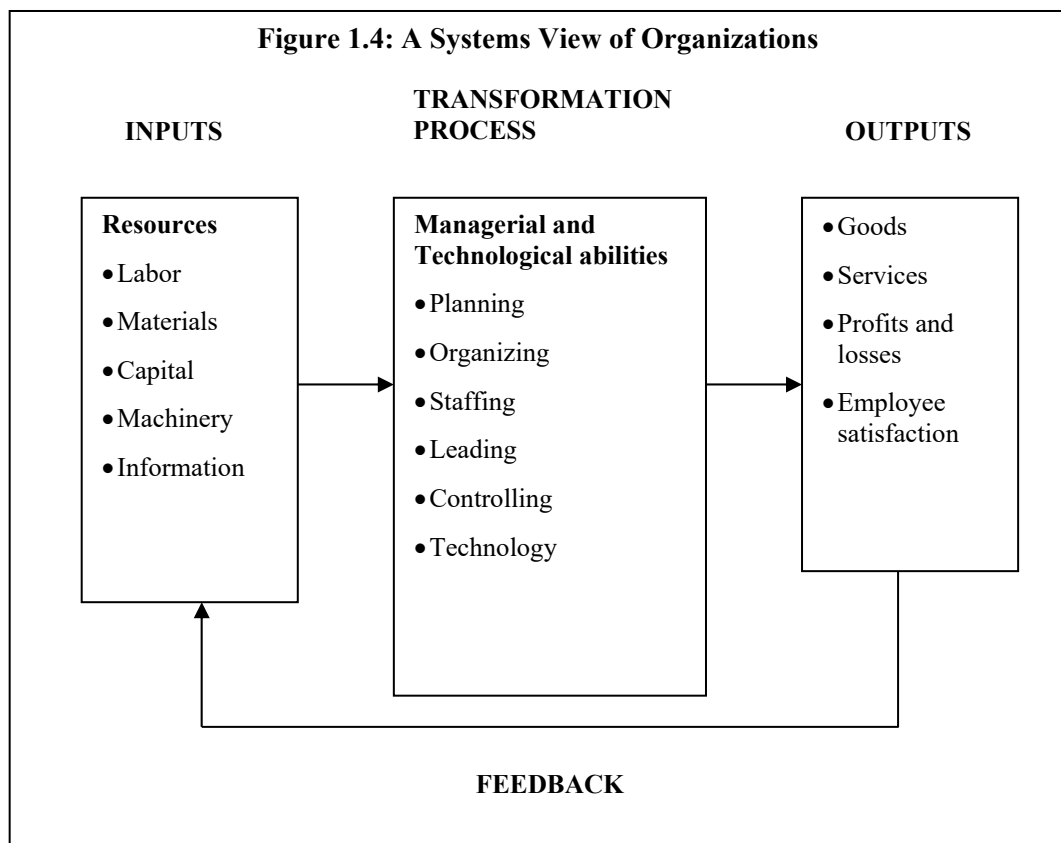
inventory management, (ii) work scheduling, (iii) production planning, (iv) facilities location and design, and (v) quality assurance. The tools used by operations managers are forecasting, inventory analysis, materials requirement planning systems, networking models, statistical quality control methods, and project planning and control techniques.

Management Information Systems

Management information systems focuses on designing and implementing computer-based information systems for business organizations. In simple terms, the MIS converts raw data into information and provides the needed information to each manager at the right time, in the needed form.

MODERN APPROACHES TO MANAGEMENT

Besides the classical, behavioral and quantitative approaches to management, there are certain modern approaches to management. Two of these approaches are the systems theory and the contingency theory, which have significantly shaped modern management thought. These two approaches to management are discussed in this section.



Systems Theory

Those who advocate a systems view contend that an organization cannot exist in isolation and that management cannot function effectively without considering external environmental factors. The systems approach gives managers a new way of looking at an organization as a whole and as a part of the larger, external environment.

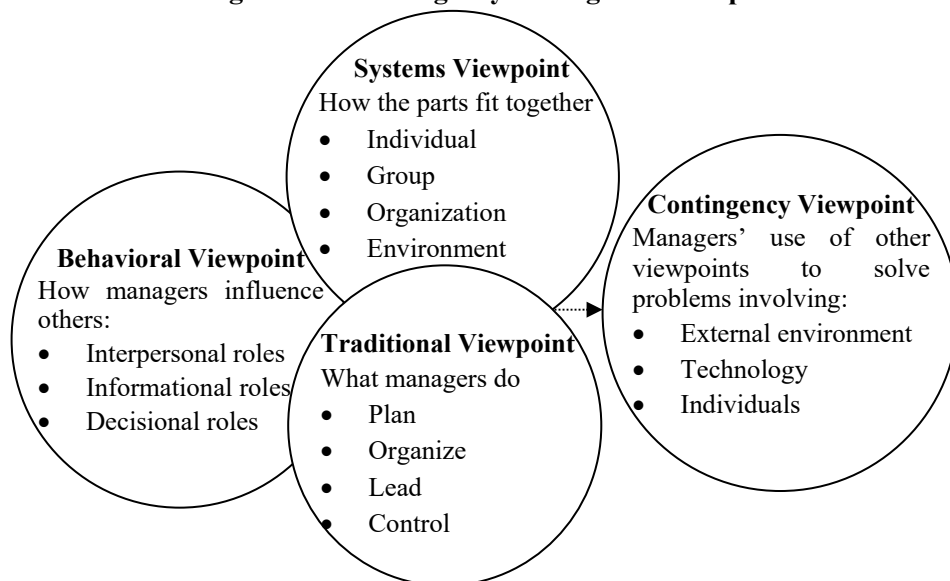
According to this theory, an organizational system has four major components: inputs, transformation processes, output and feedback (see Figure 1.4). *Inputs* – money, materials, men, machines and informational sources – are required to produce goods and services. *Transformation processes* or throughputs – managerial and technical abilities – are used to convert inputs into outputs. *Outputs* are the products, services, profits and other results produced by the organization. *Feedback* refers to information about the outcomes and the position of the organization relative to the environment it operates in.

The two basic types of systems are closed and open systems. A system that interacts with its environment is regarded as an open system and a system that does not interact with its environment is considered a closed system. Frederick Taylor, for instance, regarded people and organizations as closed systems. In reality, all organizations are open systems as they are dependent on interactions with their environment. Whether it is a new product decision or a decision related to the employees of the organization, the organization must consider the role and influence of environmental factors. Figure 1.4 depicts an open organizational system.

Contingency Theory

This is also known as the situational theory. This approach has been widely used in recent years to integrate management theory with the increasing complexity of organizations. According to this theory, there is no one best way to manage all situations. In other words, there is no one best way to manage. The response “It depends” holds good for several management situations.

Figure 1.5: Contingency Managerial Viewpoint



Source: <http://www.ru.ac.za/academic/departments/management/about.htm>

The contingency approach was developed by managers, consultants, and researchers who tried to apply the concepts of the major schools of management thought to real-life situations. Managers who follow this approach, make business decisions or adopt a particular management style only after carefully considering all situational factors. According to the contingency approach, “The task of managers is to identify which technique will, in a particular situation, under particular circumstances, and at a particular time, best contribute to the attainment of management goals” (See Figure 1.5).

The contributions of the major approaches to management: Classical, behavioral and modern approaches are illustrated in Table 1.9.

Table 1.9: Important Features of the Major Approaches

Approach	Important Features
Classical	<p>This approach is divided into three schools – scientific management, administrative theory and bureaucratic management.</p> <p>Scientific management emphasizes the scientific study of work methods to improve the efficiency of the workers. The administrative theory focused on principles that could be used by managers to coordinate the internal activities of organizations. Bureaucratic management emphasizes the need for organizations to function on a rational basis.</p>
Behavioral	<p>The behavioral approach to management emphasized individual attitudes and behaviors and group processes, and recognized the significance of behavioral processes in the workplace.</p> <p>While Mary Parker Follett focused on the functioning of groups in the workplace, Elton Mayo’s Hawthorne studies were aimed at evaluating the attitudes and psychological reactions of workers in on-the-job situations and laid the foundation for the Human Relations Movement. Abraham Maslow theorized that people were motivated by a hierarchy of needs. Douglas McGregor’s assumptions about human behavior led to the development of Theory X and Theory Y which reflect the two extreme sets of belief that different managers have about their workers. Chris Argyris is known for his maturity-immaturity theory, integration of individual and organizational goals, and Model I and Model II organization analysis.</p>
Quantitative	<p>This approach focuses on achieving organizational effectiveness through the application of mathematical and statistical concepts. The three main branches of this approach are: management science, operations management, and management information systems.</p>
Contemporary (systems and contingency)	<p>The systems approach views organizations as a part of the larger, external environment. The Contingency Theory states that there is no one best way to manage all situations.</p>

EMERGING APPROACHES IN MANAGEMENT THOUGHT

William Ouchi, a management expert, conducted research on both American and Japanese management approaches and outlined a new theory called Theory Z. This theory combines the positive aspects of both American and Japanese management styles. The Theory Z approach involves providing job security to employees to ensure their loyalty and long-term association with the company. It also involves job rotation of employees to develop their cross-functional skills. This approach advocates the participation of employees in the decision-making process and emphasizes the use of

informal control in the organization along with explicit performance measures. The organization shows concern for its employees' well-being and lays emphasis on their training and development. (Theory Z and American and Japanese styles of management are discussed in detail in Chapter 2).

Another approach in the field of management thought that is gaining increasing importance is that of quality management. Quality management is a management approach that directs the efforts of management towards bringing about continuous improvement in product and service quality to achieve higher levels of customer satisfaction and build customer loyalty. To be successful and effective, this approach needs to be integrated with an organization's strategy.

SUMMARY

The Industrial Revolution provided the impetus for developing various management theories and principles. Preclassical theorists like Robert Owen, Charles Babbage, Andrew Ure, Charles Dupin, and Henry R. Towne made some initial contributions that eventually led to the identification of management as an important field of inquiry. This led to the emergence of approaches to management: classical, behavioral, quantitative and modern.

The classical management approach had three major branches: scientific management, administrative theory and bureaucratic management. Scientific management emphasized the scientific study of work methods to improve worker efficiency. Bureaucratic management dealt with the characteristics of an ideal organization, which operates on a rational basis. Administrative theory explored principles that could be used by managers to coordinate the internal activities of organizations.

The behavioral approach emerged primarily as an outcome of the Hawthorne studies. Mary Parker Follet, Elton Mayo and his associates, Abraham Maslow, Douglas McGregor and Chris Argyris were the major contributors to this school. They emphasized the importance of the human element which was ignored by classical theorists in the management of organizations. They formulated theories that centered on the behavior of employees in organizations. These theories could easily be applied to the management of organizations.

The quantitative approach to management focuses on the use of mathematical tools to support managerial decision-making. The systems theory looks at organizations as a set of interrelated parts. According to the contingency theory, managerial action depends on the particular parameters of a given situation. One important emerging approach to management thought is Theory Z. This approach combines the positive aspects of American and Japanese management styles. All these views on management have contributed significantly to the development of management thought.

Chapter 2

Foundations of Human Relations and Organizational Behavior

In this chapter we will discuss:

- Definitions of Human Relations and Organizational Behavior
- Historical Development of Human Relations and Organizational Behavior
- Contribution of Other Disciplines to Human Relations and Organizational Behavior
- Significance of Human Relations and Organizational Behavior
- Research Foundations for Organizational Behavior
- Trends and Prospects in Organizational Behavior

People have a variety of needs. Irrespective of one's status, age, and achievements, one would still have some unfulfilled needs. In order to satisfy their unfulfilled needs more effectively, people have learned to organize themselves into groups. The process of organizing facilitates an organization in its specialization efforts. It helps the employees to develop specialized skills and enhances the productivity and efficient functioning of the organization. The organizational system consists of social, technical and economic elements which coordinate human and material resources to achieve various organizational objectives. Some of the objectives of an organization may be:

- To maximize profits
- To produce goods and services of good quality
- To compete with other players in the industry
- To ensure welfare of its employees
- To make efficient use of resources and achieve growth

Human behavior in organizations is as complex as the social system itself. People differ from each other in their needs and values, which can be understood better with the help of behavioral science. Behavioral science considers the influence of various elements (social, economic and technical systems) of the complex external environment on people's behavior. It improves people's understanding of interpersonal skills and so also their ability to work together as a team to achieve organizational goals effectively.

DEFINITIONS OF HUMAN RELATIONS AND ORGANIZATIONAL BEHAVIOR

Human relations, in a very general sense, denote the interaction between different kinds of people. In other words, it means socialization. However, in a business setting, human relations have a different connotation. It deals with the interaction of people in a work situation that helps to generate team spirit.

S. G. Huneryager and I. L. Heckmann define human relations as "A systematic, developing body of knowledge devoted to explaining the behavior of individuals in the working organization."

According to Keith Davis in his book *Human Behavior at Work*, human relations is "Motivating people in organizational settings to develop teamwork which accomplishes individual as well as organizational goals effectively."

Jack Halloran states, "The study of human relations in business and industry is the study of how people can work effectively in groups in order to satisfy both organizational goals and personal needs."

From the above definitions, it is clear that human relations bring about an integration of individual and organizational goals. The purpose of human relations is to assist people to work together effectively to attain organizational objectives as well as to satisfy personal needs.

According to W. G. Scott, "Human relations affect management practices and give guidelines for managerial action." This approach combines various branches of social science and integrates their theories and methods to solve work-related problems. Human relations is the result of the unique blend of the related disciplines – psychology, social psychology, sociology and anthropology, that give rise to a better understanding of individuals.

Organizational Behavior (OB) is the study and application of knowledge about how people as individuals and as groups act within organizations. Fred Luthans defines OB as “the understanding, prediction and management of human behavior in organizations.” Organizational Behavior may thus be defined as the systematic study and application of human aspects in management of an organization.

HISTORICAL DEVELOPMENT OF HUMAN RELATIONS AND ORGANIZATIONAL BEHAVIOR

Though human relationships have existed since time immemorial, the branch of knowledge dealing with them is relatively recent. Prior to the industrial revolution, people worked in small groups and had simple work relationships. They were, however, subjected to unhealthy working conditions and scarcity of resources, so they hardly had any job satisfaction.

During the early stages of the industrial revolution, the conditions of workers showed no signs of improvement. But as increased industrial activity led to greater supply of goods, wages, working conditions, and level of job satisfaction gradually improved.

Scientific Management Movement

Until the early 1900s, workers were made to work in inhuman conditions. The importance of human element in organizations was first realized by Frederick W. Taylor. Taylor is also known as “the father of scientific management” and his contributions to the field of management were useful for the later development of the field of organizational behavior. His studies helped improve the working conditions of industrial workers and were instrumental in enhancing the productivity of the organization. He propounded sound management practices by stressing on division of labor and scientific selection, placement and training of workers. Taylor was also instrumental in introducing the differential piece rate system in organizations.

According to Taylor, specific scientific methods could help people perform their jobs effectively and efficiently. Taylor emphasized technical efficiency and mass production in organizations. However, certain aspects of interpersonal and social behavior that included leadership, communication, group tasks and norms, and group cohesiveness were overlooked. Taylor’s work is important because it was the first attempt to improve the conditions of workers in factories.

Research Studies

In the 1920s and 30s, Elton Mayo and F. J. Roethlisberger of Harvard University conducted industrial experiments at the Hawthorne plant of the Western Electric Company. It was the first attempt by academicians to study and analyze human behavior at work. Their studies brought out a positive correlation between productivity and worker participation. The Hawthorne studies concluded that the worker is the most important element in an organization.

A number of research projects were conducted in the 1940s and 50s by several organizations in order to understand human behavior at work. The Research Center for Group Dynamics, University of Michigan, and the Personnel Research Board, Ohio State University, conducted studies on leadership and motivation. While the Tavistock Institute of Human Relations in London carried out research on a variety of subjects, the National Training Laboratories in Bethel, Maine, concentrated on group dynamics.

The findings of these research studies helped managers understand people's behavior at work and the significance of human relations in work settings.

Other Developments

The first half of twentieth century was marked by development of concepts like paternalism and welfare management. Personnel departments were created in organizations to improve relations between employers and employees. A professional approach was adopted to solve employees' problems in work settings. During the period of Depression in 1930s, there was no major activity in the field of human relations. However, the revival of militant unionism triggered workers' interests in business activities of the organization. The World War II gave an additional impetus to the human relations movement in industry. Many behavioral scientists undertook extensive studies to improve business. These studies attracted the attention and recognition of professional managers. However, by the 1950s, the human relations movement had almost become a fad.

Interdisciplinary Studies

Professional journals like *Human Relations*, *Personnel Psychology* and *Personnel* carried various research studies on human relations were conducted in different parts of the world. In India, studies on human relations were conducted in some universities and psychology departments of institutes like the Indian Institute of Technology, Kanpur and Kharagpur. Organizations like ATIRA (Ahmedabad Textile Industries Research Association), SITRA (South Indian Textiles Research Association), and SRC (Shri Ram Center for Industrial Relations) were also established for interdisciplinary research studies on the social and psychological problems of industrial workers. One such famous study in India was the Ahmedabad Experiment, carried out by A. K. Rice at the Ahmedabad Manufacturing and Calico Printing Company. The study, titled *Productivity and Social Organization*, was published by the Tavistock Institute of Human Relations in 1958. The Ahmedabad Experiment which was carried out over a period of three years, studied the impact of social and technological changes in the Ahmedabad Manufacturing and Calico Printing Company Ltd. The introduction of technological changes in its plant, had given rise to many social and psychological problems (both interpersonal and intergroup). Such research findings testified the fact that human resource is instrumental in improving the organizational performance.

The Mature Outlook

Until late 1950s, human relations and OB were dismissed as a fad. When a large number of students in the United States and other developed countries took up organizational behavior and related disciplines as a major subject at the university level, only then organizational behavior began to be considered as a subject of serious study. The study of these subjects at the university level added maturity to organizational practice. By 1960, human relations and OB had become a full-fledged discipline. The publication of the book, *The Human Side of Enterprise*, authored by Douglas McGregor, highlighted the mature outlook towards human relations and OB that had developed as a result of in-depth study of these subjects.

The Emergence of Human Relations and Organizational Behavior

The fields of Human Relations and Organizational Behavior (OB) emerged when concepts from psychology, sociology and economics were applied to problems specific to organizations.

Exhibit 2.1

Assumptions of the Human Relations Movement

Although scientific management brought in economic progress and improved the standard of living of the employees in general, they still complained about the tediousness of jobs and apathetic attitude of supervisors. These concerns led researchers to find out an ideal way of running an organization. Factors like developments in the field of psychology, World War I and the economic depression also raised questions on some of the basic assumptions of Scientific Management. The Hawthorne Studies showed that workers did not respond to the classical motivational approaches like economic rewards as suggested by Taylor. Instead, it was found that workers wanted to be accepted by their group. Hawthorne Studies helped managers to understand that organizations are not just a formal arrangement of different functions but representatives of social systems. The Hawthorne Studies paved a way for many other research studies, triggering a Human Relations movement.

Conventional managers assumed that employees worked only to satisfy their economic needs and acted rationally to maximize their rewards. Moreover, they had the notion that there could never be conflict between individual and organizational objectives. These assumptions were unrealistic and were gradually replaced by the findings of the Human Relations movement. The Human Relations movement brought forth the following assumptions:

- Organizations are not merely technical economic systems, but are social systems.
- People are motivated by many needs.
- People may not always behave in a logical or rational manner.
- People depend on each other for their work, and their behavior is determined by the social context.
- The attitudes and performance of workers are determined to a very great extent by the informal work group.
- The rules, regulations and economic rewards have a limited impact on the behavior of employees. The informal group, on the other hand, has a stronger impact on the behavior of people.
- Job roles are more complex than job descriptions. People sometimes tend to deviate from the specifications in job descriptions.
- Communication channels should consider both the economic aspects of an organization and the feelings of people working in it.
- Teamwork is essential for employees to make sound technical decisions.
- Job satisfaction gives rise to higher productivity and better use of resources.
- For managing people effectively, managers need not only technical skills, but also good social skills.

These assumptions, made by the Human Relations theorists changed managers' outlook towards their subordinates. The employees were no longer considered as just another factor of production, but as individuals who liked to be respected and whose contribution could help in meeting organizational goals. The Hawthorne Studies also realized the significance of informal groups and their effect on productivity.

Adapted from Prof. Edward G. Wertheim, "Historical Background of Organizational Behavior,"
<<http://web.cba.neu.edu/~ewertheim/introd/history.htm>>

Many theories of human behavior are being tested in real life situations under controlled experimental conditions. Efforts are being made to find out new methods to improve organizational performance and develop new insights into the complex and unpredictable human behavior. Although human relations and OB do attempt to comprehend people's behavior and solve complex organizational problems, they are no

substitute to practical human judgement. By blending knowledge from behavioral sciences and practical judgement, both managers and workers can benefit greatly. Workers can have a better grasp of their work, identify themselves with their work, and so derive greater job satisfaction. Managers, on the other hand, can improve their administrative skills.

CONTRIBUTION OF OTHER DISCIPLINES TO HUMAN RELATIONS AND ORGANIZATIONAL BEHAVIOR

Many disciplines have contributed to the study of human relations and OB. The most significant contributors are psychology (social and industrial), sociology, anthropology, economics and political science. The contribution of psychology has been mainly at the micro level of analysis, that is, it has helped in a better comprehension of individual behavior. The contribution of other disciplines, namely sociology, social psychology, anthropology, economics and political science, has increased an understanding of macro concepts such as group processes and organizational development. These academic disciplines give valuable insights into decision-making, communication, leadership, innovation, and resolving organizational conflict as well as problems related to individual and organizational change. An overview of major contributions to the study of OB has been graphically represented in Figure 2.1. The various disciplines that have contributed to OB are discussed below.

Psychology

Psychology is a social science that helps explain, measure and remodel human behavior. Psychologists are involved mainly in the study of individual behavior. Several social scientists from diverse areas of psychology such as learning theorists, personality theorists, counseling psychologists, and industrial and organizational psychologists have made notable contributions to the study of individual behavior, motivation, individual perceptions, learning, training, and the role of personality.

Social Psychology

Social psychology is a blend of psychology and sociology that focuses on the influence of people on one another. This field has provided many useful insights in attitude change, communication patterns, group processes and group decision-making. Social psychologists have contributed greatly to the study of the implementation of change in organizations and the way in which barriers to change implementation can be reduced.

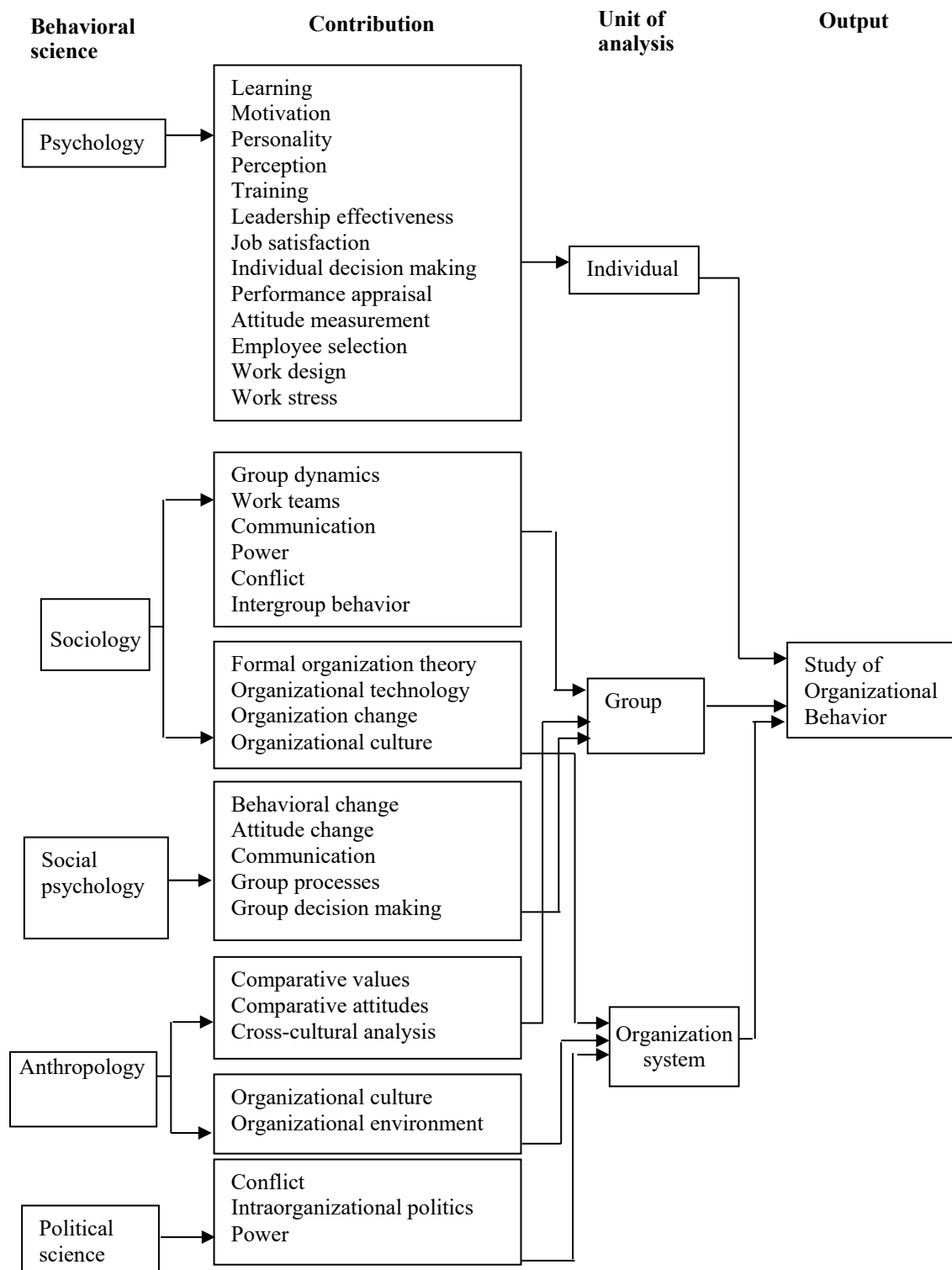
Industrial Psychology

Industrial psychology applies the principles and theories of psychology to the industrial context. It has contributed to OB by providing a better understanding of individual differences, various processes of selection and placement, the influence of physical environment on human performance, accident and safety, morale, and mental health.

Sociology

Sociology is the scientific study of the nature and development of society and social behavior. The major contribution of sociologists to OB has been their analysis of group behavior in formal and complex organizations at the group and organization level. Their analysis has helped in better understanding of group dynamics, work teams, norms, roles, status, formal organization theory and structure, organizational technology, organizational culture, communication, socialization, power, conflict and intergroup behavior.

Figure 2.1 Toward an OB Discipline



Source: Stephen P. Robbins, *Organizational Behavior*, 8th edition (New Delhi: Prentice-Hall of India, 1998) 19.

Anthropology

Anthropology involves the study of mankind, especially of its origin, development, customs and beliefs. The work of anthropologists has provided insights into the basic differences in values, attitudes and behavior of people from different countries and in different organizations. Cultural anthropology has widely contributed to OB in the following areas: Impact of cultural factors on OB, value systems, concepts of interaction, comparative norms, values and attitudes, organizational culture and environment, and cross-cultural analysis.

Economics

Economics is a science of production, distribution and consumption of goods and services. Economics provides insights into the aspects of decision and choice, factors that need to be considered while choosing the most suitable option, policies that affect the economic growth of a firm and allocating limited resources to competing alternatives.

Political Science

Political science involves the study of individual and group behavior within a particular political environment. It has made significant contribution in the areas of structuring of conflict, allocation of power, politics within the organization and the overall administrative process.

The above stated disciplines have contributed immensely in developing a general theory of human behavior at work. These disciplines tend to study very specific and narrow aspects of human behavior, resulting in fragmentation of knowledge. Behavioral science must attempt to integrate the concepts and principles from these disciplines to make a comprehensive study of human behavior.

SIGNIFICANCE OF HUMAN RELATIONS AND ORGANIZATIONAL BEHAVIOR

Human relations and OB play a significant role in the development of the skills of employees and the improvement of organizational performance.

Development of Skills

In today's rapidly changing business environment, employees undergo more stress, greater frustration, and have higher job expectations. These factors may affect their performance. Lately, realization has dawned upon organizations that employees, i.e. human resource is its most important asset. Human resource can be defined as the sum of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of employees.¹ Talent and skill of employees can be honed by training, motivation and provision of opportunities for education and personal development.

A manager should spend ample time in improving interpersonal relations and direct the employees to improve their quality of performance. It is very important for the superior to know the factors that motivate an employee since the present day employees are more educated and more demanding. Organizations too have become more complex than what they were earlier, and so require greater managerial skills for effective management. Further, government regulations, labor problems and the growing

¹ R. S. Dwivedi, *Human Relations and Organizational Behavior: A Global Perspective*, 5th edition (New Delhi: Macmillan India Ltd., 2001) 20.

demands of customers have put the managers on higher levels of stress. In such a scenario, human relations and OB make significant contributions toward effective management of organizations.

Organizational Performance

Human relations and OB make productive organizations out of mere organizations. The influence of various factors on the performance of productive organizations has been well illustrated in the form of equations by Keith Davis.

Knowledge x Skill = Ability

Attitude x Situation = Motivation

Here *ability* is the product of a person's knowledge and skills, while *motivation* is the result of an individual's attitude in a particular situation. The potential performance of an individual is determined by his ability and his motivation levels. Therefore,

Ability x Motivation = Potential Performance

OB is very important in understanding what motivates people and how to motivate people so that they can improve their abilities. Thus, OB taps the potential human performance. However to derive overall organizational performance, human performance should be combined with other resources such as tools, power and material.

Human performance x Resources = Organizational performance.

Thus, managers' knowledge of human relations and OB can help improve organizational performance.

RESEARCH FOUNDATIONS FOR ORGANIZATIONAL BEHAVIOR

The various research studies conducted and theories propounded in different parts of the world created a strong base for organizational behavior. Some of the studies and theories which have served as landmarks in the field of organizational behavior are Hawthorne Studies, Theory X and Theory Y, and Theory Z. These are discussed in detail in the following section.

Hawthorne Studies

In the 1920s, the Hawthorne Works of the General Electric Company, Chicago employed around 30,000 workers and manufactured equipment for Bell Telephone System. Although it was a progressive organization, its managers were disturbed by the large number of complaints and high level of dissatisfaction among workers. In 1924, the company hired efficiency experts to find out the cause of the problem, but the investigations failed. Later, the company requested the National Academy of Sciences to help them find a solution. In order to find the relationship between worker efficiency and level of illumination in the workshop, the Academy conducted various experiments which came to be known as the Illumination Experiments.

The illumination experiments

In these set of experiments, researchers modified the level of illumination i.e. the intensity of light, to determine its effect on productivity. Two groups of employees, namely, the control group and the experimental group, were selected to study the effect of varied illumination levels on their productivity. Illumination was not changed for the control group throughout the course of the experiments, while it was changed constantly for the experimental group.

It was observed that when the illumination was enhanced for the experimental group, its productivity increased as anticipated by the researchers. However, the productivity in the control group also went up despite having no change in its illumination level. The researchers then lowered the illumination intensity for the experimental group, but surprisingly, the productivity still shot up. These experiments showed that productivity of workers was influenced by some other variable and not merely by illumination. These experiments revealed that there is some other variable beyond wages, hours of work, working conditions that made a significant impact on productivity.

Relay assembly room experiments

This series of experiments began in 1927. These experiments were conducted by a team led by Prof. Elton Mayo of Harvard Business School, along with his colleague, Fritz Roethlisberger and some company representatives. Many management theorists consider these experiments to be the actual beginning of the Hawthorne Studies since the Illumination Studies failed to come out with any conclusion. Initially, two girls were selected for these experiments and they were, in turn, asked to choose four other girls. Thus, a group of six was formed. These girls were placed in a test room where they had to assemble telephone relays. A telephone relay is a small but complex device in which forty separate parts have to be assembled. The girls were seated on a lone bench where they assembled the parts and the assembled relay was dropped into a chute. An active observer was present with the girls in the workshop who kept a record of all the happenings, informed the girls about the experiments, obtained feedback from them and listened to their grievances.

The rate of production was determined by counting the relays that were dropped in the chute. The researchers noted the basic rate of production at the start of the experiments. They wanted to find out how productivity could be improved by introducing certain variables like rest pauses and modifying other variables like cutting down on work hours, and decreasing temperature and humidity. Various changes like change in the number of hours in a work week, number of hours in a work day, the number of breaks, lunch timings, etc. were planned and informed to the girls. Subsequently, these changes were introduced and their effectiveness was measured by noting the increase or decrease in the production of relays.

Feedback mechanism

The observer kept a record of all that was happening and also obtained feedback from these girls. During the experiments, which lasted for five years, many changes were introduced and these changes were tested for a period of four to twelve weeks. The following results were obtained as a result of various changes:

- The girls produced 2,400 relays in a 48-hour week of six working days without any breaks or rest pauses.
- For a period of eight weeks, the girls were paid on a piece-work basis (wages paid according to the number of units produced). As a result, productivity increased.
- Two five-minute rest pauses, one in the morning and one in the afternoon, were introduced. This resulted in an increase in productivity.
- The duration of these rest pauses was increased to ten minutes which led to a sharp increase in productivity.
- The number of five-minute rest pauses was increased to six. This resulted in a slight decline in the productivity because the work pattern of the girls was upset by frequent pauses.

- The earlier system of two rest pauses was again restored. In the first break, the company provided the girls with a hot meal, free of cost. The productivity again shot up.
- The girls were allowed to go home thirty minutes early, i.e. by 4.30 p.m. This again led to an increase in the productivity.
- When the girls were allowed to go home an hour early, there was no increase in the productivity.
- The original working conditions of six-day, 48-hour week was restored. All amenities like rest pauses, hot meal and piece-work wages were withdrawn. The girls worked in these conditions for twelve weeks, and they achieved the output level of an average 3,000 relays per week, which was the highest ever recorded for the group.

The productivity went up because the six girls had formed a close knit group and gave their full cooperation for the experiments. They were happy because they participated in the experiments out of their free will and not by force. They had job satisfaction because they were not being supervised or pressurized by their superiors. Also, medical checkups conducted on a regular basis showed no signs of cumulative fatigue in the participants. Furthermore, absenteeism in the group declined by 80 percent.

One interesting observation was that the girls did not follow only one method of assembling the components of a relay. Each girl had her own method of putting the various parts together. In order to avoid boredom and monotony of the job, the girls sometimes made variations to the method of assembling the components. It was also observed that the number of variations made by the girl in the method of assembly were higher if the girl was quite intelligent. Since the girls were given ample freedom of movement sans any pressure, the members of the group developed within themselves a sense of discipline and responsibility.

Findings of the relay assembly room experiments

The findings of the experiments took the researchers by surprise. Irrespective of the changes made, there was an overall increase in the productivity. Even though the girls worked for longer hours without any amenities like rest pauses or piece-work wages, the productivity continued to show an upward trend. This disagreed with the prevalent theory of Taylor, which stated that workers were motivated only by economic rewards.

The researchers realized that since the girls were given a great deal of freedom, they had formed an informal group which also included the observer. They had a jovial time at work and also engaged in social meetings after work. The researchers thus discovered the concept of informal organization. They found that workplaces were social environments that gave employees scope to interact with each other. It was also realized that there were factors other than just economic self-interest that influenced employee behavior. An important conclusion drawn from such observation was that every aspect of an industrial work environment had a social value.

The self-esteem of the girls was elevated when they were preferred over other factory workers as a part of the study. Moreover, the presence of a friendly observer rather than an authoritarian supervisor at work added to their happiness. They felt valued and important when the observer informed them in advance about the changes in work pattern. As the supervisor was able to secure their whole-hearted cooperation the productivity increased despite the withdrawal of many amenities at a later stage.

Interview phase

During the course of the experiments, about 21,000 people were interviewed over a three-year period – between 1928 and 1930 – to explore the reasons for human behavior at work. All the employees in the Hawthorne plant were interviewed. The generalizations drawn from these interviews are given below:

1. A complaint is not necessarily an objective recital of facts; it can also be a symptom of personal disturbance, the cause of which may be deep-seated.
2. Objects, persons and events carry social meaning. Their relation to employee satisfaction or dissatisfaction is purely based on the employee's personal situation and how he perceives them.
3. The personal situation of the worker is a configuration of relationships. This configuration consists of a personal reference and a social reference. While personal reference pertains to a person's sentiments, desires, and interests, social reference pertains to the person's past and present interpersonal relations.
4. The position or status of the worker in the company is a reference from which the worker assigns meaning and value to the events, objects, and features of his environment, such as hours of work, wages etc.
5. The social organization of the company represents a system of values from which the worker derives satisfaction or dissatisfaction according to his perception of his social status and the expected social rewards.
6. The experiences of the worker while working in a group influenced his social demands.

Bank wiring observation room experiments

These experiments were undertaken by researchers in the later part of the Hawthorne Experiments conducted during 1931-1932. The bank wiring observation room experiments were aimed to understand the power of an informal group and peer pressure on worker productivity. In this study, a group of fourteen men were engaged in 'bank-wiring,' i.e. attaching wires to switches for certain parts of telephone equipment.

The fourteen participants in the experiment were asked to assemble telephone wiring to produce terminal banks. This time no changes were made in the physical working conditions. The workers were paid on the basis of an incentive pay plan, under which their pay increased as their output increased. Researchers observed that output stayed at a fairly constant level, which was contrary to their expectations. Their analysis showed that the group encouraged neither too much nor too little work. It seemed they had their own idea of what "a fair day's work" was and enforced it themselves. The test room participants did not behave the way the 'economic man model' (this model states that employees are predominantly motivated by money) predicted. Group acceptance appeared to be more important to the worker than money. Thus, these experiments provided some insights into informal social relations within groups.

The researchers came to the conclusion that the participants' lack of trust in the objectives of the project made them restrict the production of the group members by preventing them from producing beyond a certain number of units. Other reasons for decreasing the output were fear of unemployment, the aim to protect slow workers, apprehension of management raising the standards, and a complacent attitude of the management.

Many behavioral scientists believe that production increase in the relay room was due to the fact that the participants received more attention and it was altogether a new experience for them. This was termed as the 'Hawthorne effect.' Though there may be an unintentional bias, the Hawthorne Studies laid the foundation for the Human Relations Movement and was responsible for the development of various concepts like participatory management, team building etc.

Theory X and Theory Y

In his book *The Human Side of Enterprise*, Douglas McGregor formulated two sets of assumptions, i.e. Theory X and Theory Y, about how individuals behave at work. Theory X assumes that employees are basically lazy and dislike work. They need to be directed and have the tendency to eschew additional responsibilities. These views were held by Taylor and other proponents of the scientific management approach. Theory Y, on the other hand, assumes that people consider work as natural as play or rest. If employees are happy and satisfied, they would be more committed to the achievement of organizational goals. After observing how managers interacted with their subordinates, McGregor concluded that managers' perception about the nature of people depended on the assumptions they had about people. The managers molded or improvised their behavior towards their subordinates according to their assumptions.

Theory X assumptions

- The average person dislikes work and tries to avoid it if he can.
- They have to be either coerced by punishment or goaded by means of financial rewards to make them work effectively.
- The average employee prefers to be given directions about his work and shies away from taking greater responsibilities. They are not too ambitious, seldom take risks and give high importance to their security needs.

The assumptions of Theory X serve as the basis for most organizational principles and have given rise to “tough” and “soft” management practices. “Tough” management practices aim at achieving organizational goals by using fear tactics. These include punishment and tight controls. On the other hand, “soft” management practices are those which attempt to bring harmony in the workplace.

However, both these practices are not fully justified as employees do not seek just financial rewards, but an opportunity to fulfill their higher needs. The managers who believe in Theory X deny their subordinates this opportunity and so, the subordinates do not show the right interest in their work.

Theory Y assumptions

- People can put in physical and mental efforts in work as naturally as they do while playing.
- Tight controls and punishments cannot make people deliver the goods. An employee would put in his best efforts if he is committed to the goals of the organization.
- An average person would not only accept responsibility but also seek it if proper conditions exist in the organization.
- If people find the job satisfying, they would be more happy and would stay committed to the goals of the organization.
- People can solve their work-related problems by using creativity and imagination. These qualities can be found in a large number of people and not necessarily in managers only.
- Generally the intellectual capabilities of an average person are not properly utilized in the modern industrial condition.

Exhibit 2.2

Working with a Theory X Manager

Douglas McGregor's Theory X and Theory Y was a very important development in the field of motivation. Although these theories have been criticized for being too rigid, they remain as valid principles for development of positive management style and techniques. While modern management theory advocates empowerment of employees, in reality, many managers still hold Theory X assumptions about employees.

A typical Theory X manager is characterized by most or all of the following attributes. A Theory X manager:

- Is driven entirely by results and deadlines
- Is intolerant, detached and aloof
- Has a short temper
- Issues deadlines and ultimatums
- Is too demanding
- Does not encourage participation
- Does not encourage team work
- Is unconcerned about the morale or welfare of the staff
- Is generally commanding rather than friendly
- Is fundamentally insecure
- Does not acknowledge or appreciate good work
- Is not receptive to suggestions and criticisms, especially from subordinates
- Tends to pass the buck in case of failure
- Does not delegate effectively
- Lacks a vision for long-term investments for future development

Working with a Theory X manager can be too frustrating. It is advisable on the part of employees to avoid a direct confrontation with them. Since Theory X managers are only result-oriented, employees should be very clear about what they can achieve. The subordinates should be ready with accurate and relevant information since Theory X managers are very particular about facts and figures. Theory X managers generally are unconcerned about subordinates' problems and so any approach regarding such issues is a futile exercise. Theory X managers want people to deliver the goods. In case the subordinates feel that the goals set are unrealistic, they should justify their stand in a constructive manner rather than questioning them.

The essence of working effectively with Theory X managers is to have a clear focus and to come to an agreement on the results and deadlines. If the subordinates consistently show good performance, the managers may allow them more freedom. The subordinates should also realize that Theory X manager may be under pressure from his superiors to be so due to the short-term demands of the organization. If the subordinates understand how to cope up with such managers, they can achieve their goals as well as those of the organization.

Adapted from "Douglas McGregor – Theory X and Theory Y," businessballs.com, Alan Chapman Consultancy, <www.businessballs.com/mcgregor.htm>

Some observations regarding Theory X and Theory Y assumptions

Social science research forms the basis on which these assumptions have been developed. These assumptions demonstrate that people have tremendous potential and that the organizations should tap and exploit this potential for organizational growth.

These theories are basically considered as two contrasting views about people, as held by the managers. Although there are managers who are proponents of Theory X, the style of management based on Theory Y is fast catching up in modern day organizations.

Managers may sometimes need to exercise their authority to achieve desired results. This is especially true in those conditions where there are discrepancies between the subordinates and managers over the results. However, if it is possible to gain the subordinates' commitment to the organizational goals, it is better that managers resort to discussion so that subordinates can understand the underlying reason for any action. By doing so, the employees can perform better as they would be more conscientious in discharging their duties.

A participative approach to problem-solving is a sensible management technique in case of emotionally mature, highly motivated subordinates and a flexible work setting. The managers can achieve better results under these conditions by participative approach rather than the authoritarian one. Once the management realizes that it is underestimating the true potential of its employees and switches to the Theory Y assumptions, it can then invest time, money and effort in executing this theory in a better manner.

Theory Y assumptions have featured in many management training courses. They have also influenced the design and implementation of personnel policies and practices.

Soft and hard management practices propounded by Theory Y

Theory X lists out some methods to improve the performance of employees. These include both soft and hard methods. Hard methods are depicted as "the stick." These include the use of didactic language, tight controls and disallowance of flexibility in work. Soft methods are represented by "the carrot." These include rewards and promises for the employees, like higher pay, a fair day's pay for a fair day's work, financial incentives, etc. These methods try to work out an exchange or a bargain for the amount of work done.

Theory Y and abdication of managerial responsibilities

It should not be assumed that Theory Y advocates abdication of responsibilities by a manager. On the other hand, it gives subordinates the freedom to interpret organizational objectives and implement them in the best possible manner. The manager helps in initiating and controlling this process. One of the important aspects of the Theory Y culture is a monitoring, feedback and control system where the onus is on the individual and not on his superior.

Are Theory Y assumptions reformulated assumptions of Theory X?

Although Theory Y propagates assigning higher responsibilities to an individual, management control mechanisms still remain a very important constituent. Therefore, some analysts consider Theory Y as "a glossy, reformulation of Theory X." They feel that the only extra element in Theory Y is the humanistic approach, which has been added to enhance motivation levels of workers to ensure better performance.

The manager as a developer and facilitator

Both Theory X and Theory Y advocate that managers are responsible for organizing various aspects of the production process, and ensuring the cooperation of workers in order to achieve the goals of the organization. The manager plays the role of a developer and facilitator, and sets the target for performance. The managers work systematically with junior staff to design jobs, decide the priorities, plan the schedules of operations, implement programs and review their accomplishments.

Empowerment

Theory Y recommends empowerment of employees for improving work performance. This was termed as “job enrichment” by Frederick Herzberg in 1964 and as “empowerment” by Tom Peters in the early 1980s. Job enrichment refers to the vertical expansion of jobs. It increases the degree to which the worker controls the planning, execution and evaluation of his work.² Empowerment is the authority to take a decision within one’s area of operations without having to get anyone’s approval. It involves redesigning jobs to expand opportunities for self-control and self-decision. Although the manager should exercise control to certain extent, they should remove some job restrictions in order to help the employees grow and contribute their best to the organization.

Theory Z

In his book, *Theory Z: How American Organizations Can Meet the Japanese Challenge*, William Ouchi propounded Theory Z as an integrative method combining both American and Japanese management practices. He found that the management style adopted by some American companies like IBM, Intel, HP, Eastman Kodak and Eli Lilly was a combination of both American and Japanese management styles. These organizations were referred to as Theory Z organizations. These organizations were American by origin, but were both American and Japanese in their business operations.

There are some basic differences in the management styles of Japanese and American organizations. Japanese organizations believe in providing lifetime employment to their employees until they retire at the age of 55 years. Japanese companies do not fire an employee unless he has committed a crime. They believe that an employee should understand all aspects of a company’s functioning before they are promoted. Therefore, promotions are slow and are awarded to employees only after they have served the organization for a considerable period of time. The career paths of employees in Japanese organizations are not specialized as employees are trained in all aspects of an organization’s functioning. The Japanese organizations take collective decisions and collective responsibility for carrying out a particular task. They have implicit control mechanisms, that is, the relationships between the organizations and employees, suppliers, and creditors are based on trust and goodwill. Moreover, Japanese organizations are not only concerned about performance of employees at work, but also their families and social life. Japanese employees consider themselves as a family and are very loyal and committed to the organization. In turn, the organizations also provide many facilities to their employees and their families.

At the other extreme, American organizations have a totally different management style. Short-term employment is more common in American firms. Moreover, companies tend to downsize if there is a downturn in the economy or if the employees’ performance is dissatisfactory. American organizations believe in going fast track and award promotions to the employees for extraordinary performance. Therefore, employees can speedily climb up the corporate ladder. The career paths of employees in American companies are specialized, that is, they tend to remain confined to one functional area throughout their career. Further, American organizations have explicit control processes and systems, well-defined rules and policies to regulate employee behavior. Unlike their Japanese counterparts, American organizations focus on the individual. Here, a manager takes decisions for the entire group. This makes him accountable for the decisions. And unlike Japanese, American organizations are only concerned about an employee’s work or professional life.

² Stephen P. Robbins, *Organizational Behavior – Concepts, Controversies, Applications*, 8th edition (New Delhi: Prentice-Hall of India Private Limited, 1998) 535.

Exhibit 2.3

The Type Z Organization

Many researchers have studied Japanese companies and have tried to analyze the reasons for their high productivity levels and loyal workforce. They found that Japanese organizations depend highly on the employees' socialization into the company's culture. Japanese organizations also have high regards for the employees' acceptance of its core beliefs and values. As a result, the rate of productivity is higher than that of American industry and the rate of absenteeism is below 2 percent. The excellent performance of Japanese companies led many American researchers to adopt the Japanese style of management for American organizations. The most notable contribution is that of William Ouchi, who propounded Theory Z, which combines both American and Japanese styles of management.

The Type Z organization refers to those organizations which blend American and Japanese style of management. Some of the prominent companies which can be classified as Type Z organizations are Kodak, Procter & Gamble, Hewlett-Packard, and IBM. The Type Z organizations are more inclined towards Japanese organizations, as it provides a stable, long-term employment to its employees. Since the employees have a relatively stable tenure in the organization, they are able to adapt themselves to the corporate culture. Type Z organizations practice moderate career specialization. This is done by job rotation, and making employees acquainted with various interrelated functions. The process of promotion is a slow one, which ensures that employees understand the culture, beliefs and values of the organization well before they are given a job of responsibility. Decisions are made collectively by managers. The commonly shared culture and collective decision-making processes that characterize Type Z organizations lessen the need for direct supervision and control over employees. Such organizations also do not have problems of high turnover, as they offer good working conditions and attractive pay packets for their employees. They also stay out of volatile markets and outsource the necessary but unstable jobs to external firms. The divisions of the Type Z organizations do not operate entirely as independent profit centers. The divisional managers consider the broader interests of organization and not merely those of the division.

Although Type Z organizations have many strong points, it has its drawbacks too. Since values and beliefs in these organizations are very homogeneous, these organizations may not be open to diverse views which may be very important for survival in a dynamic environment. Sometimes the employees may experience conflicts between their personal goals and those of the organization. In Type Z organizations, people who are culturally dissimilar may find themselves isolated, and suffer failures.

The Type Z organizations, however, try to fulfill both the needs of employees – the need for independence, and the need for affiliation. The employees of Type Z organizations make efforts to perform effectively while adhering to the organization's beliefs and values. It is observed that many companies have successfully adopted Theory Z in order to derive the advantages of both American and Japanese styles of management.

Adapted from William G. Ouchi and Raymond L. Price "Contemporary Industrial Clans: Type Z Organizations," Organizational Dynamics, Volume 21, Issue 4 (Spring 1993) p62, 9p.

Although Theory Z organizations imbibe many features of the Japanese management style, they also have some distinctive American traits. These organizations offer long-term employment for their employees and invest a considerable amount of money and time in training their personnel. Employees are promoted on the basis of their contributions, rather than on their tenure. However, in such organizations, promotions are relatively slow. Employees are given cross-functional training so that they can understand different aspects of managing the business. These organizations use both implicit and explicit controls. Although these organizations have some formal guidelines for control, they also depend on employees' judgements for appropriateness or inappropriateness of an action. Decisions are made by consensus that involve employees' participation. The manager is held responsible for the decisions taken,

which is predominantly an American trait. Theory Z organizations have a holistic concern for their employees. Therefore, Theory Z organizations try to combine the positive aspects of both American and Japanese styles of management.

William Ouchi proposed Theory Z as an integrative model of organizational behavior. He believed that in order to match the quality and productivity of the Japanese firms, the American organizations have to modify their management styles. Ouchi recommended American companies to make the following changes in the human resources management:

- They should offer more secure and better career prospects.
- They should involve employees in the decision-making process.
- They should emphasize team spirit and recognize an individual's contribution to the team effort.
- Managers and their subordinates should have mutual respect for each other.

Thus, Theory Z emphasizes on building close and trusting relationships among workers, managers and others. The central idea of Theory Z is to create an industrial team within a stable work environment, which fulfills employees' needs for affiliation, independence, and control as well as organization's need for high-quality work.

In addition to the Hawthorne studies, Theory X, Theory Y and Theory Z, the other prominent studies that were carried out in the field of organizational behavior are listed below:

Lippitt and White Leadership Studies

These studies were carried out by Ronald Lippitt and Ralph K. White, wherein they tried to determine the effect of different leadership styles on the behavior of three groups of 10-year old boys. This study revealed that although groups were similar in many aspects, the boys exhibited totally different and complex reactions to different styles of leadership.

The Coch and French Study

These studies were carried out by Lester Coch and John R. P. French in the 1940s. The purpose of these studies was to study the impact of the degree of participation by workers on their productivity, attitude and turnover. It was found that increased participation led to improved productivity, positive attitude and less turnover among employees.

The Ahmedabad Experiment

This experiment was conducted by A. K. Rice of the Tavistock Institute of Human Relations, London at the Calico Mills, Ahmedabad. This experiment consisted of three phases: experimental reorganization of automatic weaving, experimental reorganization of non-automatic weaving and experimental reorganization of management. The purpose of this experiment was to study the impact of technological changes on individuals and work groups. This experiment revealed that introduction of modern technology in organizations led to the improvement of employee performance, creation of job satisfaction and stable work-group relationships.

Milgram's Obedience to Authority Study

This study was carried out at Yale Psychological Laboratory by S. Milgram to observe how a situation affected the personality of an individual. This study showed that people tend to deviate from their moral values in order to show obedience to authority.

TRENDS AND PROSPECTS IN ORGANIZATIONAL BEHAVIOR

Globalization, changes in technology, the Internet revolution and other changes in the external environment have had a major impact on the way organizations function. As a result, the field of organizational behavior has also undergone significant changes. According to Fred Luthans, the following changes will affect the field of organizational behavior.

Reduction in the number of middle management personnel

Downsizing will reduce the number of middle level managers in the future. They will have additional responsibilities and consequently, their roles in their organizations will be expanded significantly.

Increasing use of computers and Information Technology in organizations

Computers would be used extensively in the various functional areas of organizations. Information technology and the Internet would bring many changes in organizational structure and the way in which organizations function.

Entry of women and minorities in the workforce

Women and members of various minority groups would enter the corporate world, increasing the diversity of the workforce.

Cooperation between management and unions

Factors such as globalization and increasing competition will necessitate cooperation between the management and unions so that organizations can perform effectively. Achieving such cooperation will not be easy and will require a lot of effort on the part of both management and unions.

Innovative work approaches for special needs of employees

Various innovative approaches like flextime, job-sharing, and leave encashment will be used by organizations to help employees meet their personal and professional commitments. Organizations will try to improve the quality of work life to provide employees with a more congenial and stimulating work environment.

According to management experts Steven L. McShane and Mary Ann Von Glinow, the important trends which would emerge in organizational behavior are:

- Change in the composition of the workforce
- Spread of globalization
- Changes in the workplace values and ethics
- Increased usage of Information Technology in the organizations
- Changes in the employee-employer relationship.

As women and people from diverse backgrounds and culture enter the workplace, the composition of the workforce would be very different from that of the past. Apart from managing a culturally diverse workforce, organizations would also have to decide how to manage employees who are 55 and above in age. These older employees would constitute the fastest growing section of the workforce. Organizations would also have to deal with the high turnover rates, especially among younger employees.

Many organizations will set up operations in different parts of the world in order to reduce costs or to enhance their business prospects. Globalization would make it imperative for organizations to develop structures and systems which are compatible with the culture of the host country.

Globalization has resulted in the coexistence of diverse values and ethics in a single workplace. Organizations will have to function in an ethical and socially responsible manner and also adapt to the culture and conditions prevailing in the country they are operating in.

The advent of computers and Information Technology will create a revolution in the workplace. It would be possible to connect employees located in various different parts of the world by means of the Internet. The use of Information Technology would help create a networked organization, i.e., an association of several organizations that come together for a common purpose.

Since organizations will operate in a very dynamic environment, employees will have to continuously upgrade their skills and perform cross-functional activities. An employee's terms of employment will depend on the needs of the organization. For example, an organization may hire a person only for a particular project or for a limited period of time, instead of hiring him on a permanent basis. Innovative work style such as flexible work hours, telecommuting, and job-sharing, which allow employees to work according to their convenience, will also increase in the future.

All these changes in organizations will also have an impact on the field of organizational behavior:

- Organizational behavior will become a distinct field of study in itself and will have a wide range of applications in human resource management.
- Organizational behavior will be considered a distinct discipline. It will be differentiated from other fields of study such as general management or human resource management.
- The focus of organizational behavior will shift from broad areas of study, such as perception, personality and group dynamics, to specialized areas such as job design, job conflict and stress, organizational power and politics, and organizational development.
- The field of organizational behavior will become more application-oriented.

Organizational behavior will help managers understand the behavior of people working within organizations. Therefore, this field of study will provide managers new insights about managing people effectively.

SUMMARY

People differ from each other in their needs and values. Group effort eases their task of achieving organizational goals effectively. Human relations can be defined as motivating people in organizations to work as a team. Although human relationships have existed from quite some time in the past, the study of human relations has developed only recently. Social sciences like sociology, psychology, anthropology, economics and political science have contributed to the development of OB and human relations.

Human relations and OB play a significant role in the development of the skills of employees and the improvement of organizational performance. Various studies and theories in the field of organizational behavior have given new insights into the behavior of people at work. The most important studies are the Hawthorne studies, Theory X and Theory Y, and Theory Z.

The Hawthorne Studies, conducted by Elton Mayo at the Western Electric Company, was the first systematic study that recognized the significance of informal groups in the workplace and its impact on productivity. The conclusion drawn from these studies was that it was security and recognition, not just good physical working conditions that bring a drastic improvement in productivity. Moreover, informal groups operating within the work settings exert strong control over work habits of individual workers.

Douglas McGregor formulated two theories called Theory X and Theory Y. In these theories, he has made two contrasting sets of assumptions about individuals at work – negative and positive. Theory X assumes that people are lazy and have an inherent

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dislike for work, so they have to be forced to work in order to get the desired results. On the contrary, Theory Y believes that work comes naturally to people and they would be more dedicated if they understood and believed in the goals of the organization. William Ouchi proposed Theory Z as an integrative model of organizational behavior. This theory blends the positive aspects of Japanese and American styles of management and stresses on building a close and trusting work environment.

Other notable studies that have led to better understanding of Organizational Behavior include Lippitt and White Leadership Studies, the Coch and French Study, the Ahmedabad Experiment and Milgram's obedience to authority study.

Changes in the world of business have led to (among other things) reduction in the number of managers at the middle managerial level, extensive use of computers, and increasing diversity in the workforce. These changes have led to changes in the behavior of employees. The spread of globalization, changes in workplace values and ethics and changes in the nature of employee-employer relationship have also altered behavioral patterns in organizations.

Chapter 3

Individual Behavior in Organizations

In this chapter we will discuss:

- Understanding Behavior as an Input-Output System
- Biographical Characteristics
- Biological Foundations of Behavior
- Cognitive Processes

Most of you must have assembled jigsaw puzzles. You probably know that such puzzles consist of numerous small, oddly-shaped interlocking pieces, which if assembled correctly form a complete picture. Moreover, no two puzzles are exactly alike. Each puzzle consists of a different number of pieces of varying shapes and sizes which interlock with one another in different ways. Human behavior is analogous to a jigsaw puzzle. Just as puzzles differ from one another, similarly no two individuals behave in precisely the same manner in the same situation. Thus, each person in an organization has unique behavioral patterns which varies from those of other individuals. If managers want to manage people effectively they must understand human nature.

In this chapter, we will discuss the various perspectives, on the basis of which, human behavior can be understood. Then we shall move on to discuss the various biographical characteristics such as age, gender, marital status and tenure which determine the performance of employees. The biological foundations of behavior such as heredity, biological development and the nervous system are also examined in detail. We will conclude the chapter with a discussion on cognitive processes such as thinking, problem-solving etc.

UNDERSTANDING BEHAVIOR AS AN INPUT-OUTPUT SYSTEM

Many behavioral theorists believe that human behavior is caused by certain external and internal stimuli. Individual behavior is not random in nature. Instead, it is directed towards the achievement of specific goals. Human behavior can be understood from three different perspectives – the traditional perspective, the behavioral perspective and the perspective based on the input-output system. We will begin by examining the traditional perspective.

The Traditional Perspective

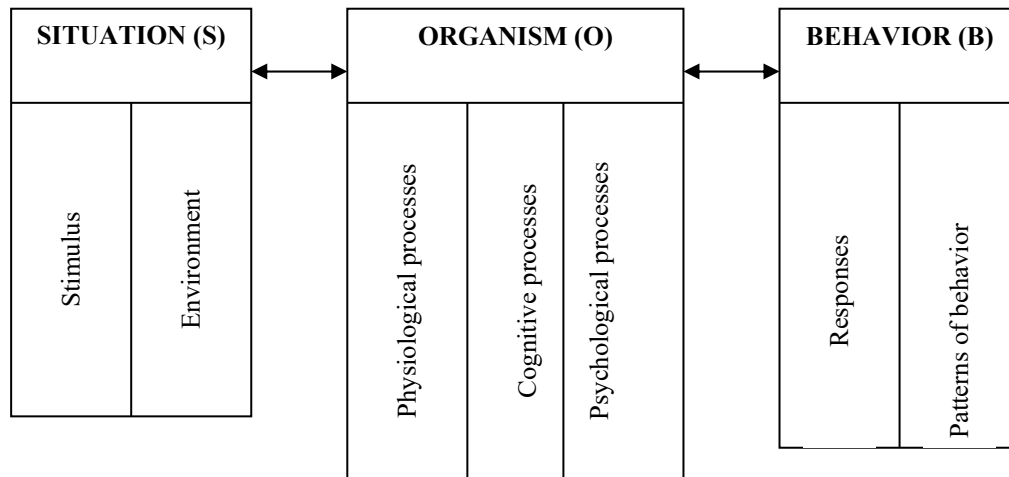
Early behavioral theorists regarded human behavior as a stimulus-response (S-R) process. In other words, the stimulus causes a corresponding response, i.e. it evokes certain behavioral patterns in an individual. This classic S-R model has been modified to give rise to the S-O-R model, in which 'O' represents the human being, who constantly interacts with the environment. He observes the surrounding environment, emulates what others are doing, avoids doing certain things, and in the process develops a certain pattern of behavior.

Behavioral Perspective

As shown in Figure 3.1, the behavioral perspective attempts to explain human behavior with the S-O-B model. In this model, 'S' stands for situation, 'O' for the organism or individual, and 'B' for behavior. Situation refers to the various physical, socio-cultural, and technological aspects of the environment. The individual plays a very important role in this model. Both the physiological and psychological aspects of the individual are taken into consideration. The physiological aspects include heredity, nervous system, sense organs, and muscles. The psychological aspects include cognitive and psychological processes, and the personality of the individual. The individual, therefore, is a highly complex being. The individual and the situation interact with each other. This is called perception and it becomes an integral part of the individual's personality as well as a part of his psychological processes such as learning and motivation. Since the variables 'S' and 'O' interact with one another, they are connected by a double-headed arrow in the figure. This interaction is significant because it is responsible for how a person behaves. The final variable in the model is behavior ('B'), which stands for behavior embracing both overt and covert responses

and patterns¹. According to behavioral scientists, there exists a two-way relationship between the variables 'O' and 'B', which is depicted by a two-headed arrow in the figure. Thus, as you will observe in this model, all the variables interact with and influence one another.

Figure 3.1: S-O-B Model for Understanding Individual Behavior in Organizations



Behavior as an Input-Output System

B.J. Kolasa, a behavioral scientist, viewed human behavior as a systems model with an input-output arrangement. According to this model, stimuli in the form of inputs are processed at a central processing region and converted into outputs or responses. The input-output model also provides an insight into various other processes associated with behavior. The central processing region in which the stimuli are processed into responses is responsible for cognition. Cognition thus forms a vital aspect of human behavior. It includes perception, and other related processes such as thinking, reasoning, problem-solving, and decision-making. In other words, cognition refers to the act of knowing something. This knowledge precedes behavior. Apart from cognition, the central processing region is also responsible for the storage of information, which is known as memory.

Let us now discuss the various components of the input-output system:

Inputs

Inputs refer to the different stimuli that an individual receives from the environment. The individual receives input in the form of information about events. He arranges this information into certain patterns based upon his past experiences and the importance or relevance of the information to him. This information about events is converted into sensations by the various sense organs. Thereafter, it is organized within the central processing region in such a way that it leads to coherent results. Thus the inputs are responsible for the behavior of an individual in the input-output system.

¹ R. S. Dwivedi, *Human Relations and Organizational Behavior – A Global Perspective*, 5th edition (New Delhi: Macmillan India Ltd., 2001) 79.

Processing

The information received in the form of inputs is sent to the central processing region by the receptors or the sense organs. Here, the information is arranged in a logical and meaningful manner. The personality traits of an individual and his experiences in social settings affect the process of this arrangement of information. After the inputs have been arranged in a meaningful manner, thinking, reasoning, or problem-solving takes place in the cognitive region. However, this does not generate the final output. Additional information needs to be processed in the central cognitive region before output can be generated in the form of an individual's decisions.

Outputs

The outputs of this input-output system refer to the various actions taken by the individual. When stimuli are processed in the central processing unit, various signals are generated. These are conveyed to different parts of the body through the motor nerves. Consequently, the person either displays physical movements or verbal expression of thoughts. This output that is generated is stored in the memory of the individual and acts as a guide for future action enabling the individual to take similar action in similar situations in the future. Further, the type of output generated is also influenced by various environmental situations such as temperature, humidity, noise levels, etc. In order to understand behavior completely, it is also necessary to understand the process of motivation, which provides a psychological basis for the individual's behavior.

Motivation as the basis for the input-output system

An individual is continuously exposed to various kinds of stimuli. However, the individual's response in terms of output depends on his motivation level. This forms the basis of the input-output system. Motivation explains how an individual can adjust his behavior in response to various stimuli. Motivation can never be directly observed, but it can be inferred from the way an individual behaves. Motivation can be broadly classified into two types: primary or physiological motivation and secondary or socio-psychological motivation. Physiological motivation refers to a lower level of motivation while socio-psychological motivation refers to a higher level of motivation. Physiological motivation includes hunger, thirst etc. whereas higher levels of motivation include cognitive and aesthetic needs. Only when the lower level of needs are satisfied will an individual be stimulated to achieve the higher level needs. The satisfaction of these motivational needs influences the behavior of the individual.

BIOGRAPHICAL CHARACTERISTICS

When viewed from an organizational context, the most important biographical characteristics are those which affect the performance of employees at work. These characteristics are age, gender, marital status, and tenure of the employee in the organization. They can be easily obtained from the personnel file of an employee. These characteristics have an impact on the productivity, satisfaction, absenteeism and turnover rates of employees. We will discuss this further in subsequent pages of this chapter.

Age

Employers have mixed opinions about older employees. They agree that older employees make valuable contributions by virtue of their experience and sound judgement. Moreover, these employees have high work ethics and are quality conscious.

Exhibit 3.1**Retraining Older Workers**

Due to improvement in the quality of life and improved medical facilities, mortality rates have dropped significantly. This has led to an increase in the population of older people. This demographic trend has forced organizations to think about hiring older people. Many employers agree that hiring older workers has many advantages. Older workers bring in varied experience, have fewer accidents, and are less likely to leave the job or take leave of absence. In addition, they are willing to take up challenging tasks. At the same time, they also feel that older workers are afraid of using new technology. Various studies, however, reveal that older workers can be trained comfortably in new technology skills. The American Society of Aging states that people above the age of 50 use the Internet extensively and also realize that computer skills are essential for working in the new economy.

The only reason why older workers hesitate to adopt new technology is that they are not given enough encouragement or training in the technology. As new technological trends emerge, older workers feel obsolete and are unable to cope. In order to ensure that the skills of older employees are utilized in the best possible manner and to make them more productive, organizations should provide proper training and retraining programs for them.

Certain things must be considered by organizations when they design retraining programs for adults. The two most important things to be kept in mind when designing such programs are to ensure that the participants are exposed to lower levels of stress and that they are treated as equals. The organization should make older employees feel that they are being sent to the training program not because their performance is bad, but because they are valued and the organization is interested in keeping them updated. Since the older workers may be anxious about 'going back to school', they must receive encouragement and support from the management.

In *The Ultimate Training Workshop Handbook*, Bruce Klatt provides some useful insights into the development of training or retraining programs for older workers:

- The purpose and benefits of the program should be explained to the participants.
- The group should be encouraged to participate in discussions and talk about their experiences. This interaction will make the members of the group understand each other better.
- The training program should be designed in such a manner that it does not hurt the self-esteem of the participants. Older employees are very sensitive and may not participate to the fullest extent if their self-esteem is hurt.
- The training should be given in easy, manageable modules so that the participants are able to understand the concept. Moreover, the management should be sensitive to the limitations of the older employees and should ensure that the training program is not too strenuous for them.
- The participants should be provided constant feedback on their performance and suggestions for improving it. They should also be given adequate encouragement and rewards when they do well in the program.
- Since older employees may take a longer time to learn things, concepts must be summarized and reviewed at the end of each session.
- Older workers like to learn by doing things. They should be provided with an environment where they can experiment and thereby, learn new concepts.
- Older employees do not like excessive guidance as they tend to be self-directed. Spoon-feeding them will make them feel disgruntled and angry.

Since many organizations agree that older employees are cost-effective and that it is advantageous to the organization to employ them, such employees should be encouraged to work and make significant contributions to the workplace. In order to make the best possible use of this skilled

Organizational Behavior

section of the workforce, organizations should provide them with a safe work environment, flexible work hours and good benefit packages. They should also be given training and retraining programs so that they do not feel obsolete.

Adapted from Barbara McIntosh, "An Employer's Guide to Older Workers: How to Win Them Back and Convince Them to Stay," <wdsc.doleta.gov/seniors/other_docs/EmplGuide.doc>

However, they are also perceived as inflexible and are generally unwilling to adapt to new technology or methods of working. Due to these drawbacks, organizations are often unwilling to hire older workers. Moreover, when organizations downsize or restructure, the older employees are the first to be laid off.

Age has a significant impact on turnover, absenteeism, productivity and satisfaction. As people grow older, they are less likely to leave the job because they have limited opportunities available. Further, their longer tenure in the organization guarantees them higher pay, longer paid vacations, and good pension benefits. Age also has an effect on the absenteeism rates. In general, it has been observed that older employees have higher rates of unavoidable absence because of various health-related problems and also because they take a longer time to recover. However, they have lower rates of avoidable absence as compared to younger employees. Coming to productivity, there is a widespread belief that productivity declines with age. However, research reveals that age and job performance are totally unrelated in all kinds of professional and non-professional jobs. Thereby, it can be stated that age has no bearing on productivity. Even if there is a small decrease in the level of productivity due to age, it is amply compensated by additional experience, which benefits the organization in the long-term. Studies carried out to find the relationship between age and job satisfaction come up with mixed results. Many studies have reported that among professionals, up to the age of 60, satisfaction increases with age. Other studies, however, state that the relationship between age and satisfaction among non-professionals can be denoted by a U-shaped curve. In other words, satisfaction levels decline in their middle age and increase in their later years.

Gender

Researchers have found that there are very few differences between men and women which affect their performance at the workplace. Like men, women also displayed problem-solving abilities, analytical skills, motivation levels, interpersonal skills and learning abilities. However, some psychological studies revealed minor differences between men and women. For instance, men are more aggressive than women and women are more likely to comply with instructions given by superiors. As far as job satisfaction is concerned, there is no evidence to indicate that the gender of an employee has any effect on this. Further, studies carried out to determine whether women are relatively unstable in their jobs have found mixed results. Some studies have reported that women have higher turnover rates than men, while other studies found no significant difference between the turnover rates of men and women. Thus, there is not enough information to conclude that turnover rates are higher among women employees as compared to their male counterparts. However, research on absenteeism shows that women display higher absenteeism levels than men. This could be attributed to the fact that women have to cope with family responsibilities in addition to their professional responsibilities. Quite often, when family emergencies crop up such as a child falling sick, it is generally the woman who is expected to take time off from work to do the needful. However, the traditional scenario which casts woman in the role of a homemaker is giving way to one where men also share the responsibilities of the family and child care.

Marital Status

Research has been conducted on the effect of marital status on productivity. It was found that married people have greater responsibilities as they have to provide for their families. Hence they value a steady job far more than their counterparts who are single. Consequently, they are steady and reliable. They take fewer leaves of absence and are generally more satisfied with their jobs. Thus, while research has shown the effects of marital status on productivity, it is limited. Moreover, researchers have not studied the effect of divorces, widowhood, and the more modern trends such as live-in relationships on the performance of employees.

Tenure

Research studies have been carried out to understand the relationship between a person's productivity and his tenure within an organization. Recent research has shown that employees who have vast work experience are likely to be more productive and satisfied. An employee's tenure within an organization is a better indicator of job satisfaction than his age. Evidence also shows that a person's tenure in the previous organization is the best way of predicting whether he is likely to stay for long in the present job or seek a change after a short while.

Biological Foundations of Behavior

Certain factors in an individual such as his heredity, his subsequent biological development, and certain biological characteristics affect the way he perceives external information, understands it, and responds to it. As an individual grows up and broadens his thinking, these factors have a significant impact on his behavior which is expressed in the form of psychological processes. These factors are discussed in detail in the subsequent pages:

Heredity

The Cambridge International Dictionary of English defines heredity as "the process by which characteristics are given from a parent to the child through the genes." Some of the characteristic traits determined by heredity are physical stature, gender, temperament, muscle composition and reflexes, energy levels, and biological rhythms. These hereditary traits are either completely or substantially determined by the biological, physiological, and psychological makeup of the individual's ancestors.

Every individual has a unique genetic makeup. Consequently, he may be like other people in a certain respect but he will also possess some strikingly different characteristics. Therefore, to a certain extent, a person's behavior is determined by the physical traits and intellectual abilities that he inherits from his ancestors. The combination of the inherited traits of a person as well as certain environmental factors give rise to a unique behavioral pattern in an individual. This behavior is the individual's response as he tries to adjust to the environmental conditions.

Biological development of the individual

An individual's development is influenced by various physiological aspects, such as the functioning of the endocrine system. The secretions of various glands such as pituitary, thyroid, adrenal and gonads are responsible for the physical and emotional growth of an individual. An individual's level of maturity also determines how he interacts with others.

Exhibit 3.2

The Effect of Genes on Behavior

In the latter part of the 20th century, it was discovered that genes affect the behavior of individuals. This came as a shock to many who till then believed that it was possible to mold the behavior of a person by providing him the right environment. Various studies revealed that genes had a profound effect on a person's behavior as well as mental state. For example, it was found that identical twins who had been brought up in different environments, have similar intellectual capabilities and personality traits (such as introversion, antagonism etc.). They also had similar behavioral peculiarities like giggling unnecessarily, and flushing the toilet before and after use. Studies also revealed that identical twins (who share the same genetic material) share more similarities than fraternal twins (who do not look alike but share half of the genetic material). Research also showed that psychological disorders like schizophrenia, obsessive-compulsive disorders, and depression were partially heritable.

Rapid advances in biotechnology and genetic engineering have now made it possible to isolate genes responsible for certain diseases. Many people are concerned that governments and parents may try to change basic human nature and try to produce children with certain desirable behaviors by manipulating genes.

However, these fears are unfounded. Although genes do affect behavior, other factors also influence behavior. Genes by themselves cannot influence behavior directly. Genes influence the shape and size of the brain, its sensitivity to hormones and other molecules, and its functioning. They also affect a person's memory and his response to various courses of action. However, the possibility of isolating a gene responsible for a particular behavior is rather dim. Studies on identical twins show that they share a large group of genes. Since genes act together and form a complex combination to exert some influence, psychological engineering can be regarded as a very remote possibility only. Thousands of genes may be responsible for a particular talent or behavior, all of which will have to be arranged in a complex manner to obtain the desired effect. Thus, finding the right genes and the right combination for a particular behavior may be a Herculean task.

All this does not imply that efforts should not be made for social or personal development. Every individual is born with certain talents and unique qualities, so he should try to do his best within his limitations. It is foolish to blame one's genes for one's behavior or limitations. While genes do have a profound effect on a person's personality, they are not everything.

Adapted from Steven Pinker, "Are Your Genes to Blame?" Time, Vol. 161, Issue 3 (20 January, 2003): p98, 3p.

The nervous system

Many psychologists agree that an understanding of the nervous system and the various physiological processes associated with it would provide some insights into human behavior and personality. The nervous system provides the basic connecting framework in the human body. It is responsible for transmitting data in the form of stimuli from the sense organs to the brain, and responses back from the brain to the target sites, such as muscles, organs and glands.

The neurons or nerve cells are the basic building blocks of the nervous system. Neurons are specialized cells that transmit information from one part of the body to another. A neuron is made up of three components:

- Axon: This is a long, thin fiber that carries information towards other neurons.
- Dendrites: These are certain projections that branch out from the neuron. They receive information from other neurons.
- Synapse: This is the small space between two neurons through which communication takes place.

Exhibit 3.3**The Herrmann Brain Dominance Instrument**

The human brain is a marvel of creation. Weighing only approximately 1.5 kg, the brain consists of more than 10 trillion neurons, each of which can potentially communicate with about 1,00,000 adjoining neurons. The brain is responsible for a person's thinking and learning processes, and has unlimited potential. Knowledge of the functions and structure of the brain has progressed exponentially due to the advent of new technologies like electroencephalography, positron emission tomography, magnetic resonance imaging, etc. Many researchers are interested in finding out how the brain is responsible for behavior. This interest led to the development of various instruments which help in determining the functions of various parts of the brain and the way in which they affect behavior and thinking.

One such application, called the Herrmann Brain Dominance Instrument (HBDI), was designed by Ned Herrmann. HBDI helps researchers determine an individual's brain dominance and thinking preference. The HBDI illustrates and explains how a person likes to think, learn, communicate, and make decisions. By understanding his personal thinking preferences, a person can adapt his thinking style, decision-making and communication to handle certain situations well.

The HBDI considers the brain to have four quadrants. These are classified as:

Quadrant A (left brain, cerebral)

Quadrant B (left brain, limbic)

Quadrant C (right brain, limbic)

Quadrant D (right brain, cerebral)

The thinking preferences of each of these quadrants are given below:

Quadrant A: A person who is Quadrant A dominant is analytical, logical, critical, quantitative, and factual.

Quadrant B: A person who is Quadrant B dominant is planned, sequential, organized, detailed and structured.

Quadrant C: A person who is Quadrant C dominant is emotional, interpersonal, sensory and spiritual.

Quadrant D: A person who is Quadrant D dominant is innovative, artistic, visual, holistic, and good at conceptualizing.

It has been observed that different people in different professions have different thinking preferences. For example, most professors of engineering are strongly Quadrant A dominant. Consequently, their thinking is dominated by quantitative facts and they tend to be logical and analytical.

This instrument is very useful because it allows people to become more aware of their thinking preferences. By being more aware of their thinking preferences, they can appreciate how others think and comfortably interact with them, even though their perspectives may be different.

Adapted from "Whole Brain Thinking (Using HBDI)," January 2003, mindwerx International Pty. Ltd. <http://www.mindwerx.com.au/HBDI_programs.htm> and Richard M. Felder, "Matters of Style," <<http://www.ncsu.edu/felder-public/Papers/LS-Prism.htm>>

The various sense organs receive stimuli. These stimuli are converted into neural impulses by the receptor cells attached to the person's sense organs. These neural impulses are converted into responses by the various effector cells located in the muscles and glands. These responses may be in the form of a simple reflex action or a complicated activity.

Constituents of the nervous system

The nervous system can be divided into the central nervous system and the peripheral nervous system. The central nervous system consists of the nerves that are enclosed in bone. The basic function of the central nervous system is to process the available information and provide instructions to the various parts of the body to carry out certain actions. The major components of the central nervous system are the brain and spinal cord. The most important part of the brain is the cerebrum, which is responsible for carrying out complex mental activities. The outer portion of the cerebrum is called the cortex. It consists of certain areas controlling motor and sensory processes. When the nerves of these areas are stimulated, it results in the movement of the muscles to which these nerves are connected. An injury to these nerves could result in the paralysis of the areas connected by these nerves.

The peripheral nervous system comprises of nerves that are not enclosed in bone. It can further be subdivided into a somatic system and an autonomic system. Somatic nervous system controls the voluntary muscles. The main function of the somatic system is to carry messages from the sense organs to the central nervous system and back to the muscles. This results in certain specific actions such as blinking in response to a sudden bright light, trying to balance oneself if something makes a person lose his balance. The autonomic system, on the other hand, is responsible for involuntary actions, e.g., increase in the rate of heartbeat, profuse perspiration, etc. The autonomic system is responsible for maintaining the internal balance of the body. It comprises of the sympathetic and parasympathetic systems. The sympathetic system is activated in various emotional situations, while the parasympathetic system is responsible for carrying out the routine activities of the body.

COGNITIVE PROCESSES

Cognitive processes refer to the various higher mental processes of human beings such as thinking, problem-solving, autistic thinking, daydreaming, and pathological thinking. These cognitive processes differentiate human behavior from those of lower organisms. These cognitive processes have been explained below.

Thinking

Man's thinking capacity enables him to react to stimuli not physically present. Thus he can respond to actions, words, or images that are not explicitly visible. Thinking is believed to be the most complicated form of learning available to human beings. The process of thinking involves the perception of relationships between different objects. It also includes the use of concepts (learned responses) to different kinds of stimuli. The use of concepts helps people classify various objects, situations, or events in the environment according to perceived similarities and differences. Various studies have shown that concepts are learned faster under the following conditions:

- When the individual faces specific instances which allow him to respond only in a limited number of ways.
- When the individual faces familiar instances.
- When the instance has had a positive impact on the individual.
- When a series of instances unite to give rise to a final instance, which generates a response in the individual.

The thinking process follows a certain sequential pattern. Initially, the person identifies and defines the problem. Then, he associates the problem with the relevant concepts he had formed based on his previous experiences. Next, he verifies whether the concepts developed will hold true in the present situation. If they do so, then these concepts can be applied to the present situation as well.

Problem-Solving

Problem-solving abilities like sorting and discrimination vary from person to person due to differences in their linguistic habits. Different individuals tend to use varying language styles to arrive at solutions to problems. For example, solutions to problems can easily be generated if the problem is well expressed and a logical plan of action is formulated to deal with it.

People should also be knowledgeable if they are to formulate effective solutions. However, the knowledge of something can be affected by biases which hinder the process of problem-solving. Both personal and group biases can affect individual problem-solving abilities.

Other Cognitive Processes

Cognitive processes also include autistic thinking, daydreaming and pathological thinking. Autistic thinking and daydreaming are motivated processes, but not tied to reality. These processes are irrelevant to problem-solving. Pathological thinking which occurs in a state of mental disorder is characterized by illogical thought processes. However, these cognitive processes have not been studied to the extent that simple forms of learning have been examined.

SUMMARY

Human behavior varies from person to person. People behave in different ways when they are confronted with an identical situation. Human behavior is considered to be goal directed. It can be understood from three different perspectives – the traditional perspective, the behavioral perspective and the perspective of the input-output system. The traditional perspective considers behavior as a process whereby a response is produced to a specific stimulus in the environment. The behavioral perspective considers that the situation (comprising of various environmental aspects) interacts with the individual and results in certain behavioral patterns. B.J. Kolasa first explained behavior as an input-output system. This model explains how inputs (the stimuli) are converted into outputs (responses) in a central processing region. The inputs received at the central processing region of the individual are arranged in a meaningful pattern and the subsequent response in the form of an action constitutes the output. Motivation forms the underlying basis for the input-output system, which means that an individual should be motivated in order to respond to the stimuli.

In the organizational context, the biographical characteristics such as age, gender, marital status and tenure have a great impact on an individual's performance. These can be easily obtained from an employee's personnel files.

An individual's behavior is also influenced by biological characteristics such as heredity, stage of biological development, and the nervous system. Heredity refers to the genetic transfer of characteristics from a parent to the offspring. Each person has a unique genetic makeup which makes him different from other people. The biological development and emotional maturity levels of an individual are also responsible for his behavior. Apart from these two factors, a basic understanding of the nervous system provides a better insight into human behavior.

Various higher mental processes or cognitive processes are also discussed in this chapter. These include thinking, problem-solving, autistic thinking, daydreaming and pathological thinking. Thinking is the most complicated form of learning and involves the ability to perceive relationships between various things. Problem-solving abilities include sorting and discrimination. These help people to understand the problem and develop effective solutions. Autistic thinking and daydreaming are motivated processes and are not based on reality. Pathological thinking is evident in a disorder called psychosis wherein the individual exhibits illogical and discontinuous thought processes.

Chapter 4

Learning and Behavior Management

In this chapter we will discuss:

- Significance of Learning
- The Theoretical Process of Learning
- Principles of Learning
- Behavioral Management

Organizations and businesses keep changing due to the dynamic nature of the business environment. In order to survive, organizations, like individuals, must learn new skills and acquire knowledge about emerging theories and techniques. Learning is defined as the acquisition of knowledge or skills through study, practice, or experience.¹ Learning usually causes a relatively permanent change in the behavior of a person. Since most of the behaviors exhibited by people in organizations are learned, learning has become an important constituent in the study of organizational behavior.

In order to explain and predict the behavior of people in organizations, we must have an understanding of the way in which people learn. This chapter examines various theories of learning: the behavioral theories that cover both classical and operant conditioning, the cognitive theories propounded by Edward Tolman, and the social learning theory. The concept of reinforcement, both positive and negative (and also how the latter differs from punishment) is also discussed. The final part of the chapter explores behavioral management. In this part we discuss the Organization Behavior Modification (O.B. Mod) process developed by Fred Luthans and Robert Kreitner. The O.B. Mod. process is a behavioral approach which uses the reinforcement theory to human resource management to improve the performance of employees.

SIGNIFICANCE OF LEARNING

We must understand the concept of learning if we are to understand, develop and manage the human resources in an organization. Traditionally, though the concept of learning did not receive as much attention as motivation or attitudes, it has gained lot of prominence in the recent times. The concept of 'learning organizations' is an indicator of its growing popularity. This is so because all behaviors of people in an organization are learnt, either directly or indirectly. The skills of a worker, the attitude of a manager, an accountant's style of dressing – these are all learned behaviors. Learning impacts practically all aspects of organizational behavior. By applying the processes and principles associated with learning, organizations can mould the behavior of employees to enhance their performance.

THE THEORETICAL PROCESS OF LEARNING

Theories are attempts to explain and understand specific phenomena. As a theory is perfected over time, it can be applied more and more widely. At the same time, it becomes more and more effective in predicting and controlling different situations. So, a perfect theory of learning can be applied across different situations, i.e., it can be applied to children, college students, managers, and workers. It can also explain all aspects of learning and predict as well as control learning situations. Unfortunately, no such perfect theory of learning exists today. Although many behavioral scientists agree on some principles of learning (like reinforcement), there is still considerable difference of opinion among them about the theoretical underpinnings of learning.

Many efforts have been made to develop a perfect theory of learning. The most widely recognized theoretical approaches to learning are the behavioristic, cognitive and social learning theories. These theories, which help us understand the behavior of people in the workplace, are very important in the study of organizational behavior.

¹ Curtis W. Cook, Phillip H. Hunsaker and Robert E. Coffey, *Management and Organizational Behavior*, 2nd edition (USA: McGraw-Hill, 1997) 158.

Exhibit 4.1

Implications of Learning Theories

Organizations constantly endeavor to make their employees synchronize their behavior to enable them to keep pace with their subordinates, peers and superiors. Organizations can put to use learning theories to train the employees and polish their skills. Learning theories help managers construe people's acquisition of certain behaviors and skills. In the organizational context, learning theories have the following implications:

- The theories state that active participation of the employees in the learning process will speed up the employees' learning process.
- Repetition of concepts, procedures or desired behavior before the employees makes assimilation faster.
- Employees pick up fast if the training equips them with the essential skills of the job.
- Learning is enhanced when employees get a clear and accurate feedback of their performance.
- All employees should not be rewarded in the same way. The organization should ensure that the rewards are proportionate to the employee's inputs. This induces learning in the employees and they begin to understand the correlation between their inputs and rewards.
- Employees' opinion must be sought before deciding on the rewards.
- Managers must observe the ways the rewardees utilize the reward.
- Choice of rewards should be made clear so that employees have a clear idea as to what aspect of their behavior can fetch them a reward.
- Organizations should clearly define the specific behavioral objective or the level of performance the employees should strive to achieve in order to obtain a reward.
- The benchmark for performance should be challenging to employees but possible to reach.
- The organization can reinforce desirable behavior in employees by rewarding them with something that is of value to them.
- Rewards should be given for excellence in performance or when employees are close to achieving the target.
- The organization should reward an employee immediately when he exhibits a desirable behavior.
- The behavior that needs modification should be specified to the employees at the time of punishment.

Learning has, therefore, become a very important aspect of organizational behavior and finds application, right from the comprehension of employees' behavior to the designing of various training programs and reward schemes.

Adapted from Professor E. Wertheim, "Learning and Behavioral Modification: A Technical Note,"
<<http://web.cba.neu.edu/~ewertheim/indiv/learn.htm>>

Behavioristic Theories

The oldest and most extensively researched theory of learning originated from the behaviorist school of thought in psychology. Learning principles like 'reward systems' and 'behavioral management approach' are derived from these behavioristic theories. Well-known classical behaviorists like Ivan Pavlov and John B. Watson considered learning as the association of stimulus and response (S-R connection). But B. F. Skinner, an operant behaviorist, believed that learning occurs as a consequence of

behavior, i.e., learning is due to the consequence that follows the response, which influences the repetition of the response. Operant behaviorists thus based their theories on the response and stimulus (R-S) connection. Since these theories emphasize the connection between stimulus and response, these theories are also called connectionist theories. The S-R connection deals with *classical* or *respondent* conditioning while the R-S connection deals with *instrumental* or *operant* conditioning. These conditioning processes help us understand how people acquire patterns of behavior.

Classical conditioning

The theory of classical conditioning grew out of the famous experiments conducted on dogs by the Russian psychologist, Ivan Pavlov. In these experiments, Pavlov used a simple surgical procedure to measure the exact amount of saliva secreted by the dogs. When he gave the dog a piece of meat, it would start salivating. In this case, the piece of meat was the unconditioned stimulus, and the salivation the unconditioned response. Next, he just rang a bell, which naturally did not cause the dog to salivate. In subsequent experiments, he gave the dog a piece of meat when a bell was rung. After this process was repeated several times, the dog began to associate the ringing of the bell with meat. In subsequent experiments, Pavlov found that the dog would start salivating at the mere ringing of the bell, even when it was not given any meat. Thus the dog developed a conditioned response (i.e. salivation) to a conditioned stimulus (i.e. the ringing of a bell), which was previously a neutral stimulus.

Classical conditioning, as illustrated above, can therefore be defined as a process in which a formerly neutral stimulus, when paired with an unconditioned stimulus, becomes a conditioned stimulus that elicits a conditioned response.² In other words, when an unconditioned and a neutral stimulus are paired, the neutral stimulus becomes a conditioned stimulus and elicits the response of the unconditioned stimulus. Classical conditioning essentially involves learning a conditioned response by associating a conditioned stimulus with an unconditioned one.

Most modern theorists feel that classical conditioning represents only a very small fraction of human learning abilities. B.F. Skinner felt that classical conditioning provided an explanation only for reflexive or respondent behaviors, which are involuntary responses caused by different stimuli. He argued that the more commonly displayed but complex human behaviors cannot be explained by classical conditioning alone and that such behaviors are learnt by operant conditioning.

Operant conditioning

Operant conditioning or reinforcement theory has been associated with the work of B. F. Skinner. Skinner designed an apparatus called the “Operant Chamber” or the “Skinner Box” to understand learned behavior in animals (he used rats and pigeons in his experiments). The Skinner box has a lever, which on pressing, drops a pellet of food. A hungry rat was placed in the Skinner box. Soon, it started exploring and sniffing around, looking for food. It eventually pressed the lever by accident and received a pellet of food. The rat soon learned to associate pressing of the lever with the reward of food. This reward acted as a reinforcing factor. This form of learning, which is based on trial and error, is called operant conditioning.

According to the operant conditioning theory, consequences determine the behavior that results in learning. People learn to behave in a particular manner in order to obtain something they want or to avoid something they do not want. Operant conditioning focuses on voluntary or learned behavior, as opposed to reflexive or unconditioned

² Fred Luthans, *Organizational Behavior*, 8th edition (India: Irwin McGraw-Hill, 1998) 224.

behavior (in classical conditioning). According to reinforcement theory, behavior is repeated depending on the reinforcement or lack of reinforcement brought about as a consequence of a particular behavior. Behavior is strengthened and is likely to be repeated if it is reinforced.

Skinner argued that the frequency of specific forms of behavior could be increased if they were followed by pleasant consequences. That is, positive reinforcement would establish a particular pattern of behavior. He also argued that the effectiveness of rewards is at its highest when they are given immediately after the desired behavior is exhibited. Similarly, when behavior is not rewarded or is punished, the chances of such behavior being repeated are less.

Operant conditioning differs from classical conditioning in many ways. The most important differences between the two are given below:

- The strength and frequency of classically conditioned behaviors are determined by the environmental event that precedes the behavior. In operant conditioning, it is the environmental event following the behavior that determines the strength and frequency of the behavior. That is to say, in operant conditioning, what happens as a consequence of the *response* determines the behavior of individuals.
- In the classical conditioning process, the unconditioned stimulus that serves as a reward is presented every time. In operant conditioning the reward is given only when the organism gives the correct response. This requires the organism to operate on the environment to receive a reward. Table 4.1 lists some examples of classical (S-R) and operant (R-S) conditioning.

Table 4.1: Examples of Classical and Operant Conditioning

Classical Conditioning		
	(S) Stimulus	(R) Response
The individual	watches favorite tennis player winning a tournament	jumps with joy
	touches a hot vessel	moves away
	hears good music	hums and rocks gently
	steps on a nail	jumps and screams in pain
Operant Conditioning		
	(R) Response	(S) Stimulus
The individual	browses the Internet	obtains desired information
	uses power carefully	saves money on electricity bill
	carries a credit card	finds it convenient for shopping
	pays loan instalments promptly	attracts no penalty for delayed payment
	achieves sales targets	obtains incentives and gifts

Operant conditioning finds greater application in human learning than classical conditioning. Many aspects of organizational behavior can be explained by operant conditioning. For example, it can be said that employees work in order to provide the basic amenities for themselves and their families. Many managers base their behavioral strategies on the operant theory to motivate their employees and teach them desirable behaviors.

Cognitive Theories

Edward Tolman, a pioneering theorist in the field of cognitive psychology, stated that cognitive learning consists of a relationship between cognitive environmental cues and expectation.³ He tested this theory by conducting controlled experiments on white rats. In these experiments, rats were allowed to run through a complicated maze in search of food. The food was placed at certain points in the maze. When the rats came across the food, they began to associate the presence of food with certain cognitive cues. As a result, learning took place. Based on his research, he concluded that rats and other animals developed 'cognitive maps' of their environment. They learn where different parts of the environment are in relation with one another. Tolman therefore considered learning as developing a pattern of behavior from bits of knowledge about and cognition of the environment. This learning of the association between the cue and expectation is termed S-S (Stimulus-Stimulus) learning.

This theory influenced many industrial training programs in the 1940s and 1950s. The aim of these programs was to strengthen the relationship between the cognitive cues (like supervisory, organizational and job procedures) and the expectations of employees (rewards or incentives for good performance). In line with Tolman's theory, these programs sought to increase the productivity of workers by associating compliance with orders or instructions with financial rewards.

Nowadays, cognitive psychology focuses on the structures and processes of human competence, like the role of memory and information processing in learning. Expectations, attributions, locus of control, and goal setting are all cognitive concepts. The cognitive approach has been applied to many theories of organizational behavior, particularly theories of motivation.

Social Learning Theory

Though the social learning theory blends both behaviorist and cognitive concepts, it is more of a behavioral theory since it depends heavily on the concepts of classical and operant conditioning. However, it goes beyond these theories and states that there is more to learning than just the antecedent stimulus and dependent consequences. This theory assumes that learning can also take place through vicarious or modeling processes and self-control processes.

Modeling processes

Observational learning is the essential component of *vicarious* or *modeling* processes. Behavior acquisition through the modeling process cannot be directly attributed to either classical or operant conditioning. According to N. E. Miller and J. C. Dollard, learning need not result always from S-R or R-S connections. They argued that learning could occur through imitation of others. Albert Bandura carried out considerable research on the modeling processes to examine the process of learning.

³ Fred Luthans, *Organizational Behavior*, 8th edition (India: Irwin McGraw-Hill, 1998) 225.

He hypothesized that people could learn from others and that such learning took place in two steps:

- 1) Through observation a person acquires a mental picture of an act carried out by someone and its consequences.
- 2) Then the person enacts the acquired image.

If the consequences turn out to be positive, the behavior is repeated; otherwise, it is discontinued. While operant conditioning proposes that new behavior is acquired as a result of response-consequence connection, the modeling process goes a step further because of its cognitive, symbolic representation of modeled activities. Bandura further states that modeling also includes various other subprocesses, such as attention, retention, motoric reproduction and reinforcement, which are all related to one another.

Self-efficacy

Self-efficacy has become integral to the study of organizational behavior since it helps us understand various other concepts like motivation and personality. Albert Bandura defined self-efficacy as: “The self-perceptions of how well a person can cope with situations as they arise.”⁴ People with high self-efficacy, that is, people who think they can perform a task well, usually do better than people with low self-efficacy, that is, the ones who think they will fail. Research suggests that there is a fairly clear relationship between self-efficacy and work related performance. It has been observed that people with high self-efficacy tend to persevere at their tasks and do a good job without becoming stressed out.

PRINCIPLES OF LEARNING

The most important principles of learning are reinforcement and punishment. It is generally agreed that reinforcement is a better approach for making people learn desirable behaviors. Therefore, it is considered to be the most important principle of learning. Reinforce means *to strengthen*, and the term ‘reinforcement’ refers to a stimulus which strengthens the probability of a particular response being repeated. Appreciating the good work of an employee and awarding promotions or raises are examples of commonly used reinforcers in organizations. Reinforcements can be either positive or negative. Positive reinforcement increases the chances that a particular behavior would be repeated because it results in a desirable consequence. Negative reinforcement also increases a particular behavior being repeated, but it does so in different ways. In negative reinforcement, the individual repeats a behavior not because he wants to but because he wants to avoid a negative consequence. The main purpose of reinforcers is to strengthen a particular behavior. Another method of managing behavior involves the use of punishments. Punishments are sometimes wrongly considered to be the opposite of reinforcement. A punishment can be defined as a action that weakens a particular behavior and reduces its frequency. It usually involves withdrawing a desirable consequence or applying an undesirable one. For example, a manager who has a poor performance record could be punished through curtailment of some of his organizational privileges.

Thorndike’s Law of Effect placed principles of reinforcement within a broad theoretical framework. This is discussed in detail in the following section.

⁴ Albert Bandura, ‘*Self-Efficacy Mechanism in Human Agency*,’ *American Psychologist*, 37 (1982): 122-147.

Law of Effect

Edward L. Thorndike believed that learning involved forming bonds between stimuli and responses. In 1920, Thorndike proposed the ‘The Law of Effect’:

“Of several responses made to the same situation those which are accompanied or closely followed by satisfaction to the animal will, other things being equal, be more firmly connected with the situation, so that, when it recurs, they will be more likely to recur; those which are accompanied or closely followed by discomfort to the animal will, other things being equal, have their connections to the situation weakened, so that, when it recurs, they will be less likely to occur. The greater the satisfaction or discomfort, the greater the strengthening or weakening of the bond.”

In other words, the Law of Effect states that responses followed by pleasant consequence are more likely to be repeated, while responses followed by unpleasant consequences are less likely to be repeated. This law has been accepted by many behavioral scientists. It has been proved repeatedly in controlled learning experiments as well as in real life that consequences of reinforcement either increase or decrease the probability of a behavior being repeated.

However, there are some exceptions to this rule. For example, some employees do not learn from repeated failures (on the job) as they have high self-efficacy (their belief that they possess the knowledge and right behaviors to accomplish a task). Such employees also do not obey the instructions given by the manager and continue to work in their own style. Such a misguided sense of self-efficacy could neutralize the Law of Effect. In spite of this drawback, the law has gained acceptance among many behavioral scientists. Moreover, the Law of Effect increases our understanding of the concept of reinforcement.

Meaning of Reinforcement

One very popular definition of reinforcement explains it as ‘anything the person finds rewarding.’ Although this is a very simple and concise explanation, it is not a correct definition, as it uses the terms reinforcement and reward interchangeably. An operational definition of reinforcement can be found in the Law of Effect. According to this, reinforcement is defined as anything that tends to increase the intensity of a response and also induces the person to repeat the behavior which was followed by reinforcement. A reward, however, is something which is given or done in recognition of an individual’s achievements or performance. It is given by someone to a person he feels deserves to be rewarded.

From a functional perspective, something is reinforcing only if it strengthens the response preceding it, thus inducing the response to be repeated. In order to understand the difference between reinforcement and reward, let us consider an example. By publicly praising an employee who found an error in a report, a manager tries to reward him. However, other workers may criticize him for finding this error, and as a result, he may not repeat the same behavior. In this case, the reward is not reinforcing. Though technically such a difference exists, many times these two words are used interchangeably. In order to understand the differences between rewards and reinforcers, we should understand what positive and negative reinforcers are.

Positive and negative reinforcers and punishment

The terms positive reinforcement, negative reinforcement and punishment often cause a lot of confusion. Reinforcement, whether it is positive or negative, increases the

Figure 4.1: Difference Between Positive and Negative Reinforcement and Punishment

	Behavior Encouraged	Behavior Suppressed
Stimulus Presented	POSITIVE REINFORCEMENT Example: good performance rating	PUNISHMENT Example: suspension of the employee
Stimulus Removed or Withheld	NEGATIVE REINFORCEMENT Example: calling off strike and resuming work to avoid being dismissed	PUNISHMENT Example: no access to recreation facilities or e-mailing system for a week

Adapted from <http://www.abacon.com/slavin/t48.html>.

intensity of any response and makes it more likely to be repeated. However, positive and negative reinforcers affect behavior in totally different ways. Positive reinforcement strengthens and increases the likelihood of a particular behavior being repeated because a desirable consequence is presented. Negative reinforcement also strengthens and increases the probability of a particular behavior being repeated, but by withdrawing an undesirable consequence. Figure 4.1 shows the difference between positive and negative reinforcers and punishments.

If a manager praises an employee for the successful completion of a task on schedule, positive reinforcement is said to have taken place. This reinforcement encourages the employee and increases the likelihood of the employee performing his tasks on time. But if a worker is asked to get back to work when the supervisor notices him talking to his colleagues, negative reinforcement is said to have taken place. In order to avoid being singled out again by the supervisor, the worker may not repeat this behavior and instead, focus on the task at hand.

Though more complex in nature than positive reinforcement, negative reinforcement is not synonymous with punishment. While punishment weakens and decreases the probability of occurrence of a particular behavior, negative reinforcement strengthens and increases it. The only common feature of negative reinforcement and punishment is the fact that both are forms of negative control of behavior. One could even describe negative reinforcement as a form of social blackmail, which makes a person behave in a particular manner.

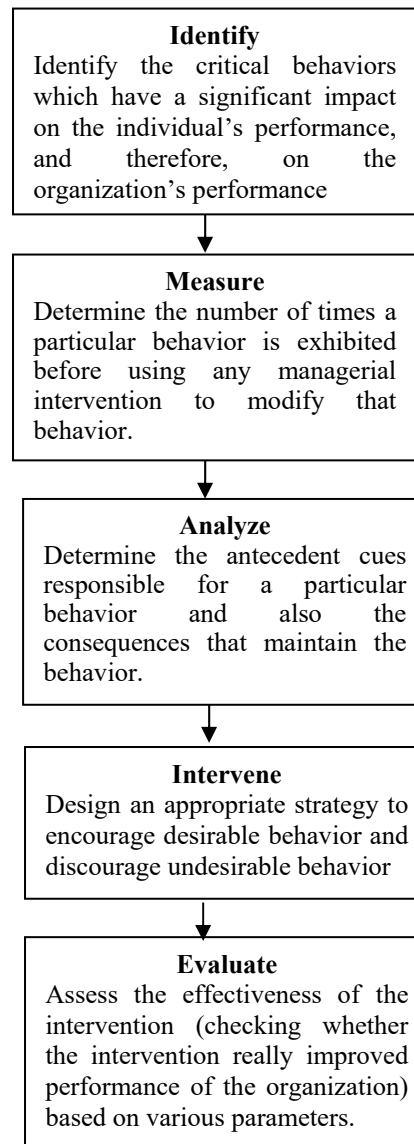
BEHAVIORAL MANAGEMENT

Behavioral management is the application of the reinforcement theory or operant conditioning to exert a positive influence on the performance of employees. Robert Kreitner and Fred Luthans coined the term 'Organizational Behavior Modification' or 'O. B. Mod' for behavioral management. The O. B. Mod process focuses on the following aspects: the influence of the environment on employee behavior; the antecedent cues or conditions that precede a behavior; the consequence of a particular behavior; and the impact of the behavior on performance effectiveness. The O.B. Mod process can help increase the frequency of desirable behaviors in employees. However, only those behaviors which are tangible, observable, measurable, and repeatable can be improved by means of the O.B. Mod process. This process has been shown to reduce absenteeism, improve productivity, decrease costs, reduce defective output and improve safety.

Steps in the O. B. Mod Process

The O. B. Mod process uses the reinforcement theory to make employees behave in the desired manner. By following the steps given below, managers identify those behaviors which are important for improving the performance of the organization. These behaviors are then linked to specific rewards, which will encourage employees to exhibit the desired behaviors.

Figure 4.2: Flowchart of Steps in the O.B. Mod Process



The steps in the O. B. Mod process (see Figure 4.2) are as follows:

1. Identifying critical performance behaviors
2. Measuring the critical performance behaviors
3. Carrying out a functional analysis of the behaviors
4. Developing an effective intervention strategy
5. Evaluation of the intervention strategy to ensure performance improvement

These steps are discussed below.

Identifying critical performance behaviors

In organizations, employees exhibit a variety of behaviors. Some of these behaviors have a significant impact on the performance of the individual and the organization. The first step of the O.B. Mod. process involves identifying these critical behaviors which have a significant impact on the individual's performance, and therefore, on the organization's performance. The objective of this step is to identify those critical 5 or 10 percent of the behavior which accounts for around 70 to 80 percent of the performance of the individual. These critically important behaviors can be identified in different ways. One way of doing so is to ask the jobholder or her immediate supervisor to identify the critical performance behaviors. Since they are the people who are most closely involved with the job, they can correctly identify the behaviors essential for good performance. Since this method actively involves the jobholder, she may be more committed to the successful completion of the O.B. Mod. process. A behavioral audit by internal staff specialists or external consultants can also be conducted to identify critical performance behaviors. Such an audit involves an analysis of jobs, using job analysis techniques. Through this method, the organization avails the expertise and experience of specialists.

In order to identify critical behaviors for O. B. Mod, the following questions need to have an affirmative answer:

- (i) Can the behavior be directly measured?
- (ii) Does it affect the performance outcome?

Only performance behaviors that can be directly measured can be considered for the O.B. Mod process. Such behaviors include absenteeism or attendance, tardiness or promptness etc. Other examples of operationally measurable behavior are: not being present at the workstation, tardiness while returning from breaks, and disrupting the work of colleagues. Lack of commitment or an employee's lack of seriousness on the job cannot be regarded as critical behaviors, as they are not measurable. Behaviors considered to be critical should also have a significant impact on the performance of the organization. That is, they should either affect the quantity or quality of products or services.

Many organizations face behaviorally related performance problems, even though they may have the latest technology and provide good training to their employees. In order to be effective, organizations should encourage and increase the frequency of functional behaviors; dysfunctional behaviors should be discouraged so that they occur less frequently.

Measuring critical performance behaviors

After identifying the critical behaviors, the organization must measure them. A base-line measure is obtained by determining the number of times a particular behavior is exhibited before any managerial intervention is used to modify that behavior. The base-line measure can be determined either by observing when a particular behavior is exhibited and counting such instances, or from the existing records. The base-line measure helps one determine whether the frequency of a particular problem is more or less severe than anticipated. For example, in an organization, attendance may have been identified as a critical behavior which requires improvement. However, the base-line measure may reveal that on an average, there is 96 percent attendance. This level of attendance may be regarded as acceptable, thus ruling out low attendance as a problem area.

The base-line measure provides data about the frequency of occurrence of a particular behavior. This indicates the strength of the behavior at a given point of time. The behavior has to be measured both before and after managerial intervention. A

comparison of the base-line measure with the measured behavior after managerial intervention provides an indication of the efficacy of the intervention strategy.

Carrying out a functional analysis of the behavior

The third step in the O. B. Mod process is to perform a functional analysis of the behavior. A functional analysis uses the A-B-C model, which has antecedent (A), behavior (B) and consequence (C) as components.

The antecedent represents the condition or cue which precedes a set of behavior alternatives. In other words, an antecedent is a stimulus or circumstance which elicits a particular behavior from an individual. Examples of antecedent conditions are the ringing of an alarm clock, or a manager asking an employee for a particular report.

Behavior is a person's response to the antecedent. Getting out of bed rather than sleeping longer or submitting a detailed report are desired behaviors to the antecedent cues mentioned earlier.

Consequence results from a particular behavior. One consequence could be positive reinforcement, for example, public praise for presenting a good report. Sometimes, the consequence could be negative reinforcement, which is designed to reduce or avoid a particular negative outcome. Cutting the pay of employees who arrive late for work is an example of negative reinforcement.

The main purpose of functional analysis is to identify the antecedents and consequences of a specific behavior. In order to understand, predict and control human behavior in an organization, an understanding of both antecedent and consequent environments is necessary. Functional analysis helps one determine the antecedent cues responsible for a particular behavior and also the consequences that maintain the behavior. These have to be carefully analyzed before an effective intervention strategy can be developed. Functional analysis reveals various contingent consequences that affect the behavior of people in the organization. For example, a manager may punish a subordinate for a particular behavior in order to decrease the frequency of that behavior. However, the negative behavior may get reinforced because of support from his coworkers. In such a situation, the manager's response may not have any effect on the behavior of the subordinate. Therefore, it is very essential that functional analysis identify the right consequences that affect the critical behavior.

Developing an effective intervention strategy

This is the most important step in the O. B. Mod process. The objective of the O.B. Mod process is to strengthen and increase the occurrence of functional performance behaviors and weaken or reduce the occurrence of dysfunctional ones. The most important intervention strategies for achieving this objective are positive reinforcement and punishment-positive reinforcement.

Positive reinforcement strategy

This is considered to be a more effective intervention strategy for behavioral management than negative reinforcement. A positive reinforcement strategy is a positive way of controlling the behavior of employees because it reinforces a particular behavior by associating it with a desirable consequence. Negative reinforcement, however, is a negative way of controlling behavior because it reinforces a particular behavior in an individual by compelling him to repeat it so as to avoid a negative consequence.

When an organization uses a positive control strategy, the employees behave in a particular manner to achieve a desired outcome. Let us examine the issue of attendance again. When a positive control strategy is used, employees will come regularly to work

so that they can contribute to organizational goals, rather than out of fear of being sacked for being absent too often. Similarly, with a positive reinforcement strategy, employees will work diligently, even when they are not being observed or directly supervised, in order to do a good job or to become eligible for incentive payments. A positive reinforcement strategy is much more effective than a negative reinforcement strategy as its effects last longer and it creates a healthier and more productive work climate. As mentioned earlier, a positive reinforcer is anything that increases the frequency or strength of performance behavior. The most commonly used positive reinforcers are money, attention, recognition and feedback.

Punishment-positive reinforcement strategy

Although positive reinforcement strategies are usually effective, sometimes punishment has to be used to weaken and decrease the frequency of occurrence of undesirable behaviors. This is especially applicable to unsafe behaviors which must be stopped or decreased immediately. Unfortunately, a punishment often results in many negative consequences, and the behavior for which an employee has been punished is suppressed only for a short while. Suppose a manager scolds an employee for talking often to other coworkers during work hours. The employee may not repeat the same behavior when the manager is in the vicinity, however, when the manager is not around, he may resume chatting with his colleagues. The use of punishment also has other negative consequences. It may make the persons who have been punished anxious and apprehensive. Thus, it may lower morale and cause unnecessary stress.

The most serious problem with the use of punishment is that it is very hard for a supervisor to switch from punishment to a positive reinforcement strategy. Since punishment has many negative aspects, it should be avoided as far as possible. However, in some instances, it may not be possible to avoid punishment. In such cases, after the punishment, positive reinforcement of the desired behavior should be done at the earliest possible opportunity.

In the O.B. Mod process, punishment alone is never be used as an intervention strategy. When punishment becomes unavoidable, it is used in combination with positive reinforcement. Using punishment and positive reinforcement together helps replace the undesired behavior with the desired one. The effects of such an intervention also tend to last longer than an intervention where only punishment is used.

Evaluation of the intervention strategy to ensure performance improvement

It has been observed that many human resource programs lack mechanisms to measure their effectiveness. As a result, inaccurate evaluations are often made about their effectiveness, which affect their credibility. The O. B. Mod. process tries to address the problems of accountability and credibility by including evaluation as a part of the process.

There are four levels of evaluation: reaction, learning, behavioral change and performance improvement. Reaction, which is the first level, refers to the response of the people on whom the intervention is being carried out. An intervention is more likely to succeed when people react positively to it. Reaction evaluations also provide useful information for planning future programs and data pertaining to interventions applied over groups across various periods of time. The resulting data can then be easily compared. A positive reaction ensures the support of the organization and facilitates the other levels of evaluation.

The second level, learning, seeks to discover whether people using the O.B. Mod process understand the reasons, the background, and the underlying assumptions behind each of the steps in the process. If the people do not understand these properly, the O.B. Mod. process cannot be applied effectively.

The third level of evaluation, behavioral change, examines whether there has been any change in the behavior of the users of the O.B. Mod process. By observing and recording the behaviors of the users of the O. B. Mod. process, objective data on behavioral change can be obtained.

The final level of evaluation is performance improvement. This is the most important level of evaluation, as the ultimate objective of the O. B. Mod process is the improvement of individual performance. The effectiveness of the O. B. Mod. process is assessed on the basis of the data obtained on parameters such as quality and quantity, turnover, absenteeism, customer complaints, employee grievances, number of clients served, and rate of return on investment.

Application of the O. B. Mod Process

The O. B. Mod process has been found effective in improving employee performance in manufacturing as well as non-manufacturing and service industries. The *Handbook of Organizational Behavior Management*⁵ lists some of the areas where the O. B. Mod process improved employee performance:

Employee productivity

Much of the research on the O. B. Mod process has focused on employee productivity. It has been found that by using the O. B. Mod. process, employee productivity can be improved and the tasks assigned to employees completed faster. In almost all the organizations studied, it was found that the application of the process enhanced either the quality or quantity of employee output.

Absenteeism and tardiness

This is another area where the O.B. Mod. process is often applied. Many organizations have used a combination of rewards for attendance or promptness, and punishments for absenteeism or tardiness. Studies have found that the O.B. Mod. process resulted in an 18 to 50 percent reduction in absenteeism and a 90 percent reduction in tardiness.

Safety and accident prevention

Safety issues are important in most manufacturing organizations. Most organizations focus on reducing safety hazards and on increasing employee behaviors which ensure their safety (e.g., wearing helmets, gloves or earplugs while working in dangerous conditions). Behavioral management techniques have been found to be successful in preventing accidents and promoting employee safety.

Sales performance

Selling behaviors can be identified and modified through appropriate interventions. Some critical selling behaviors are approaching a customer, making closing statements, etc.

SUMMARY

It has been observed that practically all the behavior of individuals in an organization is either directly or indirectly learned. The most widely accepted learning theories are the behavioristic, cognitive and social learning theories. Learning was attributed to the association or connection between stimulus and response (S-R) by classical behaviorists like Ivan Pavlov and John Watson. Psychologists like B.F. Skinner and others focused more on the role of consequences in learning, or what is usually known as the response-stimulus (R-S) connection. The S-R connection deals with 'classical'

⁵ Lee W. Frederiksen, *Handbook of Organizational Behavior Management* (New York: Interscience-Wiley, 1982) 12-14.

or 'respondent' conditioning while the R-S connection deals with 'instrumental' or 'operant' conditioning. Cognitive learning, popularized by Edward Tolman, explores the relationship between cognitive environmental cues and expectations. This learning of the association between the cue and the expectation is known as stimulus-stimulus (S-S) learning. The social learning theory states that there is more to learning than just the antecedent stimulus and the dependent consequence. Learning can also take place through vicarious or modeling processes. A person's learning abilities also depend upon his concept of self-efficacy.

The most important principles of learning are reinforcement and punishment. In order to understand these principles, we must first understand the 'Law of Effect,' proposed by Edward L. Thorndike. The law states that responses followed by pleasant consequences are more likely to be repeated, while responses followed by unpleasant consequences are not likely to be repeated. Reinforcement is defined as anything that both increases the strength of a response and also induces repetitions of the behavior that preceded the reinforcement. By providing a desirable consequence, positive reinforcement strengthens a specific behavior. In contrast, negative reinforcement strengthens behavior by the termination or withdrawal of an undesirable consequence.

Behavioral management refers to the application of behavioral theories, especially the reinforcement theory, to improve the performance of employees. Fred Luthans and Robert Kreitner coined the term 'Organization Behavior Modification' (O.B Mod) for behavioral management. The O. B. Mod process has five steps. In the first step, the critical behaviors are identified. Critical behaviors are those behaviors that may represent only a fraction of many possible behaviors, but have the greatest impact on total organizational performance. In the second step, a base-line measure is obtained for each critical behavior to determine their frequency prior to any intervention. The third step involves carrying out a functional analysis of the behavior. The antecedents and consequences of a particular behavior are identified, and these are used to formulate an effective intervention strategy to modify the behavior. In the fourth and most important step in the O. B. Mod process, an appropriate intervention strategy is developed. The objective of the intervention strategy is to strengthen and promote functional behaviors and weaken and discourage dysfunctional behaviors. The last step in the process involves the evaluation of the efficacy of the intervention strategy in bringing about an improvement in performance. This evaluation is carried out at four levels – reaction, learning, behavioral change, and performance improvement.

The O.B. Mod process is often used to improve employee productivity, reduce absenteeism and tardiness, prevent accidents and encourage safety, and improve sales performance.

Chapter 5

Perception

In this chapter we will discuss:

- Meaning and Significance of Perception
- Sensation vs Perception
- Subprocesses of Perception
- Perceptual Selectivity
- Factors influencing Perception
- Perceptual Organization
- Social Perception
- Impression Management
- Linkage between Perception and Individual Decision-making

People working in an organization could differ in many ways. They could differ in physical characteristics such as height, weight and complexion. They could also differ in background characteristics like level of education and training. But the most important difference could be in their perceptions.

Suppose, an employee on duty in his office is leaning back in his chair and has his eyes closed. If his boss enters his room at that time, he could think either that the employee is sleeping during office hours or that he is thinking deeply. If the boss concludes that he is sleeping, he may behave harshly with the subordinate and may even initiate disciplinary action against him. On the other hand, if the boss assumes that the employee is thinking deeply about a solution to some problem, his behavior may very well be different.

To a person, what he perceives is the reality, irrespective of the objective truth, and his behavior is determined by his perception. Thus, the reason people react differently to even similar situations is the underlying cognitive process of perception that shapes the way they think about a situation. Perception forms an important part of the study of OB.

There are several factors that influence perception. In the same situation mentioned above, if the boss is aware that the employee had worked till 2.00 AM on a priority project, he is not likely to take any action on him. But if the boss believes that the employee had left the office exactly on time, the previous day and that he has a habit of attending late night parties, his reaction may indeed be different. Thus, a person's behavior is dependent on the factors leading to the situation. These factors are often called attributes. In this chapter, we discuss the process of perception, the various factors that influence an individual's perceptions. We also discuss how the theories of perception may be applied to the management of human resources in organizations.

MEANING AND SIGNIFICANCE OF PERCEPTION

Perception may be defined as the process by which an individual selects, organizes and interprets stimuli into a meaningful and coherent picture of the environment in which he lives. It is a complex cognitive process and differs from one individual to another, depending on the needs, values and expectations of the individual. The perception of two individuals may differ even if they are exposed to the same stimuli, under the same conditions. If a manager, in an organization, comes to each employee's desk and interacts with him, one employee may perceive the manager's visits as friendly in nature while another may perceive the visits as an attempt by the manager, to keep an eye on them.

Sometimes, an individual's perception may be far removed from the reality. Suppose, after a meeting with managers, a union leader decides to withdraw some of the demands of the union and asks his employees to cooperate with the management. Some employees may perceive this as a result of the union leader having been bribed by the management to act in their favor. But the reality may be that the union leader was really convinced by the management about the inability of the organization to fulfill the demands of the union owing to the poor financial situation of the organization.

People respond to situations on the basis of their perception about reality rather than the reality itself. Hence, it is important to recognize the differences in the perceptions of individuals to understand their behavior at the workplace. For example, most managers assume that all employees want to be empowered to make decisions, but in reality, some subordinates do not want to have decision-making power, because it will impose on them additional responsibilities and they will be accountable for wrong decisions. Here, the perceptions of the managers differ from that of the subordinates. Perceptual differences can sometimes lead to conflicts in the organization. Differences can be resolved and work environment can be improved by understanding the

Exhibit 5.1

Reality and Perception

In most organizations, an individual's performance is evaluated against a limited number of attributes. Those who score low on these attributes are labeled as non-performers. They are trained, coached, threatened and persuaded to become high-performers and conform to the standards of the organization. If they still continue their old behavior and performance, they may be fired. In doing so, organizations often fail to recognize that they may actually be losing valuable employees.

Some employees fail to deliver their best performance because they spend most of their time helping fellow employees complete their tasks. They may not meet their own deadlines and therefore may be categorized as the bottom 10% in many competitive organizations. Some employees are fun-loving in nature. They may not experience tension and stress even in the most difficult of times. Also, they may attempt to spread laughter among other employees and relieve them from stress caused by work pressure. However, such jovial nature is often considered as negative and nonproductive in competitive organizations. In competitive organizations, many believe that the employees can perform better when they are serious. The fact that cheerfulness and happiness among employees at the workplace stimulates their creativity and innovation is overlooked. Humor helps employees cope up with the problems and difficulties they may face at the workplace.

Today, organizations operate in an ever-changing business environment. In order to emerge as winners, they have to encourage teamwork. Each member of the team will contribute his own ideas, views and perspectives, based on his experience and background. This helps the organization face challenges and takes decisions in a better way.

Thus, organizations with a cooperative rather than a competitive environment are successful. When an organization transforms itself from being competitive to become cooperative, the poor performers in the competitive environment become superior performers in the cooperative environment. This is not because the individuals, who were labeled 'poor performers' in the competitive organization, have changed themselves drastically. It is simply because cooperative organizations honor and value the unique talent of these individuals and encourage them to maintain their identity. The performance of individuals, in cooperative organizations, is evaluated in much broader terms, than in a competitive organization. For instance, cooperating with co-workers, or solving problems of other employees are not considered as value-adding attributes in the performance evaluation in competitive organizations but they carry significant weightage in performance evaluation in cooperative organizations. Thus, poor performers become top performers because the *perception* of performance in cooperative organizations is different.

In competitive organizations, there is a constant struggle among departments and business units for resources. However, there is no such struggle in cooperative organizations.

This does not imply that competitive organizations have scarce resources and cooperative organizations have abundant resources. This, is again, because of a change in *perception*. Competitive organizations perceive that resources are scarce and encourage their business units to compete for them. Cooperative organizations *perceive* that they have adequate resources and encourage their business units to share them.

Thus, differences in *perception* between organizations can mean a difference between being a winner and being a loser, in the context of a dynamic business environment.

Adapted from Tome Heuerman and Diane Olson, "The Identified Losers: Reality or Perception?" Self-help Magazine, 01 June 1998, <<http://www.selfhelpmagazine.com/articles/wf/idlose.html>>

processes and subprocesses of perception and the factors that influence perception. Perceptions may also differ from organization to organization. Some organizations perceive that aggressive and dominating culture and the maintenance of conformity (of all employees to certain beliefs and values) is essential for their success. But some organizations perceive that cooperation, team culture and preservation of individual identities is crucial for their success. Exhibit 5.1 discusses the perceptual differences among organizations and their implications for their effective functioning.

SENSATION VS PERCEPTION

The relationship between sensation and perception is often not understood well. According to behavioral theorists, people interpret situations/events based on their senses. They obtain data related to the events through their senses and process it to understand the events and the world.

People use their sensory organs to sense: eyes to see, ears to hear, skin to feel things, nose to smell and tongue to taste. Though some people believe that intuition may be considered as a sixth sense, psychologists do not accept this view. The senses receive stimuli both from within and outside the body. Some of the external stimuli are light and sound, mechanical pressure, the taste of food and the smell of chemicals. The internal stimuli include hunger, thirst, pain, etc. Thus, sensation deals with the basic behavior of an individual, caused by his physiological functions.

Perception is a more complex concept. At first, an individual takes in the raw data through his senses and then, refines, modifies or completely alters it by his cognitive process. For example, if a manager scolded an employee in front of other workers, the perception of each worker about the reasons for the scolding may differ even though everyone saw the same sight of the manager scolding the worker. The difference between sensation and perception can be understood from the following examples too:

- Consider the example of an employee working continuously on a computer under poor ergonomic conditions and his productivity failing to match the expectations of the manager. The manager perceives the employee as a poor performer whereas in reality, the employee may be unable to perform well due to the pain he experiences in his fingers while typing on the keyboard for long hours..
- Many times, the food served in restaurants is deep red in color making the customer perceive that it might be too spicy and hot. However, the chef may have only used an artificial color in the food to make it look attractive and the customer may actually find the food quite bland on tasting it.

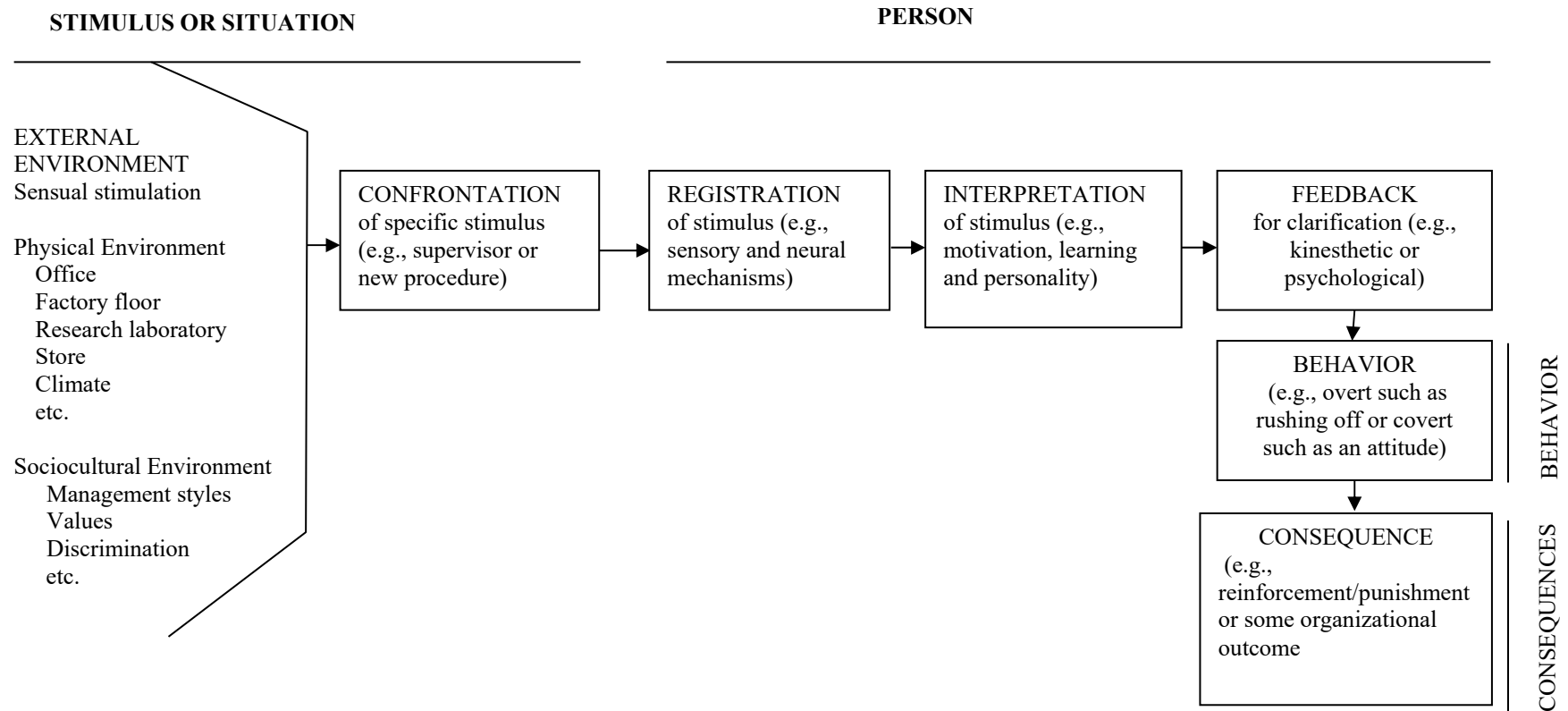
SUBPROCESSES OF PERCEPTION

The process of perception includes several subprocesses, which give rise to complexity. Figure 5.1 represents the subprocesses of perception and the relation between them. The subprocesses consist of stimulus or situation, registration, interpretation, feedback, behavior and consequence.

The first subprocess, stimulus or situation, refers to an individual's confrontation with an internal or external stimulus. An individual may experience an immediate sensual stimulation or the confrontation may take place with the entire physical and sociocultural environment. When a supervisor shows his appreciation of a shopfloor employee's performance, by patting him on the back and praising him before the rest of the employees, it serves as an immediate sensual stimulation for the employee encouraging him to achieve greater levels of performance. An example of an individual's confrontation with an external stimulus would be the dejection experienced by a middle level manager when he doesn't get a cabin for himself and made to sit with his subordinates.

Perception

Figure 5.1 The Subprocesses of Perception



Source: Fred Luthans, *Organizational Behavior*, 8th edition (India: Irwin McGraw-Hill, 1998) 105.

The second subprocess, registration involves an individual taking note of the stimulus received from the environment or recording it in his mind. Physiological mechanisms play an active role in *registration*. For instance, eyes capture the beauty of a scenery, ears receive sounds, and both send signals to the mind where a complete image is formed and stored for future retrieval. For instance, an employee may have a habit of wearing simple and light colored shirts to office. If suddenly, one day, he comes to office wearing a bright and colorful shirt, his colleagues may not recognize him from a distance. This could be because his image, registered in the minds of his colleagues, may be that of a person who wears simple and light colored shirts. Thus, the physiological ability of a person to see and listen could have an impact on his perception.

The next subprocess, interpretation, is the most important cognitive aspect of perception. Interpretation is affected by the psychological processes of an individual. The aspects of learning, motivation and personality largely affect an individual's interpretation of a situation. For example, in an organization, all employees can recognize the voice of their manager. So when an employee hears his voice, he interprets that his manager is somewhere nearby and tries to appear engrossed in his work.

Another important subprocess of perception is, feedback. For example, a sales executive submits his monthly sales report to the sales manager. The manager, after glancing at the report, has a disapproving look on his face. The expression on the manager's face serves as a feedback to the sales executive and conveys the message to him that the sales manager is not pleased with his performance.

The subprocesses of registration, interpretation and feedback that occur within a person in response to a stimulus (from external environmental situation), result in a certain behavior on the part of the individual and finally lead to a certain consequence. The behavior may be either overt (open/public) or covert (concealed/secret). If an employee is reprimanded for coming late to office, then he may start coming to office on time. This is overt behavior. If a manager shows favoritism to one employee then other employees may develop hatred towards that employee as well as the manager. This is covert behavior.

The sequence of registration, interpretation, feedback, resultant behavior and consequence can be explained with the help of an example. Suppose the general manager of a company instructs the production manager to make sure that the products being manufactured by the company are error-free and warns that a maximum of only 4 % errors would be tolerated. However, later, the company gets several complaints from customers about defects in its products. The general manager informs the production manager about the large number of complaints that the company has received (feedback). The production manager immediately calls for an emergency meeting of his staff and gives them a dressing down, holding them responsible for not ensuring the quality of the products (behavior). This is followed by a drastic reduction in the salaries of the entire staff belonging to the production department (consequence).

The situation and the behavior are visible to others. The three subprocesses of perception – registration, interpretation and feedback – are internal cognitive processes that cannot be observed. Research has supported the view that a relationship exists between the two cognitive variables – perception and behavior. In addition to the perceptual subprocesses, perceptual dimensions such as selectivity and organization also help in having a better understanding of the cognitive aspects of perception.

PERCEPTUAL SELECTIVITY

People constantly encounter various stimuli. The noise of people talking, the sound of the air conditioner, or the noise of vehicles are some of the stimuli that are sensed.

Sometimes the stimuli may be so subtle that an individual may not even be conscious that he is exposed to some stimulus. This is called subliminal perception.

Though people are exposed to several stimuli, they tend to select only a few at a given point of time. The study of the principles of perceptual selectivity helps us understand the process of selection and the reasons for such selection. Perceptual selectivity depends on external attention factors and internal set factors. These are described below:

External Attention Factors

Factors such as intensity, size, contrast, repetition, motion, novelty and familiarity of objects and situations comprise external attention factors and influence the perceptual selectivity of individuals.

Intensity

According to the intensity principle of attention, the intensity of an external stimulus determines its probability of being perceived. A bright light, a strong odor or a loud noise are more likely to be noticed than a dim light, a weak odor or a soft sound. The intensity principle of attention is usually used by organizations to promote their products. For instance, they may use bright colored product packages and their TV commercials may be at a volume higher than the regular programs, to gain attention of the customers. However, intensity need not always lead to positive responses. Suppose, a supervisor on the shop floor keeps scolding workers in a loud voice, to gain their attention and make them do work better. The workers will stop giving attention to or responding favorably to the supervisor's shouting after some time. Therefore, a specific perceptual principle by itself, cannot explain complex human behavior. The intensity principle of attention is only a small part of the perceptual process, which in turn is one of the cognitive processes that determine human behavior.

Size

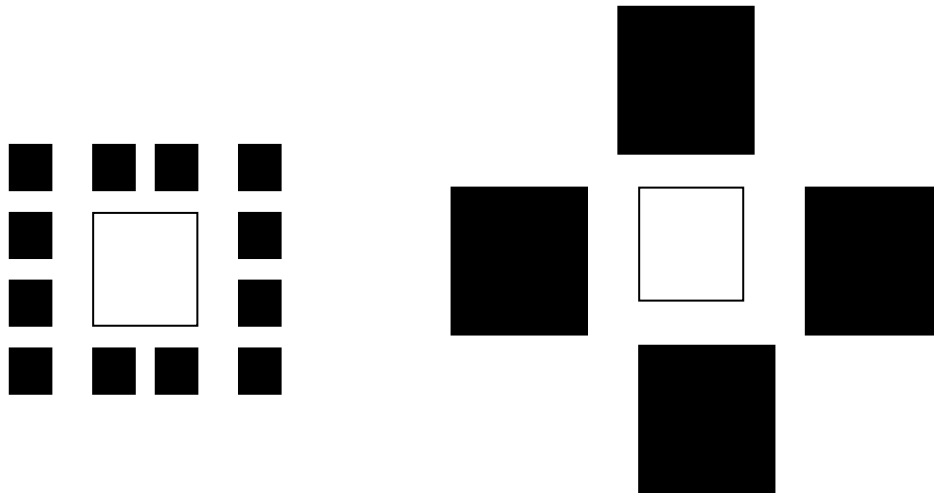
The principle of size is similar to that of the principle of intensity. A larger object is more likely to be noticed than a smaller object. For example, a big supermarket is more noticeable than a small grocery store. Similarly, a full-page advertisement catches the attention of the reader better than a few lines in the classified section.

Contrast

According to the principle of contrast, the stimuli that contradict most with the background or the expectations of people receive maximum attention. Figure 5.2 represents the contrast principle.

The white square on the left appears to be much bigger than the white square on the right although, both the squares are of the same size. This is because of the contrast between the white square on the left with the background squares in terms of size. The white square on the left draws more attention because the size of the square is much more than the squares surrounding it. In the case of the figure on the right, the size of the white square is much smaller than that of the background squares. Similarly, an employee in an airport gets so used to hearing all kinds of sounds that he is not likely to notice the roaring sound made by airplanes while landing and takeoff. But if on any day, due to some reason, if there is a reduction in the air traffic problem, then the employee will immediately notice the reduction in the noise level.

Figure 5.2: The Contrast Principle of Perception: Which White Square is Smaller?



Repetition

The principle of repetition states that the more number of times a stimulus is repeated, the more it is likely to be noticed. For example, workers are likely to be more meticulous in performing those tasks for which the supervisor repeatedly gives instructions. Organizations use repetitive advertising for promoting consumer goods like soap, cool drinks and biscuits.

Motion

According to the principle of motion, people give more attention to moving objects than to stationary objects. Workers generally tend to pay more attention to objects moving past them on a conveyor belt than to a stationary machine operating beside them.

Novelty and Familiarity

New objects in a familiar situation or familiar objects in a new situation draw the perceiver's attention. For example, during job rotation, when an employee is shifted from one job to another, he is likely to give more attention to the new job because he has to perform new duties (though the organizational setting is the same).

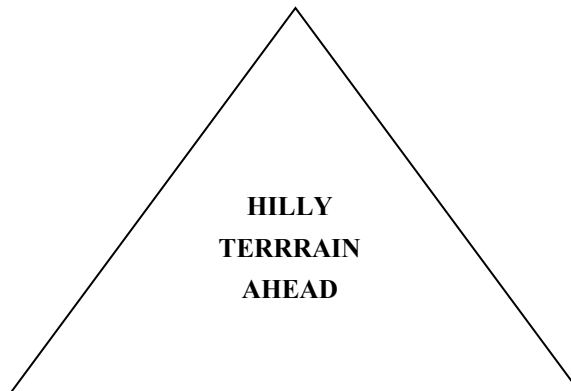
Internal Set Factors

Internal set factors too play an important role in the process of perceptual selectivity. *Set* is an important cognitive process based on the psychology of an individual. People select those stimuli from the environment that appeal to them and suit them based on their learning, motivation and personality. These aspects are discussed in detail below.

Learning and perception

Learning by itself plays a major role in developing the perceptual set. For example, read the sentence in Figure 5.3.

Figure 5.3: Learning and Perception



Even though the letter 'R' has been repeated thrice in the word 'Terrain', it would take a little time for a person to realize that something is wrong with the word. The earlier learning of the person results in his familiarity with the word and hence makes him read the sentence as "Hilly terrain ahead." This shows that learning has an impact on an individual's process of perception. Learning creates expectancies in individuals and encourages them to perceive things in a particular way. The expectancies created in individuals influence their perception and their behavior. What people see and hear is influenced by their expectancies. Many illustrations are used to substantiate the effect of learning on the development of the perceptual set of an individual (e.g. There is a picture which is perceived by some people as depicting a young lady and by some as depicting an old woman. If a person is shown the picture of a young lady first and then the ambiguous picture is shown, he is likely to perceive the picture as that of a young lady the second time as well). People always apply their past experience to understand the present situation, irrespective of the relevance of the experience to the situation. This often distorts reality and leads to illusions.

Perceptual set in the workplace

After working in an organization for a certain period of time, employees learn to interpret some (but not all) statements and situations in a similar way. They may use common names, phrases and remarks (that are unique to their organization) to denote some things. For example, priority projects may commonly be referred to as PP and influential people by IP and so on.

However, in a majority of cases, learning leads to substantial individual differences. Employees may perceive a particular situation or stimulus in completely different ways. For example, different people in an organization may attribute low production levels to different reasons. The production manager may attribute it to obsolete technology or machinery, the personnel manager may attribute it to lack of training given to workers, while the general manager may assume that the lack of effective organizing, planning and controlling has resulted in low productivity. However, the workers may consider the reduced output to be a form of revenge against their supervisor. Thus, personnel in the same organization may perceive a situation in entirely different ways.

For example, employers and employees may differ in their perceptions (Refer Exhibit 5.3). Another common example is the difference in the perceptions of the union members and the management. The work environment provided in an organization is perceived as the best by the management while the trade unions perceive the opposite.

Exhibit 5.3

Variations in Perceptions of Employees and Employers

An employee survey on communication conducted during Feb-March 2003 by Randstad (a survey organization), in association with leading research firm Roper ASW, revealed the following:

- Most of the employers surveyed felt that their organizations were highly ethical. But most of the employees disagreed with their employers and gave their respective companies a poor rating for ethical conduct.
- Of the employees surveyed, 65% considered their companies poor communicators. Most of the employers, however, were of the opinion that the communication system in their organizations was excellent.
- More than 50% of the employees stated that they received information regarding important management decisions first through informal channels. But more than 80% of employers claimed that formal channels were effective and conveyed important information to employees well before informal channels.

The research revealed the wide variation between the perceptions of employees and employers. It also indicated that in the absence of official channels of communication in an organization, the grapevine plays an important role. This informal channel of communication transmits accurate information as well as gossip and unwanted information. Therefore, employers should communicate with employees regularly and make optimal use of official channels to prevent the grapevine from becoming a dominant channel in the organization.

Through the formal channel of communication, employers can collect feedback from employees regarding their decisions and actions. They can also respond to employees' queries through the formal channels. A continuous flow of communication between employers and employees will help the latter understand the goals and values of the organization and contribute to its success.

Adapted from "Research Reveals Gaps in Perception," Randstad's 2003 Employee Review, Spring 2003.

The trade unions may continuously demand for improvement in the work environment while the management may decline these demands. This often leads to industrial disputes.

Motivation and perception

Motivation also plays an important role in determining perceptual selectivity. The primary motives such as hunger and thirst influence the perception of an individual. The people in a country affected by drought will give more attention to the sight, mention or aroma of food than the people from a country where there is a good crop yield and food is available in plenty.

Perceptual set is also influenced by secondary motives, such as the need for power, affiliation or achievement. A person who has a high need for power, affiliation, or achievement is more attentive to the situations which provide him an opportunity to attain them. If a political party invites people to join the party, a person who is interested in politics and desirous of becoming a minister in the future will show keen enthusiasm and may immediately approach the party head to become a member. Sometimes, perception may have a significant impact on motivation. Suppose some trade unions have called for a bandh on a particular day. An organization has decided not to declare a holiday, but has expressed its inability to provide pickup and drop service on that day. Some of the employees may perceive that the union's call for the bandh is justified. Their perception may fail to motivate them to come for work on that day. On the other hand, an employee who may perceive that the organization is right in

not supporting the bandh, may make all attempts to reach the office by using some means of transport to reach the office at any cost. Thus, it can be seen that perception and motivation have an impact on one another.

Personality and perception

An individual's personality may also affect his perception of a particular situation. For example, young managers often complain that senior managers resist change, rely heavily on paperwork and delay decisions. The senior managers often perceive that young managers initiate unnecessary changes, fail to maintain records for future reference and make hasty decisions. Gender difference may also give rise to differences in perceptions. Women may perceive that they are being discriminated against in job or promotion opportunities. Men, on the other hand, may perceive that women are diminishing their employment and career opportunities. Similarly, a person's values and sometimes, even age can influence his perception.

FACTORS INFLUENCING PERCEPTION

The perception of an individual is influenced by several factors. These factors help shape perception but can sometimes even mislead the individuals by distorting perception. The factors which influence perception include the perceiver himself, the object or target being perceived, and the situation in which the perception occurs.

The Perceiver

The perceiver's personal characteristics play a major role in influencing the way he interprets a target (stimulus). A person's attitudes, motives, interests, past experiences and expectations affect his perception.

The perception of a person having a positive attitude about a particular thing will be different from that of a person having a negative attitude. A research held in the field of OB has revealed that an individual's perception is greatly influenced by his unfulfilled needs and goals. In the research, the participants had not taken food for a varying number of hours – ranging from one hour to sixteen hours before the experiment started. Some blurred pictures were then shown to the participants. Each participant interpreted the pictures differently. People who had not eaten food for a longer time interpreted the blurred pictures as images of food more often, than the people who had not eaten only for a shorter time before the experiment. This situation holds true for organizations as well as employees. For example, if many companies in the industry have announced lay-offs and the employees come to know that an emergency meeting has been called between the production manager and the CEO, they may associate it with a discussion regarding the number of people to be laid off.

A person who is disturbed by a personal problem may find it difficult to concentrate on his work. This shows that an individual's attention is influenced by his own interest. Due to considerable variation in individual interests, there are differences in their perceptions even in the same situation.

One's past *experiences* may also influence a person's perception. For example, an employee is more likely to notice a new automatic machine installed on the shop floor if its appearance is something he has never seen before than if it resembles the existing machines. Individual perceptions are influenced by *expectations* as well. Suppose there is a big garment showroom, with a board specifying that it is a fixed price shop. People may perceive that the garments displayed in the showroom have the right price tags

and may not try to bargain in such places. However, in small shops without any such boards people may expect that the price tags quote much higher prices than the actual worth of the goods and that they need to bargain in order to arrive at reasonable prices. Expectations may also sometimes distort perceptions such that people tend to view a person the way they expect the person to be, irrespective of the actual traits of the person. For example, nurses are perceived as caring and gentle and police officers are perceived as fearless and authoritative. Likewise, different individuals will perceive the same person (or an object or an event or a situation) in different ways irrespective of his actual traits (or the characteristics of the object or the nature of the situation) based on their own experience and expectations.

The Target

Perception is affected by the characteristics of the target (stimulus). People who are loud or very tall or attractive are more likely to be noticed in a crowd. The target is perceived based on its attributes such as motion, sound, size, etc.

Sometimes, a target is not perceived in isolation but it is grouped or associated with things similar to it. This may lead to grouping of unrelated objects or events. People tend to group objects together because of the physical proximity of the objects. Events may be grouped together because they occurred during the same time. The way in which we isolate a figure from its general background also influences our perception. For example, when two or more people quit an organization almost at the same time the management may try to find a common reason for it, though each of them may have left the organization for his own personal reasons. Suppose, there is an overall increase in the production level after a new production manager has taken charge. This success may not be actually due the new production manager but may be due to the new sophisticated technology that has been recently adopted by the company. However, the tendency of people to club closely occurring events may lead them to believe that the increase in production took place due to the efficient handling of operations by the new production manager. It is also common to group together persons by profession, age or race. For instance, people perceive the police as hardhearted, lawyers as liars, young army officers as active and tribal people as innocent. The greater the similarity between objects, events or persons, the more they are likely to be perceived as a group.

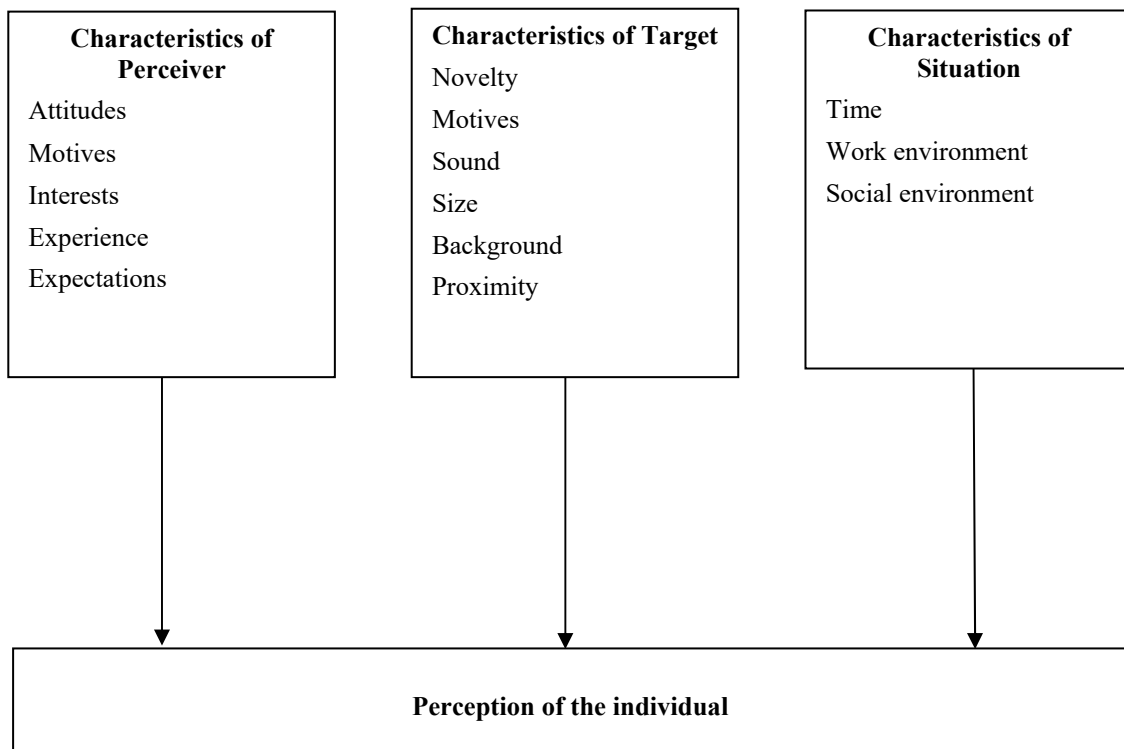
The Situation

The context or environment, in which objects or events are seen, plays an important role in influencing an individual's perceptions. When a person wearing a tracksuit walks into a health club, he will not attract attention from his boss, who may have come to the same health club. But if the person goes to office dressed in the same way, he is sure to attract the attention of his boss, who may question him on his dressing style, and reprimand him for not dressing appropriately to office. In this example, there is no change either in the perceiver or the target, but only in the situation. Time, location, climate, a person's state of mind and other situational factors influence his perception. The factors influencing perceptions are summarized in Figure 5.4.

PERCEPTUAL ORGANIZATION

Perceptual organization emphasizes on the subsequent activities that take place in the perceptual process after a stimulus is received. A person rarely perceives the extent of color, light or sound associated with objects. Instead he perceives organized patterns, stimuli and identifiable whole objects. For example, when a person is given a book, he

Figure 5.4: Factors that Influence Perception



does not normally perceive its color or shape, but perceives the characteristics associated with reading it, like pleasure, excitement, knowledge, etc. Therefore, it can be said that a person's perceptual process organizes the information he receives to form a meaningful whole.

Figure-ground

Figure-ground is a form of perceptual organization. In this form of perception, perceived objects are separated from their general background by the perceiver. For example, when a person is given a white paper with something written in black ink in a language unfamiliar to him, he may perceive it as patches of irregular black and white shapes. However, a person who knows the language would perceive the black shapes in the form of letters, words and sentences that are printed against a white background. In other words, the perceiver using his perception organizes incoming stimuli into recognizable *figures* (words) that are seen against a *ground* (white page).

Perceptual Grouping

According to the grouping principle of perceptual organization, an individual tends to group several stimuli together into a recognizable pattern. This ability is usually inborn. When a simple set of stimuli are presented, an individual will tend to group them together on the basis of *closure*, *continuity*, *proximity* or *similarity*.

Closure

According to the principle of closure, a person may sometimes perceive a whole, where it does not exist while sometimes, a person may not be able to perceive a whole although one exists. In the former case, the gaps that remain unfilled from sensory input are bridged by the person's perceptual process. For example, a departmental head who wishes to increase the work load of employees to meet a deadline, may ask them if they would agree with his proposal. Some of the employees may agree with the head although there may also be several who disagree. The agreement obtained from some of the employees may cause the head of the department to close the existing gaps and perceive absolute agreement of all employees to his proposal, which in reality, does not exist. Thus, in this situation, the individual closes the gaps and perceives a whole. The opposite situation occurs when functional managers, highly specialized in their respective areas, begin to lose track of the overall organizational goals. They would not be able to integrate their department and its functions with the rest of the organization and so, fail to have a holistic view of the organization in mind while carrying out their responsibilities. Modern organizations are trying to overcome this problem by adopting inter-functional or horizontal structures.

Continuity

Continuity and *closure* are closely related. Some psychologists ignore the distinction between these two principles of grouping. While closure fills the missing stimuli, the continuity principle states that a person tends to perceive the extension of a stimulus. However, it will be limited to obvious, *continuous* lines or patterns. It may lead to inflexibility and non-creative thinking in organizational members. For example, an employee in a fashion designing firm may come out with a new textile design for customers. If the design becomes popular in the market, the other employees may simply modify and add more colors or shapes to it and release it into the market later. New, innovative ideas or designs may not be perceived by these employees. Continuity has a major impact on the systems design of an organizational structure.

Proximity

According to the principle of proximity or nearness, a group of stimuli that are physically close to each other are perceived as a set of parts belonging together. For example, all the members of a particular department or team may be perceived as a single entity by those external to the department or team because of the physical proximity of the members of the department or the team. This is despite the fact that, there might be wide variations in the attitudes and behaviors of the members of the department or the team. The practical application of the principle of proximity in organizations helps consolidate the team strength and promotes team work.

Similarity

The greater the similarity of the stimuli, the more they are likely to be perceived as a common group. Though similarity is related to proximity, in most cases, it is stronger than proximity. For example, all blue-collared employees may be perceived as a single group, though in reality, they are all individual employees with their own unique personalities. Similarly, women, minorities, student unions and doctors association are all described as common groups because of the similarity in gender, background and profession etc. Such grouping by similarity causes problems of stereotyping.

Perceptual Constancy

Perceptual constancy is one of the advanced forms of perceptual organization. According to this principle of constancy, the perception of elements like size, shape, color, brightness and location of an object remains constant and does not change from one individual to another. For example, if a photograph of a person is printed in a newspaper and although the photograph measures only 2-3 inches in length, we still perceive the individual to be between 5 to 6 feet in height. Perceptual constancy, thus, provides people with a sense of stability in the way they view objects in this complex and changing world. Learning plays a more vital role in the case of the constancy principle than in the case of figure ground or grouping phenomena.

Learning helps individuals perceive certain patterns of cues in a similar way and leads to perceptual constancy. The absence of perceptual constancy would have made things very difficult. Let us consider a situation where the job of an employee requires him to assemble a product by collecting various parts of the product from several locations in the workplace and assembling them together. Even though the employee moves from one place to another to assemble the product, the size of the tool he has to pick up from each location remains constant in his mind. This is an example of how perceptual constancy of an individual helps in retaining the same constant image of the tool in his mind irrespective of a change in the location of the tool.

Another example of perceptual constancy can be seen in the way we tend to identify a fruit, for example, an apple just by the sight of it. It doesn't matter whether we see a picture of the fruit or the fruit itself. Our identification of the fruit also doesn't vary whether we see a picture of the fruit in black and white or in color. Thus the image of an apple remains constant in our mind and doesn't change irrespective of the color of the picture.

Even though learning helps the individual to perceive patterns of cues, there may still be some variations in perception due to the interactions that take place in the perceptual process, between the inborn and learned tendencies of individuals. These interactions differ from individual to individual.

Perceptual Context

Perceptual context is the most advanced form of perceptual organization. It provides meaning and value to objects, events, situation and other people in the environment. Sometimes, the *visual stimuli*, by themselves, do not convey any meaning. It is only when they are placed in a certain context that its meaning and value can be perceived.

Though workers and managers may speak the same language within and outside the organization, the words and actions they use may have different meaning in the context of the organization. For example, if a manager pats the back of his two year old son, his gesture conveys love and affection. But if he pats the back of an employee in the organization, it implies his appreciation of the employee for doing a good job. If the manager asks his wife or son to do something and they fail to do it, he may not take it seriously. But if his staff in the office fail to complete the task he had asked them to do, he will perceive it as indiscipline and may take serious action against them. Similarly, a verbal order, a memo, a new policy, a suggestion, shrugging of shoulders, a raised eyebrow, etc. have different meaning and value, when associated with the context of work organization.

Perceptual Defense

Perceptual defense is closely related to the perceptual context. A person may establish a defense against some stimuli or situational events because they may be clashing with his personal values or culture or may be threatening, in nature. Perceptual defense plays a vital role in understanding relationships, especially relationships like those between the union and the management or the superior and the subordinate.

Research has supported the existence of a perceptual defense mechanism. Two of the classic studies, dealt with the identification of barriers that prevent people from perceiving personality-threatening words, and thresholds for recognizing critical and emotionally toned words. In another study, the researchers observed how people react to a perceptual defense that is activated in them when they come across a fact that is inconsistent with a preconceived notion. In this study, college students were presented with the word “intelligent” as a characteristic of a factory worker. This was contrary to their perception of factory workers and they formed perceptual defenses in the following ways.

- Denial – Many students refused to support the claim that factory workers were intelligent.
- Modification and distortion – One of the most widely used forms of defense is modification and distortion. The students tried to modify the given statement by linking the intelligence trait in workers with some other traits found in them, in such a way that the final conclusion complied with their own beliefs that workers lack intelligence. For example, according to some students, although the workers are intelligent, they lack in initiative and enthusiasm, which prevented them from rising above the others.
- Change in perception – Many students perceived the “intelligence” characteristic in a different way. For example, they said that the workers were witty and pleasing.
- Recognition but refusal to change – Some students recognized the conflict between the characteristic of intelligence attributed to workers and their own perception of workers. However, they attempted to justify their perception about workers by stating that their own experience does not support the fact that factory workers are intelligent.

Thus, the study suggested that people attempt to avoid registering those stimuli that conflict, threaten, or are unacceptable to them.

The results of some relevant studies pertaining to perceptual defense have been summarized below:

- People resist perceiving information which they believe would disturb their emotions. Therefore, emotionally disturbing information has a higher threshold for recognition.
- People substitute their original perceptions (caused by disturbing stimuli and information) with favorable perceptions to cope with the situation. For example, a manager may perceive that his workers are happy and satisfied though actually there may be discontent among the workers. Even if the workers express their discontentment by coming together, shouting slogans and protesting against the management, the manager may still continue to think that they are being influenced by some instigators and that things are not as serious as they appear to be.
- Although some information may actually arouse emotions in an individual, he may distort and direct the emotion elsewhere. For example, if a person is angry with his superior, he tries to vent out his anger on his wife or his son or a machine.

SOCIAL PERCEPTION

Social perception deals with how an individual perceives other individuals. It is also the study of how an individual gets to know other individuals. An understanding of social perception is necessary since it plays an important role in organizational behavior.

Research findings have shown that certain characteristics of the perceiver as well as the perceived play a role in influencing social perception. The following are the characteristics which influence the perceptions of an individual (perceiver):

1. If an individual understands his own personality well, it becomes easier for him or her to understand others accurately.
2. Personal characteristics of an individual may affect the way he perceives others. For instance, a person who is scheming and manipulative will perceive everyone else as being scheming and manipulative too.
3. An individual who has a high self-esteem is more likely to perceive favorable aspects in others as well.
4. How accurately an individual perceives others is based on not just a single skill but involves many other skills.

Apart from the characteristics of the perceiver, certain characteristics of the person being perceived also play a role in influencing social perception. These characteristics are:

1. The persons being perceived fall into various categories due to certain characteristic aspects associated with them. Two of these aspects that help categorize the persons being perceived are status of the individual and the role played by the individual in the organization or in the society.
2. The status of the person being perceived greatly influences the perception of the perceiver.
3. The way a person is perceived, is greatly influenced by the visible traits of the person. These visible traits may often tend to prejudice the perceiver.

An understanding of the characteristics of both, the perceiver and the perceived, helps managers to understand the vital role these characteristics play in determining the social perception of individuals as well as their resulting behavior both within and outside organizations. For example, suppose a manager, with a high self-esteem, is scheduled to meet a very pleasant mannered salesperson. The characteristics of the manager as well as the characteristics of the salesperson would be responsible for the manager forming a positive and favorable opinion about the salesperson. The opposite happens when a manager, with a low self-esteem, meets an arrogant salesperson.

In an organization, perceptions are constantly being made about each other by the members of the organization. Managers are constantly perceiving the employees while the employees are constantly perceiving the managers. Similarly, line and staff personnel are perceiving one another in their own way, and front-line personnel and customers too develop perceptions about one another. Although there are a number of factors that affect the process of social perception, the primary factors that affect social perception are related to psychological processes, such as attributions made by people, stereotyping and the halo effect. While the attribution theory explains the reasons or the cause for an individual's behavior, stereotyping and the halo effect are problems associated with social perception.

Attribution

The way in which people explain the cause for their own or others' behavior is referred to as attribution. The process of attribution helps individuals to make sense of one another's behavior and to draw conclusions about the factors that influence behavior. Generally, there are two types of attributions made by people – dispositional attributions and situational attributions. In dispositional attribution, a person's behavior is attributed to the internal factors that characterize the person such as the personality traits of the individual, his motivation or his ability. In situational attribution, on the other hand, a person's behavior is attributed to factors external to the person such as the equipment that he may be handling, or the social influence he may be subject to. Attribution theories are increasingly gaining importance at work places due to their role in motivation, performance appraisal and leadership.

The attribution theory of motivation has already been discussed in Chapter 7. Attribution is a process of searching for causal factors or attributes that help in interpretation of one's own as well as others' behavior. Attribution process influences how one evaluates others' performances. It helps determine the manner in which supervisors behave towards their subordinates. Attribution also helps determine one's attitude towards work and personal satisfaction with one's work. Perceptions and the consequent behavior of an individual depends on whether a person makes dispositional attributions or situational attributions. For example, suppose a sales executive has exceeded his sales target. But the sales manager's perception and behavior toward the sales executive will depend on what he perceives are the causal factors for the executive's performance. If the manager perceives that it is the subordinate's hard work that is responsible for his outstanding behavior, then his behavior towards the subordinate would be different from how he would behave if he attributes the outstanding performance to the company's recently launched promotional strategies (such as discount offers and free gifts).

Stereotyping

The term, stereotype, refers to the tendency of generalizing the characteristics of all the members of a group. When a perceiver judges some person based on his perception about the group to which the person belongs, it is known as stereotyping. A person resorts to stereotyping to simplify the process of managing innumerable and complex stimuli that are encountered on a continual basis. Stereotyping may attribute favorable or unfavorable traits to the person being perceived. For example, politicians have been stereotyped as being manipulative, corrupt, or having an insatiable greed for power. Women have been stereotyped as being sensitive, caring or patient. In most cases, a person is stereotyped because the perceiver is familiar only with the overall category or group to which the person belongs. However, as each person is unique, it will be unfair as well as inaccurate to stereotype him or her. For example, public servants are usually stereotyped as being corrupt and arrogant, although in reality there may be many public servants who maintain their integrity and are courteous in nature.

Generally, in organizations, stereotypes are based on gender, race, ethnicity, etc. It is often assumed that women do not prefer a promotional transfer due to possible dislocation from family, that men do not prefer to take care of children, that older employees do not have the aptitude to learn and acquire new skills, or that Asians are risk averse. People hold such perceptions though there may not be much evidence to supporting their perceptions. In many cases, the stereotyped perceptions are likely to be inaccurate – for example, there may be women who welcome promotional transfer or men who enjoy baby-sitting. Inaccurate stereotyping leads to problems of prejudiced or biased action. For example, if people from a certain tribe are stereotyped as lazy, and the management rejects a candidate who is actually sincere and hard-working just because he belongs to that group, it will be a case of biased action owing to stereotyping.

Stereotyping is widespread despite the fact that it may not involve any truth or that it may be irrelevant.

The Halo Effect

At times, people draw a general impression about an individual based on a single characteristic, such as intelligence, sociability, aggressiveness, etc. In stereotyping, perceptions are based on a certain category to which people belong to, while in the halo effect, perceptions are formed on the basis of a certain (dominant) trait. The halo effect is commonly seen in performance appraisals when the appraiser or rater commits an error in evaluating the performance of the appraisee on the basis of a single trait such as appearance, punctuality, cooperativeness, etc. A certain positive trait of a person may outweigh all other characteristics that have to be considered while evaluating performance or making a decision.

Research has shown that halo effect is a major problem that affects the accuracy of appraisals. Some of the research findings on halo effect are summarized below:

- Halo effect is a common error made by performance appraisers or raters.
- There are two sides or components to the halo effect – *true* and *illusory*.
- If an appraiser is impressed by a particular trait of a person, he tends to give a high rating to all other traits of that person. This tendency of the appraiser to make a general evaluation and give specific judgments on the basis of it, leads to an inflated correlation among rating parameters.
- Halo effect has negative consequences that ought to be avoided or eliminated.

Further researches made in this field showed that the halo effect is most likely to occur under conditions such as (a) the perceiver is not familiar with the traits or doesn't frequently encounter these traits, (b) the traits are ambiguous and cannot be clearly expressed in behavioral terms and (c) the traits have moral implications.

In a research study conducted to observe the influence of the halo effect on perception, the respondents were asked about their perception pertaining to two individuals who had identical personalities except for one trait. The trait 'warm' in the character list of one person was replaced by the trait 'cold' in the character list of the other person. This resulted in a significant difference in the perceptions of the respondents regarding both the individuals. Thus, one trait of a person dominated the perceptual process of the respondents.

Another study conducted in a company showed the role of halo effect in influencing the perceptions of employees in an organization. Despite being in losses, the company paid good wages and salaries to its employees, provided good working conditions, and there was minimum supervision of employees in the company. In spite of these favorable conditions, the employees were not satisfied with the company because of the fact that they were not secure in a loss-making company. Here one negative aspect of the company dominated all other positive aspects. One of the significant challenges faced by human resource managers in organizations is that of overcoming perceptual problems like stereotyping and the halo effect.

What has been termed as 'Social Perception' by Fred Luthans has been termed as 'Person Perception' by other behavioral Scientists, such as Stephen P. Robbins. In addition to stereotyping and the halo effect, Stephen Robbins has also discussed various other problems such as selective perception, contrast effects, and projection.

IMPRESSION MANAGEMENT

Impression management is sometimes referred to as “*self-presentation*.” It is the process by which people try to manage or control the perceptions formed by other people about themselves. Often, people like to present themselves in a socially desirable way and impress others. Exhibit 5.2 discusses the different impression management techniques used by people and their impact on the audience. Impression management is used by some people as a shortcut to achieve success in the organization. However, such attempts by subordinates to impress superiors can affect the validity of performance appraisal in organizations.

Exhibit 5.2

Impression Management

Impression management techniques are used by individuals for various purposes. They may be used to obtain approval, to command respect in society or to project self image and satisfy one's need for self esteem. They may also use it to obtain control over the environment. Some of the techniques extensively used for impression management, are listed below:

- Self promotion: It is a technique by which individuals attempt to project themselves as competent and effective so as to gain respect from others.
- Supplication: In this technique, people project themselves as weak and irresponsible to obtain the concern and attention of others.
- Exemplification: This technique involves people projecting themselves as ethical and socially responsible individuals.
- Intimidation: This technique is employed by people to project themselves as fierce and powerful in order to create fear among others.
- Ingratiation: This technique is used by people to project themselves in a manner that will make them likable.

An individual may select one or more of the above techniques, depending on the situation and its importance in achieving his goals.

Impression management techniques are avoided by individuals who believe that their behavior will subject them to sanctions from society or will cause them to lose their respect, if the projected image contradicts their image known to the public.

Not only individuals, but organizations also engage in impression management tactics. Organizations may use these techniques to establish their legitimacy and impress upon the shareholders.

In impression management techniques, people carefully control the information presented to the audience, and the audience often finds it difficult to identify the real characteristics of the person. People may even try to deceive the audience by presenting an image completely opposite to that of themselves.

As high self-monitors are good at manipulating their image, they are able to present different self images to different audiences. Extroverts usually attempt to project an image that conforms with the opinions of the audience, irrespective of their views on a particular issue.

Introverts, on the other hand, may resist any conformity and may expect the audience to accept the image they project of their self. If they believe that the audience did not get the desired impression, they will put vigorous efforts to ensure that they make the impression they want.

Research conducted on impression management has revealed that ingratiation has the most positive impact on perceptions in comparison to other techniques. Further, it was observed that self promotion often has a negative effect and while apology may have a positive effect on the audience.

*Adapted from “Impression Management”, Alinea group, 2003,
<<http://www.alineagroup.com/Impression%20Management.htm>>*

The Process of Impression Management

Like other cognitive processes, impression management also includes many conceptual dimensions. Many researches have been conducted on impression management to study its relation to aggression, attitude change, attributions, social facilitation and so on. However, behavioral scientists have recently identified two new components of impression management – *impression motivation* and *impression construction*. Impression motivation is particularly applicable in organizations where employees try to control the perceptions of their superiors about them. The extent to which an individual is motivated to manage his impression depends on the following factors:

- Relevance of these impressions in helping the individual attain his goals.
- The value of the goals to the individual.
- The discrepancy between the image the individual would like to create of himself in other's mind and the image he believes others already have about him.

The other important component of impression management is *impression construction*. It refers to the methods adopted by a person to create the specific impression that he wants. The impression may be related to various factors such as personal characteristics, attitudes, interests and values. Research studies in this field have indicated that there are five factors that are particularly relevant to the type of impressions people want to create – the self-concept, desired and undesired identity images, role constraints, the value of the target and the current social image of the individual. Though researchers have done considerable research in this field, they are unable to determine how people select a particular way to manage their impression on others, and how the above factors influence the process. For example, an employee can manage his impression on his boss in various ways. He may directly approach his superior and inform him that he may be given additional tasks and responsibilities, because he is competent and capable of performing them. Otherwise he may indirectly communicate his efficiency and competency to his boss by making statements such as, "I admire Bill Gates. He is a fiercely competitive man." But, researchers have been unable to determine which method a particular employee would adopt or prefer to adopt, and what makes him adopt that method.

Impression Management Strategies Used by Employees

The two prime strategies of impression management that employees use are demotion-preventative strategy and promotion-enhancing strategy.

Demotion-preventative strategy

It is used when employees want to minimize their responsibilities for a negative outcome or to remain out of trouble. The characteristics of demotion-preventative strategies are:

Accounts

The employee attempts to justify the occurrence of a negative outcome by giving excuses. For example, an employee may tell his boss that he could not complete his task because of bad health or that he helped his colleague complete a priority task.

Apologies

When an employee is unable to come up with any excuse to support his action, he will seek to apologize to his superior. This will give an impression to the superior that the employee regrets the occurrence of the negative outcome and would not repeat it in future.

Disassociation

When employees are not directly responsible for a negative outcome, they may try to disassociate themselves from those who were responsible for the outcome and thus from the responsibility for the problem. This especially holds good if the employee was a member of the team responsible for making the wrong decision. The employee may explain to his superior that, despite his efforts to do the right thing, his opinion was overruled.

Promotion-enhancing strategy

It is used when employees want to maximize their responsibility for a positive outcome or improve their image. The characteristics of promotion-enhancing strategies are:

Entitlements

Sometimes employees may perceive that due credit has not been given to them for the positive outcome and may try to make this known to their boss through formal or informal channels.

Enhancements

Sometimes, the efforts of an employee may result in an outcome that delivers much more profits than were expected. Apart from this, the outcome may also have scope for improved profits in the future. Although an employee may have been rewarded for a positive outcome, he may perceive that his achievement deserved more than what he received. For example, an employee may have been assigned a task to improve the design of a product so that sales would increase by 25% and may have been given a deadline of six months to complete the project within six months. The employee may have completed the project in two months and the sales may have increased by 75%. In such a case, the employee may believe that he deserved a promotion, rather than just an increment and may convey his expectations to the management.

Obstacle disclosures

Under this strategy, employees try to impress upon the boss by making him aware of the personal (ill-health or family) and organizational (lack of cooperation or scarcity of resources) obstacles they had to overcome, to achieve the outcome. They try to make their boss perceive that they deserve more credit because they achieved a positive outcome despite facing many obstacles.

Association

As the saying goes, 'A man is known by the company he keeps.' An employee tries to be seen with the right people at the right time. By doing so, he tries to convey the impression that he has good contacts and that he is associated with successful projects.

All the strategies stated above help an employee to develop a positive perception or impression in others about himself. It is likely that the motivation behind an employee's attempts to develop a positive perception or impression about himself is to obtain more political power, promotions, or monetary rewards. However, it is also likely that this may not be the case. Impression management is used in organizations either to maintain good relationships with customers or to rise in the organizational hierarchy. During the evaluation of employees, it is important for managers to consider whether people are deliberately manipulating perceptions or whether they are projecting their real self. Employees should also ensure that they do not try to portray an incorrect picture of themselves. They should always project the best image of themselves but not at the cost of their identity and integrity. Doing so can lead to personality problems in future.

LINKAGE BETWEEN PERCEPTION AND INDIVIDUAL DECISION-MAKING

Decision-making forms an important and is an ongoing activity in organizations. Managers at all levels are always involved in making some decision or the other. While managers at the top level are involved in making strategic decisions for the organization (determining organizational goals, deciding what products or services to offer to the customers, deciding about financing of operations, and determining the location of a new unit), middle and lower-level managers are involved in decisions pertaining to production schedules, recruitment of new employees, etc. However, it should be noted that making decisions is not just the prerogative of managers. Even non-managerial employees in organizations are constantly involved in making decisions pertaining to their work. These may include decisions such as whether to report for work or not, whether to bring a particular problem to the notice of the manager or not, how much effort is required to accomplish the task, etc. Moreover, many organizations today are subscribing to the philosophy of empowering non-managerial employees, by giving them the authority to make job-related decisions which, earlier, only managers were allowed to do. Decision-making by individuals has, therefore, become an important part of the study of organizational behavior. And, perception of individuals plays a major role in individual decision-making, by influencing the decisions they make and the quality of their decisions.

Decision-making by an individual is in response to a problem. For example, when there is a fall in sales, the manager of the company will need to evaluate the problem and take a decision as to how to solve it. The manager will consider various options to tackle the problem. He may consider placing greater emphasis on quality control of the products, to increase the incentives given to the distributors, introduce new technology to improve product quality or to increase the advertising expenditure of the company in order to increase the sales of its products. The need for decision-making arises when there is a discrepancy between the *current* state and the *desired* state and it requires the decision-maker to consider various alternative courses of action and to decide upon the best option to solve the problem. However, what appears to be a problem to one person may appear to be a satisfactory state of affairs to another person. Hence, the awareness of the existence of a problem and the realization of the need to make a decision to solve the problem are matters of perception.

SUMMARY

Perception can be defined as a process by which individuals select, organize and interpret their sensory impressions, so as to give meaning to their environment. Perception is a complex cognitive process and differs from person to person. People's behavior is influenced by their perception of reality, rather than the actual reality.

In comparison to sensation, perception is a much broader concept. Sensation involves simply receiving stimuli through sensory organs, whereas the process of perception involves receiving raw data from the senses and then filtering, modifying or transforming the data completely through the process of cognition. The processes of perception consist of various subprocesses such as confrontation, registration, interpretation and feedback.

Though people are continuously exposed to numerous stimuli, they tend to select only a few of them. The principle of perceptual selectivity seeks to explain how, and why people select only a few stimuli out of the many stimuli they keep encountering at any given time. Perceptual selectivity is affected by various internal set factors and external attention factors. Some of the internal set factors are learning, motivation and personality. External attention factors include environmental influences like intensity, size, contrast, repetition, motion, novelty and familiarity.

Sometimes, different individuals may perceive the same thing differently. Differences may arise due to factors associated with the perceiver (attitudes, motives, expectations, etc.) or the situation (time, place, etc.) or the target (novelty, background, sounds, size, etc.).

Perceptual organization focuses on the subsequent activities in the perceptual process after the information from the situation is received. The various principles of perceptual organization consist of figure-ground, perceptual grouping, perceptual constancy, perceptual context and perceptual defense. The principle of figure-ground states that perceived objects stand out from their general background. According to the principle of perceptual grouping, people tend to group several stimuli together into a recognizable pattern. People usually tend to group stimuli together on the basis of closure, continuity, proximity or similarity. Even if a person is not able to obtain sufficient information to arrive at a decision, he tries to close the gap by grouping the available information with the information from his past experience. This is called the principle of closure. Sometimes people tend to think only in a particular direction. This is called principle of continuity. It may also happen that people may group the stimuli based on their proximity and similarity. According to principle of perceptual constancy, there are some things which are perceived alike by all people, irrespective of the factors influencing perception. It provides a person a sense of stability in this changing world. Perceptual context provides meaning and value to stimuli with respect to a particular context. According to the principle of perceptual defense, people tend to resist information that is emotionally disturbing or clashes with their personal convictions or cultural values.

Social perception is concerned with how individuals perceive one another. The primary factors that lead to social perception are the psychological processes that lead to attribution, stereotyping and halo effect. Attribution refers to the way in which people explain the cause of their own behavior or others' behavior. If a person's behavior can be attributed to internal factors such as personality traits, motivation or ability, then it is called dispositional attribution. If a person's behavior is attributed to external factors, such as a machine or being under the influence of others, then it is referred to as situational attribution.

Stereotyping and the halo effect are common problems in social perception. When an individual is judged based on the perception about the group to which he belongs, it is termed as stereotyping. When people draw a general impression about an individual based on a single characteristic, it is known as the halo effect. The process by which people try to manage or control the perceptions other people form of them is called impression management. It is used by employees in organizations to favorably impress their boss and move up the hierarchy.

Perceptions have a crucial role in individual decision-making in organizations, by affecting both the decisions as well as the quality of the decision. The decision taken by an individual is a complex process involving the intake of data, screening, processing, and interpreting and evaluating of data, based on the perception of the individual.

Chapter 6

Personality and Attitudes

In this chapter we will discuss:

- Meaning of Personality
- Personality Determinants
- Other Personality Attributes that Influence Organizational Behavior
- The Development of Personality and Socialization
- Matching Personalities with Jobs
- Beliefs and Values
- Concept of Attitudes
- Attitudes and Consistency
- Cognitive Dissonance Theory

Some people are silent and submissive while others are sociable and aggressive; some are punctual and hardworking whereas some lack punctuality and are lazy; some are assertive and optimistic while some are shy and pessimistic. The personalities and attitudes of people are complex and difficult to interpret. To complicate matters further, there is no agreement among theorists regarding the definition of personality. They define personality from a number of different perspectives.

An employee's personality together with his attitude determines his behavior and job performance in an organization. Thus, the study of personality assumes significance in organizations. In this chapter, we will discuss the concepts of personality and attitude and their influence on organizational behavior.

MEANING OF PERSONALITY

The physical characteristics of a person are purely hereditary, but the psychological characteristics of a person are partly hereditary and partly conditioned by the environment. In an organization, the psychological characteristics of a person are of more concern than his physical characteristics. The way a person behaves and influences the behavior of others and the way in which he reacts to a particular situation determine how well he fits into an organization. According to psychologists, personality is a dynamic concept that describes the growth and development of a person's psyche. They argue that the personality of a person cannot be summed up in simple words such as polite, honest, friendly or intelligent. Personality should describe a person from a holistic point of view and not just look at individual aspects of his character.

Personality Traits

Personality can be defined as the sum total of ways in which an individual interacts with people and reacts to situations. Personality can also be defined as the traits exhibited by a person during these interactions. These personality traits are very significant to the study of organizational behavior. Research has indicated that there are five important traits that form the basis of an individual's total personality and affect his performance at work.

Extraversion

This refers to the extent to which a person is comfortable with other people. People who have a high degree of extraversion are sociable, talkative and friendly. They are extroverts and tend to develop new relationships easily. People who are low in extraversion are introverts. They prefer to be by themselves instead of talking to others. Introverts are reluctant to interact with other people and avoid developing new relationships. An individual's degree of extraversion has an influence on his job preference as well as his job performance. Individuals who are high in extraversion tend to perform better than introverts in certain jobs. In addition, they tend to prefer jobs that require them to interact with a number of different people (for example, marketing, public relations, human resources, etc.).

Agreeableness

This refers to the extent to which a person subjugates his interests for the sake of the group. People who are very agreeable give importance to maintaining harmony and do not insist that others agree with what they say or follow their suggestions. Agreeable people are good-natured, cooperative and trusting (trust others).

People who are less agreeable give more importance to their own needs, opinions and values than those of others. From an organization's perspective, highly agreeable people are likely to develop good working relationships with all organizational constituents (co-workers, subordinates, superiors, customers, and suppliers) while less agreeable people are unlikely to develop good relationships.

Conscientiousness

This trait refers to the extent to which a person is responsible and achievement oriented. People who are very conscientious limit the number of goals they set for themselves, devote their time and energy to those goals and often succeed in achieving their goals. They are responsible, dependable, persistent and highly achievement-oriented. People who are less conscientious set too many goals for themselves and often fail to achieve any of them. People who are very conscientious are more organized, responsible and self-disciplined and perform better in their jobs than those who not so conscientious.

Emotional stability

This trait determines an individual's ability to withstand stress. Individuals who have "positive" emotional stability feel emotionally secure and tend to be calm. They are enthusiastic about their work and are capable of withstanding the tensions and pressures of a job. People who have "negative" emotional stability are emotionally insecure and experience feelings of anxiety, nervousness and depression. They are unable to withstand job pressures.

Openness to experience

This personality trait refers to an individuals' range of interests and indicates how innovative or how rigid he is in his beliefs. An individual with a high level of openness tends to be creative and has a wide range of interests. Such individuals are open to learning and make good workers. Individuals who have a low level of openness, in contrast, have a narrow range of interests, rigid mindsets and tend to be less curious and less willing to accept new ideas. Such individuals make poor workers.

Apart from personality traits, 'self-concept' and 'person-situation interaction' also play a significant role in determining the performance of an individual.

The Self-concept: Self-esteem and Self-efficacy

'Self' refers to the personality of an individual as viewed by that person himself. According to personality theory, "self-concept" refers to the efforts made by an individual to understand his own self (Refer Exhibit 6.1). Self-concept is closely related to the concepts of self-esteem and self-efficacy. Traditionally, more attention was given to the concept of self-esteem than to the concept of self-efficacy. However, recently, the concept of self-efficacy has begun to attract great attention in the field of organizational behavior.

Self-esteem refers to the self-perceived competence and self-image of people. Behavioral scientists have conducted extensive research on the role of self-esteem in influencing organizational behavior. These studies have shown that self-esteem has a moderating influence on employees' emotional and behavioral responses to various situations and the stress experienced by them. These studies have also proved that employees with high self-esteem perceive themselves as unique, competent, secure and empowered. That is, they possess the ability to positively influence situational factors in order to accomplish the assigned tasks. Moreover, such people are able to confidently and freely interact with people around them.

Exhibit 6.1

Self-Concept

Many researchers in the field of OB have attempted to discover the ways in which people develop self-concepts. Most of them focused on the early stage of the life cycle of individuals during which they learnt about their roles and adopted them. Their research revealed that middle-aged adults approaching the age of retirement lose interest in their roles. However, a recent study conducted in the US disproved their findings.

This new research studied middle-aged people (about to retire) with respect to their various roles as employee, friend, neighbor, religious person, volunteer (social worker), spouse, parent, son/daughter and sibling. The participants in the research were surveyed to find out the importance they gave to each of the above roles, the role they felt was central (most important) to their lives, and the extent to which they achieved a balance among these roles. Most of the respondents gave importance to their family roles. Men gave more importance to their role as spouse while women gave more importance to their role as parent.

People who considered the role of worker central to their lives could not define their role as a spouse clearly. This implies that high work centrality has a negative impact on a person's role as a spouse. According to the study, high work centrality also had a negative impact on a person's role as a parent. Giving importance to work does not affect these roles, but making work central to one's life has a negative effect on other roles.

People who felt that the role of worker was central to their lives defined their family role as "being a good provider" or "contributing to the economic well-being of the family." This indicates that they associated each role with financial or extrinsic factors. Hence, they were less than satisfied with any of their roles. Spouse or parent centrality, however, did not have a negative effect on worker role satisfaction.

The extent to which middle-aged people were able to achieve a balance between their roles was found by finding the ratio between the number of roles important to them (overall breadth of self-concept) and the number of roles actually held by them. Men obtained a score of 0.69 while women obtained a score of 0.74. This indicates that middle-aged working people had well-balanced self-concepts, i.e., they understood their multiple roles and responsibilities and performed them effectively.

Research is currently being conducted to find out whether middle-aged people who attribute greater centrality to worker roles would experience greater stress than others (who attribute centrality to other roles) in adapting to post-retirement life.

Adapted from Donald C.Reitzes, Elizabeth J.Mutran, "Self-Concept as the Organization of Roles, Importance, Centrality and Balance," The Sociological Quarterly, Volume 43, no. 4, 2002, p 647-667.

Self-efficacy refers to a person's perception of his ability to cope with different situations as they arise. People with high self-efficacy have the capability and the required confidence to rise to the occasion. Though self-efficacy is closely related to self-esteem., there are certain differences. One major difference between the two concepts is that self-esteem is a generalized trait (it is present in all situations) whereas self-efficacy is situation-specific. The self-efficacy of a person can be measured along three dimensions – level, strength and generality. 'Level' refers to the number of tasks a person can effectively perform, 'strength' refers to how firmly a person believes he is capable of performing a task and 'generality' refers to the extent to which the self-efficacy expectations of an individual can be generalized (instead of varying from situation to situation). Researches found that self-efficacy and employee performance are highly correlated. The relationship between self-efficacy and performance is cyclical. Self-efficacy affects performance which in turn affects self-efficacy. The role of self-efficacy is vital in helping an individual cope with tough jobs, make a career

choice, learn and achieve something, and adapt to new technology. Organizations can enhance the self-efficacy of employees by training them.

Person-Situation Interaction

Person-situation interaction enhances our understanding of human personality. Although there may be very small differences among the situations, a person finds himself in, these differences may appear as quite large differences when filtered by a person's cognitive mediating process. A person may respond to these situations in various ways. Thus, people do not act in a similar manner in all situations, but exhibit different behavioral responses in different situations. Further, two different people may exhibit different behaviors, in similar situations. (The socialization process, which will be discussed later in this chapter, explains interaction between person and organization.)

In short, we can say that personality is a diverse and complex cognitive process. It refers to the entire person, and includes the person's external appearance, traits, self-concept and situational interactions.

PERSONALITY DETERMINANTS

Studies in personality research have come to the conclusion that personality is influenced by both heredity and environment. There is also a third factor that influences an individual's personality, that is, the situation. Let's discuss each of these factors in more detail.

Heredity

The biological, physiological or psychological characteristics that an individual is born with constitute heredity. According to the heredity approach to personality, an individual's personality is determined by the type of genes he inherits from his parents. Some of the characteristics that an individual may wholly or partially inherit from either of his parents are physical stature, facial features, skin and hair color, temperament, muscle composition and reflexes, energy levels and biological rhythms.

Of the several groups involved in personality research, the results obtained by three teams showed that heredity plays a significant role in influencing an individual's personality. The first team based its study on the genetic reasons underlying human behavior and temperament among young children, the second team based its study on twins who were separated at birth, and the third team studied the consistency in job satisfaction over time and across situations.

The first team's study (based on young children) indicated that traits such as shyness and fear are inherited at the time of birth. The researchers, therefore concluded that some traits may have the same genetic code and may be genetically transmitted along with physical characteristics such as height and hair color.

The second team conducted studies on 100 identical twins who were separated at birth and brought up in different places. If A1 and A2 were one pair of twins and B1 and B2 were another pair of twins, A1 and B1 were brought up together in one place while A2 and B2 were brought up together in a different place. Although researchers expected to find no similarities in twins who had been reared apart, they were surprised to find that despite being brought up separately, the personalities of the individuals who comprised the same pair of twins had quite a few similarities. They also found that the personality of A1 was more similar to that of A2 than B1. Researchers have also found that most of the differences that existed between twins separated at birth were associated with

their genetic makeup. The researchers found that 50 percent of differences in personality and 30 percent of differences in occupational and leisure interests can be attributed to genetic factors.

The third team conducted studies on individual job satisfaction. Researchers found that an individual's job satisfaction tends to be stable over time. They observed that an individual's level of satisfaction with his work was relatively stable during his lifetime though he changed many jobs and employers. This indicates that job satisfaction is determined by the inherent characteristics of a person rather than external environmental factors.

If heredity alone influenced the personality characteristics of an individual, then it would be impossible to alter an individual's personality. Research has shown that people can change over a period of time. For example, a stubborn person can become a cooperating employee in an organization. Such research substantiates the claim that personality characteristics are not determined by heredity alone.

Environment

According to the environment approach, the environment that an individual is exposed to plays a major role in shaping his personality. Environmental factors include the culture of the society in which an individual is brought up, the norms set by the parents, teachers and other social groups with which the individual interacts, and other situations and experiences he undergoes in his life.

Norms, attitudes and values are specific to a culture, remain consistent over time and pass on from one generation to another. For example, American culture encourages industriousness, competition, independence and achievement. As a result, Americans are ambitious and aggressive. Other cultures (for example, Indian culture) encourage group efforts, cooperation, priority to family over work, importance to religion etc. People brought up in such cultures may be relatively less aggressive and ambitious.

After considering arguments that claim either heredity or the environment to be the primary determinant of personality, it can be stated that both heredity as well as environment are important in shaping the personality of an individual. Heredity defines the boundaries of an individual, but the individual can realize his full potential only when he adapts to the demands and requirements of the environment. The complementary nature of heredity and environment can be understood better by recalling the relationship between seed, land and crop. A poor quality seed (heredity) cultivated on a fertile land (environment) might yield a good crop (outcome). On the other hand, a good quality seed cultivated in a barren land may also yield a good crop.

Situation

Apart from heredity and environment, the situation in which an individual is can also influence his personality. An individual's personality may not change entirely with a particular situation. However, different situations bring out different aspects of an individual's personality. Hence, a person's personality cannot be judged by observing his behavior in any one particular situation.

Research methods have not progressed to the extent that situations can be classified and studied. However, it is clear that certain situations are more significant than others in shaping personality. For instance, certain situations impose more constraints on behavior than others do. For example, a person will attempt to control his behavior in a meeting with his boss or during a prayer meeting in a religious place, but during a picnic with family members or friends he will be relaxed and make minimum efforts to control his behavior.

OTHER PERSONALITY ATTRIBUTES THAT INFLUENCE ORGANIZATIONAL BEHAVIOR

In addition to the personality determinants, described above there are some other personality attributes that help predict the behavior of individuals in organizations. The first attribute is concerned with one's perception of the locus of control in a person's life. The other attributes are Machiavellianism, self-esteem, self-monitoring, propensity for risk taking, and Type A and Type B personality. The various attributes that predict the behavior of individuals in organizations are discussed below.

Locus of Control

The locus of control refers to an individual's perception of what controls his or her fate. It refers to the degree to which people believe that they can control their fate or any situation. Some people believe that they are masters of their own fate while some believe that their fate is controlled by luck, chance or external forces. The former, known as internals, attribute an internal locus of control to organizational outcomes. The latter, known as externals, attribute an external locus of control to organizational outcomes.

Research conducted on internals and externals revealed some interesting facts. It was found that externals were dissatisfied with their jobs, showed little commitment to work and were frequently absent from work. Internals, however, were committed to their work, had a low rate of absenteeism, and were highly satisfied with their job. Externals perceived themselves as having minimal control over organizational outcomes and failed to make attempts to improve the outcome. Internals, however, believed that they themselves could shape their future. They attributed their success or failure to their internal abilities, not to external factors. Externals who were unable to go up the career ladder in their organizations blamed the management and fate for their failure; however, internals attributed their failure to their own actions and tried to learn new skills to improve their prospects for promotion or quit their jobs to look for better ones.

The locus of control of individuals also has an impact on their absenteeism. Internals perceive themselves to be responsible for their health and take good care of their health. As a result, incidences of sickness or absenteeism are less among internals. Externals, however, do not consider themselves responsible for their health and attribute ill-health to external forces. They fail to take steps to avoid ill-health. As a result, incidences of sickness and absenteeism are higher among externals. From an organization's perspective, internals are more regular and more productive than externals.

Internals are highly achievement-oriented and search extensively for the required information before making a decision or taking any action. They make considerable efforts to control the environment in which they work and turn situations in their favor. Internals are capable of complex information processing and learning, and perform effectively in managerial jobs that demand such skills. Externals, however, are reluctant to take the initiative and prefer to be directed. Therefore, externals are better suited for jobs involving routine and structured tasks and jobs in which instructions are given by superiors.

Machiavellianism

Machiavellianism (Mach) refers to the degree to which an individual is practical in his approach, maintains an emotional distance from others, and believes that ends justify the means. Research has revealed that individuals who score high on Mach are good at manipulating others and try to win by any means. They do not need to be persuaded to work but instead are able to successfully persuade others. People having a high Mach perform well in situations that involve face-to-face meetings. They are especially productive in jobs that require the use of bargaining (persuasion) skills and in jobs that offer substantial rewards for the achievement of goals.

Self-esteem

The degree of liking an individual has for himself is referred to as self-esteem. Research has shown that people with high self-esteem are generally confident that they possess the abilities required for succeeding at work. Such people prefer to take up unconventional or challenging jobs. Individuals with low self-esteem lack confidence, look for approval from others, and are not likely to take a stand which opposes others' views. Thus, they seek lower-level jobs. People who have high self-esteem do not care about pleasing others and fail to be influenced by external factors. They are not afraid of taking unpopular stands. People with high self-esteem derive more satisfaction from their jobs than people with low self-esteem.

Self-monitoring

Self-monitoring refers to the ability of an individual to adapt his behavior to the demands of the situation. High self-monitors are capable of changing their behavior according to the situation. They can play multiple and even contradictory roles (Refer Exhibit 6.2). The way they behave with their employees, boss, clients and suppliers is entirely different in each case. They make successful managers and tend to get promoted faster than others. In contrast, low self-monitors find it difficult to disguise their true feelings, emotions and reactions and cannot adapt quickly to situations. Their behavior is consistent with the way they feel. Low self-monitors do not advance as far in their careers as high self-monitors.

Risk taking

This refers to the extent to which an individual is prepared to take risks. People who are highly risk-taking in their behavior make decisions quickly without searching for much information. Risk-averse people do not make decisions in a hurry and gather a lot of information before making any decision. However, research has indicated that the accuracy of decisions made by both risk-taking and risk-averse people is almost the same.

In organizations, the suitability of a person's risk-taking or risk-averse behavior depends on the duties and responsibilities of his job. For example, the job of a foreign currency trader requires individuals with high risk-taking propensity, whereas the job of a clerk or that of a typist requires individuals with low risk-taking propensity.

Exhibit 6.2

Multiple Roles of the Manager

As a manager, an individual has to play several roles such as a specialist, supervisor, leader, team member, assistant to the boss, representative, an organization politician, corporate citizen and head of a family.

Many employees are promoted primarily because of their excellent performance at work. Since such people derive satisfaction from their work, many of them continue with their work even after being promoted to managerial position. For example, software engineers promoted to managerial positions may still like to write programs, i.e., they like to continue in their previous role as specialists. But because they are in the position of manager, they have to supervise the work of their subordinates.

A manager is responsible for the productivity of his subordinates. He has to plan or approve the plans related to various projects; he has to provide the right work environment, required resources and able guidance to his employees; he has to take control measures whenever there is any deviation from the planned performance; and at the end, he has to show concrete results to his superiors. In the process, he has to act as a leader. He has to train, develop and motivate the employees as a leader, apart from planning, organizing and controlling the activities in the organization as a manager. A manager thus has to switch between the roles of a leader and a manager, depending on the situation. If employees are discouraged and demotivated with the massive targets set by the organization, the manager has to act as a leader and create a positive attitude and motivate them to put all their energy and efforts in achieving targets (as a leader). If the employees report any technical problem in the course of their work, the manager should be able to resolve the problem using his knowledge and experience.

A manager has to perform a double role as a team leader and a team player. A manager is expected to lead his team of subordinates as well as cooperate with his fellow managers (other managers at the same level in the organization) and be a team player. In organizations, generally, different departments share organizational resources. Sometimes they may have to compete for scarce resources. Thus, for a manager, cooperation with another manager could mean diminishing his chances of accomplishing his own department's goals. However, a manager has to accept the conflicting roles imposed by the organization – competing and cooperating with the managers of other units.

Apart from carrying out his own functions, a manager is expected to help his superior perform his functions. Top managers rely on their immediate subordinates to provide them the necessary information. Some managers may get closer to their superiors by offering them more assistance than others in carrying out their responsibilities. This may often result in their alienation from fellow managers, though they may be rewarded by a promotion later. However, if the superior leaves the organization before appraisal period, the boss's assistant will be the loser.

A manager is also expected to play the role of a representative. Though he is primarily a representative of the management for his employees, sometimes he may have to represent his employees before the top management. This may be necessary when the top management has taken a major policy decision that has a negative impact on the work lives of employees.

A manager also needs to play the role of a politician. He has to understand who in the organization has power and how decisions are made. This will help him approach the right person for obtaining resources, solving work-related problems, and accomplishing the goals of his unit or department. If a manager fails to understand the presence of political maneuvering in organizations or keeps himself away from it completely, he will not be able to achieve his unit's goals and reach higher levels of management.

A manager should also participate in community programs and use the contacts developed in the process to enhance business opportunities for the organization. However, he has to ensure that he does not spend more time in community activities than organizational activities.

A manager should devote some time to his family members and do justice to his role as husband and father (or mother). His family life should not deteriorate because of his/her pre-occupation with organizational responsibilities.

Hence, a manager has to use his time and energy in the most efficient way among these varied roles to be a successful manager.

Adapted from Edmond H. Curcuro and James H. Healey, "The Multiple Roles of the Manager," Business Horizons, August 1972.

Type A Personality

Individuals who strive continuously to achieve more things in less time, even in the face of opposition, are said to have a Type A personality. Individuals with Type A personality are believed to be ambitious and achievement-oriented. Some of the characteristics of people with Type A personalities are given below:

- They try to be fast in everything they do, whether it is eating, talking, walking, etc.
- The pace at which things generally happen upsets them.
- They try to be involved in more than one thing at a time.
- They are always busy and find themselves unable to cope with leisure time.
- They emphasize numbers and quantity and measure their success in quantitative terms (e.g. amount of output produced, number of products sold, etc.)

In stark contrast to Type A individuals are Type B individuals. These individuals (Type B) are not obsessed with the desire to achieve too many things within a short span of time. The characteristics of Type B personalities are described below:

- They do not experience a sense of urgency when carrying out tasks and do not get upset or impatient if the tasks are not accomplished within the specified time.
- They do not consider it necessary to reveal or discuss their achievements unless the situation demands it.
- They try to make the best use of their leisure time and relax without any feeling of guilt.

These characteristics of Type A and Type B individuals lead to specific behavioral outcomes. Type A individuals set ambitious deadlines for themselves and work under continuous time pressure. Thus, these individuals constantly experience moderate to high levels of stress. Since Type A managers emphasize quantity rather than quality, they sometimes end up doing a hasty job that lacks quality. In addition, they tend to rely on past experience to solve problems and do not feel the need to be innovative in developing solutions to new problems. Their emphasis on speed prevents them from spending too much time on any problem. This causes them to make poor decisions. Since Type A individuals are hardworking by nature, they are suitable for jobs that call for continuous hard work and struggle such as the job of a salesperson or a business development executive. Type B individuals, however, are suitable for the top management positions in an organization since they tend to be wise, tactful and creative in making decisions.

THE DEVELOPMENT OF PERSONALITY AND SOCIALIZATION

The development of the personality of an individual is influenced by various factors such as heredity, environment, maturation, and learning. While personality theorists agree that human personality development takes place in various physiological and psychological stages, they disagree about the exact stages and the type of development that takes place at each stage. Many of them argue that there are no clear-cut stages in the personality development process. They believe that personality development is a continuous process and that the level of development depends mainly on the learning opportunities available. The theories proposed by Levinson, Hall and Argyris, which support the concept of stages in personality development, are widely used to understand OB.

Levinson's Theory of Adult Life Stages

Daniel Levinson proposed that the personality development of an individual progresses with age. This theory was different from other popular theories of the time which held that personality development is associated with events such as marriage, parenthood, and retirement. Initially, Levinson believed that an individual's development took place uniformly throughout the adult years. However, he later theorized that the years of uniform progress are punctuated by (four) periods of stability during which no development takes place.

According to Levinson's theory, the four periods of stability occur between the following ages:

1. Twenty-two to twenty-eight (during which an individual steps into the adult stage)
2. Thirty-three to forty (during which an individual is in the process of settling down)
3. Forty-five to fifty (during which an individual enters middle adulthood)
4. Fifty-five to sixty (a stage where middle adulthood terminates and an individual approaches old age.)

The four transitional periods identified by Levinson were:

1. Age-thirty transition (takes place between twenty-eight and thirty-three years).
2. Mid-life transition (takes place between forty and forty-five years).
3. Age-fifty transition (takes place between the fifty and fifty-five years).
4. Late adult transition (takes place between sixty and sixty-five years).

Further, according to Levinson, the maximum development in one's personality takes place during mid-life transition. He argued that an individual's attitude towards work undergoes tremendous change during periods of transition rather than during periods of stability. However, there is no evidence to prove these postulates.

Since Levinson's theory was not able to explain the vast individual differences (in personality) among people of the same age, he redefined the stages as "eras" – early adult, mid-life and late adult – each of which included a transition-in period, a period of stability and a transition-out period. While Levinson had previously assumed that periods of stability and mobility characterized entire stages during the development of an individual's personality, he later modified his approach to suggest that every stage of an individual's lifecycle is characterized by an interplay of mobility and stability.

Hall's Career Stage Model

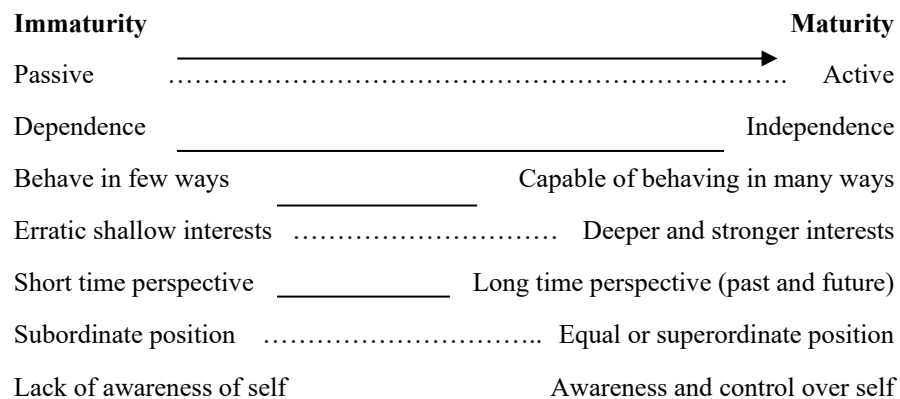
Hall, another popular personality theorist, blended Levinson's theory with other adult stage theories to develop a model for career stages. The model suggests that an

individual goes through four stages during his career – *exploration*, *establishment*, *maintenance* and *decline*. In the *exploration* stage, the individual seeks an identity for himself, attempts to understand himself and his personality, and tries out various roles in his career. At this stage, the employee is relatively unstable in his career and less productive as he keeps switching between various jobs in search of the right one. In the second stage, the establishment stage, the employee tries to settle down in his job and interacts with co-workers to develop a good relationship with them. The productivity of a person increases during this stage. In the third stage, the maintenance stage, the productivity of an employee reaches its peak and he feels the need to contribute something to the next generation. He may even act as mentor to his subordinates. At this stage, the productivity of some people may increase further, while for some the productivity may remain stagnant. The last stage in the career of an individual is the decline stage. In this stage, the productivity of a person starts declining. In this stage, the individual evaluates his life and career and tries to convince himself that he made the right decisions in his life. The decline stage may undergo drastic changes in the years to come due to changes in the mandatory retirement laws, advances in medical treatment and society's expectations from the older generation ("gray power").

Argyris' Immaturity to Maturity Theory

Chris Argyris, a famous organizational behaviorist, proposed that the degree of development of an individual's personality can be explained in seven dimensions (Refer Figure 6.1). He also proposed that just as a human being develops from an infant to an adult, human personality development too takes place along a continuum (instead of stages) from immaturity to maturity. Moreover, Argyris pointed out that it is not essential that all individuals exhibit all the seven characteristics or personality dimensions on reaching the 'mature' end of the continuum. According to Argyris,

Figure 6.1: The Argyris Immaturity-Maturity Continuum



Source: http://www.accel-team.com/motivation/chris_argyris_02.html

- The seven dimensions reflect only one aspect of an individual's personality. The personality of an individual also depends on other factors such as his perception, self-concept and his ability to adapt and adjust.
- As an individual progresses from infancy to adulthood along the continuum, there is continual change in the level of development along different dimensions.
- The model can only measure and describe the development of an individual's personality but cannot predict any specific behavior of the individual.
- The latent characteristics of personality, which form the basis of the seven dimensions may be quite different from the externally visible behavior of people.

Argyris developed the model to study and analyze organizational behavior. According to Argyris, the personalities of employees in an organization are at the mature end of the continuum. However, formal organizations fail to consider their employees as mature and continue to give them passive roles. The employees are not given any autonomy and, most of the times, the expression of employees' abilities is suppressed in formal organizations. Since formal organizations make employees remain in positions of passivity instead of allowing them to be participative, mature organizational members feel frustrated. This sense of frustration may lead to the opposition of the rules and regulations imposed on them by the organization. The underlying cause of conflict in organizations is the basic incongruity between the needs of a mature personality and the nature of the formal organization. This incongruity premise forms the basis on which the concept of person-organizational structure interaction has been developed. Behavioral scientists are also attempting to match personality characteristics of individuals with organizational requirements to explain the job performance and work-attitudes of employees.

The Socialization Process

The process through which an individual's personality is influenced by his interaction with certain persons, groups and society at large is referred to as the socialization process. The socialization process is not confined to a person's early childhood or a particular age, but is a continuous process that goes on throughout one's life. The socialization of a person begins with his initial contact with his mother during infancy. Later, he interacts with other family members, close relatives, family friends, and social groups (comprising peers, friends and colleagues) who influence his personality.

Edgar Schein made significant contributions to the study of the socialization process. Schein pointed out that the organization in which an individual works also contributes to socialization. Socialization has a major impact on the behavior of employees in organizations. Therefore, it is important to analyze and control the socialization forces in an organization. Different organizations use different techniques for the purpose of socialization of a new employee. All these socialization techniques help newcomers adjust to the organization. Socialization helps in reducing role conflict and increasing job satisfaction and commitment.

According to Schein, the socialization process in an organization is mostly confined to learning the prevailing values, norms and behavioral patterns. Some of the characteristics of the organizational socialization of employees are:

- It brings about a change in the attitude, values and behavior of an individual so that they do not contradict organizational values.
- The process continues for an extended period of time.
- It helps the new employee adjust to new jobs, work groups and organizational practices.
- The new employee as well as the managers influence each other.
- The initial period of the socialization process is crucial because it determines how well an employee fits into the organization.

These characteristics of organizational socialization influence the behavior of employees in an organization. For example, employees learn that they should be formally dressed when they come to office, should not speak defamatory things about the organization in public, and so on. Through the socialization process they find out whom they should approach in case of any problem and learn about the informal communication networks in the organization that can be relied upon. The socialization process is particularly crucial when a foreign national joins the organization. He needs to be socialized to help him adapt to the local culture.

Organizational Behavior

The socialization of new employees is carried out through the use of mentors or role models, training and orientation programs and reward systems (rewarding desired behavior). The following specific steps may also be taken by organizations to socialize new employees:

- offering them with an interesting and challenging job
- providing them with proper and relevant training
- providing them with objective and timely feedback
- appointing an experienced supervisor to conduct the socialization process
- designing an informal orientation program
- assigning new employees to work groups that are highly satisfied and have high morale.

Socialization is also necessary when organizational members move up from one position to another in the organizational hierarchy. When an employee gets promoted he may have to deal with new colleagues and subordinates. Socialization helps him quickly adapt to the change.

Table 6.1: Holland's Typology of Personality and Congruent Occupation

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

Source: "Making Vocational Choices," Psychological Assessment Resources, Inc.

Van Mannen (a behavioral scientist), developed socialization strategies such as formal or informal, individual or collective, sequential or non-sequential and fixed or variable strategies. For example, in the sequential socialization strategy, a person suited for a top management position is rotated through a series of important functional specialty positions before being promoted to the top position.

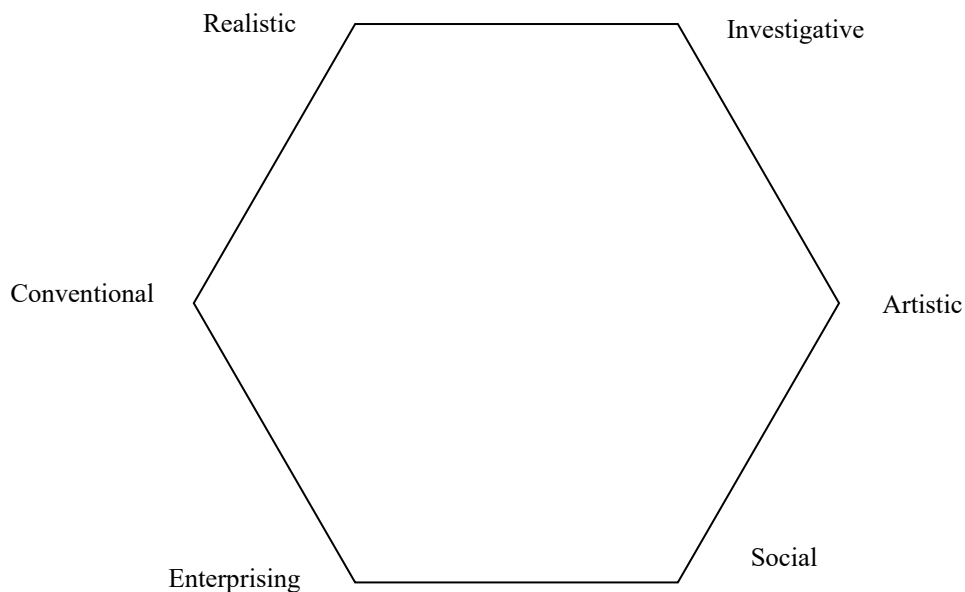
All these socialization strategies have a major impact on human resource management and organizational effectiveness.

MATCHING PERSONALITIES WITH JOBS

John Holland, who proposed the personality-job fit theory, established the relationship between personality characteristics, the requirements of a job, and job performance. According to him, the job satisfaction of an individual and his tendency to quit a job are determined by the extent to which his personality matches with the work environment and the requirements of the job. He described six different personality types in this context. Table 6.1 depicts the six personality types, their characteristics, and examples of congruent occupations.

Holland developed a Vocational Preference Inventory questionnaire with 160 occupational titles. The answers provided by respondents (regarding the occupations they liked or disliked) were used to develop various personality profiles. The research results were presented in the form of a hexagonal diagram, with each corner representing one type of occupational personality (Refer Figure 6.2). The figure shows the similarities or dissimilarities among various occupational personality types. The closer two personality types are in the hexagon, the more compatible they are. The personality types that are adjacent to each other are similar whereas those that are diagonally opposite are dissimilar in nature.

Figure 6.2: Relationships among Occupational Personality Types



Source: <http://home.earthlink.net/~akraemer3/guidancelesson.html>

It was observed that when an individual's personality and his occupation match each other, then the level of satisfaction was high and the person was unlikely to quit the job. According to Holland's model, social individuals should ideally be in social jobs, enterprising individuals in risk-taking jobs, and artistic people in creative jobs. An artistic person employed in a realistic job is more likely to be dissatisfied than a realistic person employed in the same job. The significant points made by Holland's model are

- There are some intrinsic differences among individual personalities.
- There are a variety of jobs.
- Those individuals whose personalities match their work environment are more satisfied with their jobs and are less likely to quit the job voluntarily.

BELIEFS AND VALUES

Beliefs refer to the way in which an individual organizes his perceptions and cognitions. They refer to some aspect of the individual's world (some activity, object or experience) and remain more or less constant throughout the lifetime of the individual. Beliefs refer to the meaning that an individual attaches to a particular thing and take into account all aspects of an individual's cognition of things around him. For example, an individual may believe in God. Due to his belief in God, the individual may hold that everything that happens in this world is due to the divine grace of God. The development of beliefs in an individual is influenced by the cultural environment in which the individual grows up and the functional factors (needs, demands and emotions), unique to each individual.

Values refer to the cognition of an individual that a certain mode of conduct or style of behavior is socially preferable to the other possible modes of conduct or behavioral styles. Values are judgmental in nature since they convey an individual's ideas regarding what is right, good, or desirable. The value system of an individual is determined by factors such as national culture, parental dictates, teachers and friends.

CONCEPT OF ATTITUDES

Personality describes the whole person and attitude determines the personality. Attitude is a state of mind of an individual towards something. It may be defined as a tendency to feel and behave in a particular way towards objects, people or events. The characteristics of attitudes are described below:

- The attitudes of an individual generally remain unchanged for a prolonged period of time unless he is influenced by external forces.
- Attitudes are evaluative statements that can be either favorable or unfavorable. For example, if a person does not like a certain aspect of his job, he is said to have a negative attitude towards that assignment.
- Attitudes refer to feelings and beliefs held by an individual towards an object (or event or person).

Attitudes consist of three components – cognitive, affective and behavioral. The cognitive component indicates the opinions, values or beliefs of an individual about something. For example, a person, say Rakesh, may believe that taking or giving a bribe is wrong. This is the cognitive component of Rakesh's attitude. The affective component represents the feelings of a person toward something. For example, Rakesh may not like his colleague Deepak because he takes bribes. The behavioral component of a person indicates the intention of a person to behave in a particular way. For example, Rakesh may decide to avoid Deepak.

Sources of Attitudes

Attitudes are acquired from parents, teachers and members of the peer group. The genetic make-up of a child initially determines his personality and attitudes. However,

as the child begins his schooling and interacts with people, his attitudes are influenced by the people whom he admires, respects or fears. Individuals are more willing to modify their behavior and shape their attitude to align with the behavior of people whom they look up to. This is the reason why companies have their products endorsed by popular personalities such as leading cricket players and film stars. Such endorsement helps develop a positive attitude toward their products among the public.

People are generally not as steadfast about their attitudes as they are about their values. Thus, the attitudes of people can be easily influenced and altered. Attitudes can be changed by various means: by providing new information, by coercion or threat, by resolving differences, and by involving people (dissatisfied with a situation in the organization) in problem solving. It is only natural for employees to have a hostile attitude toward change in the organization. However, if the management helps employees understand the competitive threat the organization is facing and makes them realize the need for change and organization development, the employees will, most likely, overcome their hostile attitude and agree to bring about change in the organization.

Attitudes can also be changed by providing the right type of feedback to employees. If a manager always makes only negative remarks in his feedback to employees, the employees may develop a negative attitude towards the job and workplace. The manager should therefore be trained to give objective feedback (which includes both positive and negative points) in a manner that does not demotivate employees. This will help change the attitude of employees towards their job and work environment and will go a long way in preventing job dissatisfaction and turnover.

Types of Attitudes

An individual may have a number of attitudes regarding different aspects of life, but the field of OB focuses only on the study of job-related attitudes. OB specifically focuses on three attitudes: job satisfaction, job involvement and organizational commitment.

Job satisfaction

In the field of OB, job satisfaction is one of the most important and widely studied attitudes. Job satisfaction refers to an individual's general attitude towards his or her job. It has been described by Edwin A. Locke as the pleasurable or positive emotional state that results when an individual evaluates his job or job experience. Job satisfaction results when an individual perceives that his job provides him with what is important to him. The three important dimensions of job satisfaction are provided below:

- i) Job satisfaction is an emotional response to a job. This response can be inferred but not seen.
- ii) The job satisfaction that an individual derives from his job depends on the extent to which outcomes meet his expectations. For example, if an employee feels that he is getting more salary and more autonomy in his company than his friends in other organizations, he will have a high level of job satisfaction and a favorable attitude towards his superiors, peers and the work itself. If he feels that his salary and decision-making power is at par with that of his friends, he will experience only moderate job satisfaction; and if he feels that he is getting much less pay and autonomy than his friends, he will experience job dissatisfaction and will develop a negative attitude towards his work and superiors.
- iii) Job satisfaction reflects other attitudes of employees.

According to P.C. Smith, L.M. Kendall and C.L Hulin, there are six job dimensions that represent the most important characteristics of a job and elicit favorable or unfavorable responses from employees:

The work itself

Jobs that include interesting tasks and provide opportunities to the employee to learn and to shoulder responsibilities bring more satisfaction to the employees than jobs that do not provide these.

Pay

An employee will have a positive attitude towards his job if the compensation he receives for the work he does is comparable to that of others in similar jobs in the organization.

Promotion opportunities

An employee's level of job satisfaction will be higher in a job that provides him an opportunity to move up in the organizational hierarchy than in a job that does not.

Supervision

An employee whose supervisor offers him technical help and behavioral support in times of need will experience more satisfaction in his job than an employee whose supervisor does not offer any such support.

Coworkers

An employee will experience a higher level of job satisfaction when his fellow workers are cooperative and able to offer him technical assistance.

Working Conditions

Good working conditions have a positive impact on job satisfaction.

Outcomes of job satisfaction

For years, management researchers and practitioners have tried to find out the impact of employee job satisfaction on organizational effectiveness. They wanted to know whether job dissatisfaction would lead to decline in employee output and, consequently, organizational performance. They analyzed the outcomes of job satisfaction by studying the relationship between job satisfaction and various other organizational aspects such as productivity, turnover, absenteeism, etc. These relationships are discussed below:

Satisfaction and productivity

Though many people assume that there is a positive relationship between satisfaction and performance, research results have proved that there is no strong relation between satisfaction and productivity. There are other mediating variables like rewards, that lead to an increase in productivity. Recent research findings suggest that though satisfaction may not bring about considerable improvement in individual performance, it does result in an overall improvement in organizational performance.

Satisfaction and turnover

Research has indicated that only a moderate relationship exists between satisfaction and turnover. High job satisfaction will not eliminate employee turnover but will only help reduce the rate of turnover. While job dissatisfaction will encourage employees to switch organizations at the slightest opportunity for better prospects in other organizations, the satisfied employees will consider several aspects before leaving the organization.

Job tenure (the number of years an employee has worked in a job in an organization) is another factor that has an impact on turnover. The higher the job tenure of an employee in an organization, the lower the chances of his leaving the organization.

An individual's commitment to the organization also affects the relationship between satisfaction and turnover. Some people are so accustomed to a certain job, colleagues and work environment that they cannot think of working elsewhere. Therefore, they continue to work in the same organization, without being concerned about their level of satisfaction.

A country's economy and the employment scenario also influence turnover. If the economy is booming and there are adequate employment opportunities available, even satisfied employees may leave their organizations and seek better prospects elsewhere. Though turnover, to some extent, benefits organizations by bringing in new talent, a high turnover rate is undesirable because the organization loses in terms of productive time and training costs.

Satisfaction and absenteeism

Research studies have shown that job satisfaction and absenteeism have an inverse relationship. A high level of job satisfaction leads to low absenteeism and a low level of job satisfaction results in high absenteeism. However, other variables, such as the extent to which people consider their jobs important, also have an impact on absenteeism. A research conducted on state government employees in the US revealed that the employees who felt that their jobs were important took less leave than employees who did not feel that their work was important. The research also revealed that job satisfaction may not necessarily result in low absenteeism, but low job satisfaction will lead to high absenteeism.

Other effects of job satisfaction

Research has shown that high job satisfaction has an impact on an employee's life inside the organization as well as outside the organization. Employees who are highly satisfied with their jobs have low stress levels (and thus have better mental and physical health), have less on-the-job accidents, and have fewer grievances. They also show enthusiasm in learning job-related tasks. Satisfied employees have high morale and help fellow employees, customers and other people in society by undertaking social activities.

Thus, we can say that job satisfaction is of value to the overall health and effectiveness of an organization.

Job involvement

Job involvement is a new concept in the field of OB. It refers to the extent to which a person identifies himself psychologically with his job, actively participates in it, and considers that his performance in the job contributes to his self-worth. Employees who are highly involved with their jobs strongly identify themselves with the kind of work they do and strive to deliver quality work. Research has shown that high levels of job involvement lead to lower absenteeism and employee turnover levels.

Organizational commitment

Organizational commitment refers to an employee's satisfaction with a particular organization and its goals. An employee who has a high level of organizational commitment is a strong supporter of the values and goals of the organization, has a strong inclination to continue being a member of the organization, and wants to strive hard to achieve the goals of the organization. The organizational commitment of an employee is affected by a number of personal and organizational variables. Personal

variables include the employee's age, his tenure in the organization, and his attitude towards his job. Organizational variables include the job design and the leadership style of the superior. Sometimes, even non-organizational factors may influence an employee's commitment, such as, the state of the job market and other career options available to the employee.

John P. Meyer and Natalie J. Allen developed a three-component model to understand the multidimensional nature of organizational commitment. The three components (or dimensions) of organizational commitment are:

- i) **Affective commitment:** This is concerned with the employee's emotional attachment and involvement with the organization.
- ii) **Continuance commitment:** This is influenced by the costs that could accrue to the employee if he leaves the organization.
- iii) **Normative commitment:** This refers to the extent to which an employee feels obligated to continue in the organization.

Antecedents of Work-related Attitudes

Traditionally, behavioral theorists have given considerable attention to the study of situational determinants of attitude. According to theorists such as Gerald Salancik and Jeffrey Pfeffer, the feelings and job-related attitudes of individuals are rooted in their social circumstances. However, more recently, increasing attention has been given to the personality traits or dispositions of individuals as determinants of their work-related attitudes.

Dispositions of positive affectivity (PA) and negative affectivity (NA) have been found to be particularly important antecedents of the work-related attitudes of individuals. According to Jennifer M. George, negative affectivity (NA) refers to the disposition of individuals to experience negative emotional states. Thus, individuals having a high NA are more likely to feel nervous, anxious, jealous, tense, worried, upset or distressed. Such individuals have a negative attitude not only towards themselves but also towards other people, and also look at the world, in general, in a negative light. In contrast to such personalities, individuals having a positive affectivity tend to experience positive emotional states. Those with a high PA experience an overall sense of well-being and a positive attitude towards their work. They consider themselves as pleasurably and effectively engaged in the work they are doing. Managers can relate the PA and NA states of individuals to their job performance to understand the work stress that they might be experiencing.

Functions of Attitudes

The study of OB involves a proper understanding of the functions of attitudes. Attitudes reflect an individual's work behavior and performance. For example, if an attitude survey reports that workers are dissatisfied with the management's decision against giving them a bonus and that the productivity of employees has begun to gradually decline, the management may conclude that the negative attitude of the employees has led to the decline in productivity. According to D. Katz, attitudes serve four important functions¹. These are discussed below:

The adjustment function

People modify their attitudes to adjust to their work environment. When superiors treat employees fairly and compensate them with equal pay for equal work, the employees tend to develop a positive attitude towards the organization and their superiors. But if

¹ "The Functional Approach to the Study of Attitudes," *Public Opinion Quarterly*, 1960, p24.

management does not treat them well and fails to give them equitable remuneration for their services, they will develop a negative attitude towards the organization. Such attitudes help employees adapt to their environment and form the basis for their future behaviors.

The ego-defensive function

Attitudes not only enable employees to adapt to their environment but also help them defend their self-images (the image of themselves). Take the case of a senior executive who is not a very effective manager and sometimes makes poor decisions. When his subordinate points out his mistakes, he may not take it in the right spirit. Instead of admitting his shortcomings and making suitable amends, the senior executive may become defensive and try to protect his ego. He may accuse the young executive of giving suggestions without having the required experience. The junior executive too may try to defend his ego and justify his actions by criticizing his boss for not performing his job well. In the process, both the executives develop a negative attitude towards each other, often with detrimental consequences for the organization.

The value-expressive function

People may express their values through their attitudes. For example, if a manager wants an employee to work harder, he may tell the employee that the company has a tradition of hard work and that every employee in the company is expected to respect that tradition and work accordingly.

The knowledge function

Attitudes provide a standard of reference which allows people to understand and explain their environment. For example, a union leader may have developed a negative attitude towards management due to the fact that some time in the past management had tried to manipulate workers by making false promises. Due to that experience, the union leader may regard anything said by the management as a means to manipulate the workers. Irrespective of the reality at a given point in time, the leader will try to interpret any action or promise of management on the basis of standards of reference (manipulation and false promises) set by himself.

ATTITUDES AND CONSISTENCY

Sometimes, people may change their attitudes so that they do not contradict their actions. A person may argue with his friends that the quality of a local brand television is inferior to that of foreign brands. However, when he tries to purchase a television, he may find that the foreign brand is expensive and not worth the cost. The dealer may convince him that the local brand has the same features as the imported brand and functions equally well. On hearing this, the individual may buy the local brand and begin to tell his friends that local brand televisions are in fact superior to foreign brands in quality.

Research by behavioral theorists has shown that not only do people try to achieve consistency among their various attitudes but also try to behave in a manner that is consistent with their attitudes. In order to appear rational and consistent, individuals constantly attempt to align their attitudes with their behavior and eliminate any divergence among their attitudes. They may either change their behavior or attitude in the process. Despite this, however, if any discrepancy arises, individuals will try to bridge the discrepancy by developing a rational explanation for the discrepancy.

Exhibit 6.3**Emotional Dissonance in Organizations**

When an employee is expected to express certain emotions that are against his true feelings to comply with organizational norms, he will experience emotional dissonance. If a person is aggressive by nature and believes that what he does is always right, he would never want to give an explanation of his actions. But when he joins a company as a customer service executive he is expected to be polite and submissive. Suppose a customer comes to him with a problem which, due to its complexity, takes up a lot of the customer service executive's time. The other customers waiting in queue for the customer service executive to attend to them may get agitated. The frustrated customers may talk in a manner that is intolerable to the executive. To conform to the norms of the organization, the employee should continue to deal with the customers in a polite and pleasant manner and hide his true emotions (anger and frustration) irrespective of their behavior. The employee will experience person-role conflict in this situation and may attempt to resist organizational norms. He may give sharp responses to customers who express their impatience and behave rudely. As a result, the organization will increase its pressure on him to conform to its norms. This will lead to emotional exhaustion and the employee may begin to look out for another job. Employees in the call center and hospitality industry often experience such emotional exhaustion.

Many traditional theories have recognized the relationship between emotional dissonance and employees' intention to quit the job. According to a theorist, William H. Mobley (1977), an employee constantly appraises his working conditions. If he finds that his job requires him to compromise his personal values, he will begin to look for other jobs. An employee's decision to quit his current job depends on the condition of the job market. If there are plenty of job openings and the time and costs involved in searching for a suitable job are negligible, the employee will switch jobs as soon as possible.

In 1999, a study was conducted to study the impact of emotional dissonance on the commitment of employees to the organization and their intention to quit the job. This research has shown that if an organization quickly recognizes its employees' intentions and takes steps to improve their satisfaction with the job, the rate of turnover comes down.

Traditional theories held that emotional dissonance reduces job dissatisfaction, which leads to decline in organizational commitment and in turn, stimulates the intention to quit the job. However, recent research has shown that job dissatisfaction directly leads to employee turnover without the intermediate step of decline in organizational commitment. This could be because dissatisfied individuals choose to immediately leave the organization instead of being involved in the slow and gradual process of reducing their association with the organization.

The research also indicated that high self-monitors experience less dissonance than other individuals because of their ability to cope with changing expectations. However, sometimes, they may detect too many emotional cues and may be unable to meet them all effectively.

The study also showed that social support from co-workers reduces the emotional dissonance of employees and then dissatisfaction with their jobs, thus reducing the turnover rate.

Adapted from "The Impact of Emotional Dissonance on Organizational Commitment and Intention to Turnover," Journal of Psychology, July 99, Vol 133, Issue 4, p 441.

Take the case of a sales representative who has to promote the products of his company. To do so, he should have a positive attitude towards the company. The salesman himself may believe that the products of his company are of inferior quality (attitude), but he has to promote the products by convincing people that his company's products are of superior quality (behavior). The salesman may seek to eliminate the discrepancy between his attitude and his behavior by rationalizing his behavior. He may try to convince himself that no product in the market is devoid of technical problems and hence it is not wrong on his part to present the better side of his company's products.

COGNITIVE DISSONANCE THEORY

In the late 1950s, Leon Festinger proposed the theory of cognitive dissonance to explain the relationship between attitudes and behavior. Cognitive dissonance refers to the incompatibility that an individual may perceive between two or more of his attitudes, or between his behavior and attitudes. Another type of dissonance, called emotional dissonance, is also seen in organizations. Emotional dissonance refers to the conflict between the emotions an individual experiences and the emotions he needs to express to conform to organizational norms (Refer Exhibit 6.3). Festinger suggested that individuals are uncomfortable with any form of inconsistency and try to reduce the dissonance and discomfort that results from such inconsistencies. They seek to obtain a stable state where there is least dissonance.

However, no individual can completely eliminate dissonance. For example, though a person knows that it is not ethical to preach to others without actually practicing what he is preaching, he may still continue to do so. A politician may announce in public that strict action will be taken against government officers who accept bribes, but he may accept illegal donations for his party fund. According to Festinger, an individual's desire to reduce dissonance depends on the importance of the elements that cause the dissonance, the degree to which the individual can influence these elements, and the rewards that the individual is likely to lose as a result of such dissonance. An individual will make little effort to reduce dissonance if the elements that are responsible for the dissonance are not important to him.

An individual can deal with dissonance in different ways. Suppose the production manager of a certain company strongly believes that polluting the environment is a crime against society. The company may assign him the responsibility of minimizing the expenditure on anti-pollution measures so that the company's profitability does not suffer. The manager observes that his company releases chemical wastes into the river. To treat the wastes before releasing them into the river, the company will have to buy some expensive equipment. The manager has to make a trade-off between the company's profitability and his personal attitudes concerning pollution. As a result, he may experience a high degree of dissonance. The importance of the issue is such that the production manager cannot ignore the dissonance. To overcome it, he has to choose between the various alternatives available to him. The production manager can adhere to his values by purchasing expensive equipment to treat the waste generated by the company and thereby minimize pollution. Or, he can give top priority to the company's interests and save costs by allowing the chemical wastes to be released into the river without treatment. The third alternative, for the production manager, would be to change his attitude towards pollution. He may start believing that the pollution caused by his company is not life-threatening in nature. Another alternative may be to believe that his company's products offer more benefits to society than the costs the society has to bear due to the pollution caused by the company.

The desire of individuals to reduce dissonance also depends on the extent of control they have over the elements causing dissonance. If an individual believes that the elements causing dissonance are not in his control, he will try to justify his behavior. For instance, if an individual's superior directs him to act in a manner that opposes his personal values and beliefs, the individual would perform the task. He would try to justify his action by arguing that he would lose his job if he did not obey the orders of his superior. However, if his job requires him to continuously act against his personal values, he will attempt to change his attitude. This would help him achieve consistency between his attitude and behavior.

Thus, the effort made by an individual to reduce dissonance depends on the significance of the elements that lead to dissonance, their controllability, and the rewards associated with the dissonance. The greater the dissonance, the higher the pressure on the individual to overcome the dissonance.

SUMMARY

The study of personality and attitudes gives insights into the behavior of people. Personality refers to the way in which a person views and understands himself, and the way in which he interacts with people and reacts to situations. Self-concept (in personality theory) refers to the attempts made by people to understand themselves. Self-esteem is the self-perceived competence and self-image of people. People with high self-esteem do well in managerial positions. Self-efficacy refers to the self-perceptions of a person regarding his ability to cope with situations as they arise. Individuals with high self-efficacy can quickly cope with the demands of tough jobs (such as sales jobs).

An individual's personality is influenced by factors like heredity, external environment, and person-situation interaction. Some of the personality attributes that have an impact on an individual's behavior are the locus of control, machiavellianism, self-esteem, self-monitoring, propensity to risk-taking, and Type A personality. The locus of control refers to the degree to which people believe that they can determine their own fate. People high on the locus of control (called internals) tend to move up the career ladder quickly. Machiavellianism (Mach) refers the degree to which an individual is pragmatic, maintains emotional distance, and believes that the ends justify the means. High-Mach people are most productive in jobs which impose minimum restrictions on the employee, involve persuading others, and offer high rewards. Self-monitoring refers to the ability of an individual to adjust his behavior to external situational factors. High self-monitors are capable of changing their behavior and expressions according to the situation. They progress faster in their careers than low self-monitors. Individuals vary in their willingness to take chances or risks. High risk-taking people perform well in jobs such as stock brokers and currency traders. Individuals who have a Type A personality are continuously involved in the struggle to achieve more in less time in the face of opposition from other people. But because of their emphasis on quantity than quality and their poor decision-making skills, they often do not make good managers. Type B people lay more emphasis on quality of outcome rather than quantity and have good analytical skills. They therefore make good managers.

Many personality theorists have tried to explain the development of human personality. According to Daniel Levinson, an individual's life can be divided into adult, mid-life and late adult stages. The personality of an individual, Levinson argues, develops to some extent at each stage of his lifecycle. Another theorist, Hall, suggested that the personality development of an employee takes place in four stages: exploration, establishment, maintenance and decline. Chris Argyris (Immaturity-Maturity model) proposed that human personality moves along a continuum from immaturity (infancy) to maturity (adulthood). John Harrold proposed the personality-job fit theory in which he established a relationship among personality characteristics, the requirements of a job, and job performance.

Attitudes are evaluative statements (favorable or unfavorable) about objects, people or events. Attitudes are acquired from parents, teachers and members of the peer group, apart from the predispositions acquired at birth. The three job-related attitudes are job satisfaction, job involvement, and organizational commitment. According to Edwin A. Locke, job satisfaction is the pleasurable or positive emotional state that results when an individual evaluates his job or job experience. Job involvement refers to the degree to which a person psychologically identifies with his job, actively participates in it, and considers that his performance in the job contributes to his self-worth. Organizational commitment refers to the extent to which an individual identifies with a particular organization, and its goals and wishes to remain a member of that organization. Organizations can reduce turnover by taking steps to enhance the job satisfaction of their employees and increase their job involvement and organizational commitment.

Attitudes enable people to adapt to their work environment. They are also used by people to defend their ego, express their values, and to interpret events. The cognitive dissonance theory refers to the incompatibility that an individual may perceive between two or more of his attitudes, or between his behavior and attitudes. The efforts made by an individual to reduce dissonance depend on the significance of the elements that give rise to the dissonance, the extent to which they can be controlled, and the rewards that the individual is likely to lose by not overcoming the dissonance.

Chapter 7

Motivation

In this chapter we will discuss:

- Definitions of Motivation
- Classification of Motives
- The Content Theories of Work Motivation
- The Process Theories of Work Motivation
- The Contemporary Theories of Work Motivation
- Motivation of Performance through Job design and Goal Setting
- Application of Goal Setting to Organizational System Performance

Motivation is a psychological state. Understanding motivation can help in understanding individual behavior. In general, the causes of behavior are regarded as motivation. In addition to the perception, personality, attitudes and learning that characterize an individual, motivation is a phenomenon which helps in understanding human behavior. People also tend to consider motivation as a personality trait, although this is not really true. They believe that some people have this trait, while others lack it. Therefore, some managers assume that certain individuals are always lazy or lack motivation. However, this assumption is not correct. Motivation depends on the individual as well as on the situation. Every individual has different motivational drives, but the situation also plays an important role in determining a person's motivational level. For example, a person who can finish reading a novel in one sitting may find it difficult to read a textbook for even twenty minutes. Therefore, it should be kept in mind that while different people have different levels of motivation, for each individual too, the motivation level is different in different situations.

In this chapter, we first define motivation and try to understand the relationship between its constituent elements i.e. needs, drives and incentives. Then, we examine the different types of needs or motives, namely, primary, secondary and general motives. The final section of the chapter deals with the content and process theories of work motivation. The contemporary theories of motivation have also been discussed at length.

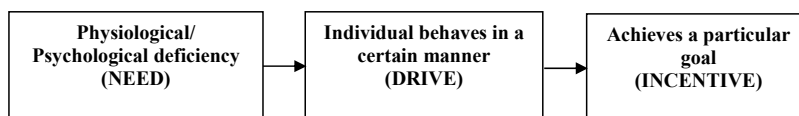
DEFINITIONS OF MOTIVATION

There are many definitions of motivation by different management theorists and practitioners. The term motivation is derived from the Latin word *movere*, which means *to move*.

Stephen P. Robbins defines motivation as “The willingness to exert high levels of effort towards organizational goals, conditioned by the effort's ability to satisfy some individual need.”

Motivation can also be defined as a condition that is initiated by a physiological or psychological deficiency or need in an individual, which causes the individual to behave in a certain manner in order to achieve a particular goal or incentive.

Figure 7.1: The Motivation Process



Motivation consists of three interacting and interdependent elements – needs, drives and incentives. Needs form the basis for drives, which in turn seek the attainment of certain incentives. To understand the process of motivation, we should first understand the meaning of needs, drives and incentives, and the relationship between them. The process through which motivation arises is illustrated in Figure 7.1

Needs

A physiological or psychological imbalance leads to the creation of a need. For example, the need for food or water arises when a person is hungry or thirsty. Similarly, people who are deprived of the company of other people may look for friends or companions.

Exhibit 7.1

Employee Needs and Motivation

The employees of an organization can make the difference between success and failure for the organization. Therefore, employers must understand the needs, drives and expectations of their employees and try to satisfy them. They must also be able to motivate their employees to make the employees perform better. For this, two aspects of employee motivation – inner drives and external motivators – need to be understood. The inner drive of a person makes him/her choose a particular line of study, recreation, job, career or organization to work for. These drives urge or push a person to accomplish a certain task. Employers must understand these inner drives and use them as a guide in their efforts to motivate employees. External motivators, on the other hand, refer to what the employer does to fulfill the inner drives of employees. For instance, in order to attract talented and skilled employees, organizations may give them certain benefits like medical care or bonuses. The basic needs of workers are to:

1. Earn enough money so that they can provide themselves and their families with certain basic amenities.
2. Be able to afford some luxuries for comfortable living.
3. Save for old age and unforeseen contingencies.
4. Interact socially with colleagues.
5. Perform well at work and gain recognition.
6. Gain acknowledgement for good work and be rewarded for special contribution and efforts.
7. Be able to grow in their line of work.
8. Have opportunities for self-development.
9. Develop their skills, knowledge and technical know-how.
10. Be able to realize their true potential.

Employers can fulfill these needs by providing:

1. Pay commensurating with experience and work demands.
2. Some privileges for the employees like flexible work schedules, compressed workweek, etc.
3. Help in meeting special needs like child care arrangements, transportation, housing, etc.
4. Job security.
5. Clarity in company policies.
6. Well-organized work procedures.
7. A congenial work environment, which is just and fair.
8. Medical coverage and benefits associated with it.
9. A good reward, incentives and recognition program.
10. Opportunities to get promoted.
11. Training and development programs.
12. A well-defined system for obtaining feedback.
13. Two-way system of communication.
14. Guidance and mentoring for realizing the true potential of the employees.

Most of the time, employees do not set out their needs explicitly. The employers should be able to recognize the needs of the employees and develop a system of communication within the

organization. They should also develop and maintain good relations with employees, and provide them with relevant training and development programs, which will result in an open, cooperative and motivating work environment.

Adapted from Claire Belilos, "Understanding Employee Drives and Motivations – The First Step Towards Motivation at Work," [easytraining.com](http://www.easytraining.com), CHIC Hospitality Consulting Services, <<http://www.easytraining.com/motivation.htm>>

However, psychological needs may sometimes arise without any deficiency or imbalance. For instance, a person who has a strong need to progress may move from success to success. Even if a person has several extraordinary achievements to his credit, he may still feel the need to achieve more. For example, many millionaires strive to make more and more money, even though they are considered rich by regular standards.

Drives

Drives or motives (the two terms are used interchangeably) propel individuals to attain their goals or satisfy their needs. A physiological drive is a condition which causes a person to work in a particular direction. Both physiological and psychological drives push an individual towards achieving a certain goal or accomplishing a certain task. Drives constitute the core element in motivation. For example, the need for food and water is transformed into the drives of hunger and thirst, and the need to achieve manifests itself as the achievement drive.

Incentives

Anything that can mitigate a need and decrease the intensity of a drive is called an incentive. When a person obtains the incentive, the strength of that drive is reduced and physiological or psychological balance is restored. For example, eating food, drinking water, or finding friends reduces the corresponding drives and helps in achieving balance. Here food, water and friends are the incentives.

CLASSIFICATION OF MOTIVES

Psychologists are not in agreement as to how to classify various human motives. However, most psychologists agree that some motives are learned while others are not learned, but instead have a physiological basis. Those motives which are physiologically based are called primary motives. Secondary motives are the motives which are learned over time. The motives which cannot be classified as purely primary or purely secondary are called general motives. Like primary motives, general motives too, are not learned, but they differ from primary motives in that they are not physiologically based. The different types of motives are discussed below:

Primary Motives

A motive is termed as a primary motive when it satisfies both the criteria – it is not learned, and it is physiologically based. The most common primary motives are hunger, thirst, sleep, sex, avoidance of pain and maternal concern. Since all human beings have the same basic physiological makeup, they all have the same primary needs. This is not true of the secondary needs or motives, which are learned.

It should be clarified that the term 'primary' does not mean that these motives are more important than the general and secondary motives. Although primary motives take precedence over the other kinds of motives in some theories of motivation, secondary

motives do dominate over the primary motives in certain situations. The practice of celibacy among priests and nuns of some religions, or fasting for religious causes, are examples of cases where the secondary motives are stronger than the primary motives.

General Motives

General motives include those motives which are neither purely primary nor purely secondary, but rather something in between. A motive is considered to be a general motive if it is not learned, but is also not based on physiological needs. While primary motives induce an individual to reduce the tension within him/her, general motives stimulate tension within the individual. General motives are, therefore, also called “stimulus motives.” The motives of curiosity, manipulation, motive to remain active and to display affection are examples of general motives. To have a better understanding of human behavior at work, it is important to understand general motives.

The curiosity, manipulation and activity motives

In their early experiments with animals, psychologists found that their experimental subjects had an unlearned drive to find out new things, to manipulate objects or just be active. These drives were displayed to a great extent by monkeys, especially when they were placed in a novel or unfamiliar situation. Later experiments confirmed the existence of the curiosity, manipulation, and activity motives in monkeys. Psychologists generalized the findings of these experiments to human beings. It has been realized that human beings also have intense curiosity, manipulation or activity drives, and these can be easily observed in children. Children are generally active, very eager to explore and have a great desire to manipulate objects.

The motives of curiosity, manipulation and activity are very beneficial for a person, as they often result in innovations and better ways of doing things. If individuals were restricted from satisfying these motives, there would be no improvement in the way things are done, which would result in stagnation. In an organization, if employees are prevented from expressing their curiosity, manipulation and activity motives, it is likely to affect their morale, making them demotivated. For instance, if an employee is not allowed any freedom and he has to stick to his desk for eight hours a day, the behavior that satisfies these needs is stifled. In such circumstances, the employee will find the work very boring and monotonous, and will become demotivated.

The affection motive

Affection or love is a somewhat complex general motive. The complexity arises due to the fact that love is similar to the primary motives in some ways, while in some other ways, it resembles secondary motives. People sometimes associate the affection motive with the primary sex motive, and sometimes with the affiliation motive. Therefore, to avoid confusion, many behavioral theorists place the affection motive in all the three categories of motives.

Secondary Motives

Secondary motives are the most significant motives in the study of organizational behavior. Learned secondary motives play a very important role in understanding motivation in a complex and economically advanced society.

A secondary motive is a motive that has been learned or acquired over time. Some important secondary motives are power, achievement and affiliation. These are commonly referred as nPow, nAch and nAff. Apart from these, the security and status motives are also important secondary motives relevant to the study of organizational behavior.

The power motive

Alfred Adler, a pioneering behavioral scientist and a close associate of Sigmund Freud, was a great believer in the strength of the power motive. He proposed a theory which opposed Freud's views. Unlike Freud who emphasized the past and gave importance to unconscious, sexual motives, Adler placed more importance on the future and a person's drive to gain power and prove himself superior to others.

Adler proposed the concepts of 'inferiority complex' and 'competition' to explain the power motive. He believed that every child experienced a feeling of inferiority. Human behavior is governed by this feeling of inferiority coupled with an inherent need for superiority. Therefore, a person tries to compensate for the feelings of inferiority and also tries to fulfill his innate need for power, which is then reflected in his lifestyle.

Many examples of the quest for power can be seen in modern society. Those who hold responsible positions in government, business, unions, politics, education or military exercise a lot of power and also show a strong drive for power. The power motive has significant implications in various aspects of organizational behavior like leadership and political aspects of organizations.

The achievement motive

Although the drive for power has been recognized as a motive for quite some time, it is only fairly recently that substantial research has been carried out on the subject. On the other hand, although achievement motive has been identified only recently, substantial research has already been carried out on the subject.

A very effective tool for determining the achievement drive in an individual is the Thematic Apperception Test (TAT). The test is carried out in the following manner. A picture is shown to the person taking the test, who is supposed to tell a story about what he sees in the picture. For example, in the TAT, a subject (employee) may be shown a picture which depicts a young man working in a field as the sun is about to set. The subject is asked to interpret the picture, and this interpretation is used to determine his motivation level. For example, the person who is taking the test may feel that the man in the picture is feeling sad that the day is coming to an end as he has more work to do and he wants to finish the work before it is dark. Such an interpretation would indicate that the subject is a high achiever. On the other hand, if the subject is happy that the sun is going down, and feels he can now go home and relax, then he can be categorized as a low achiever.

David C. McClelland, a Harvard psychologist, has conducted extensive research on different aspects of achievement. According to him, the achievement motive is a person's desire to perform excellently or to handle complex or competitive situations successfully. McClelland has drawn up a profile of a typical high achiever, which is discussed below:

Moderate degree of risk taking

A person with high need for achievement (nAch) takes moderate risks. Though one might think that a high achiever would take high risks, research shows that this is not true. The ring-toss game is generally used to demonstrate risk-taking behavior of individuals. In the game, the participants can stand at any marked place and toss rings at a peg. Different participants exhibit different types of behavior while tossing the ring. Low achievers stand either very close to the peg and toss the rings or stand very far away and throw the rings wildly at the peg. On the other hand, high achievers try to determine the distance which would challenge their capabilities. They do not stand too close because it would not be challenging; nor do they stand too far because it would mean relying more on luck than on their abilities. From the behavior exhibited in playing this game, it would appear that low achievers either take low risks or high risks, while high achievers take moderate risks which challenge their abilities.

Need for prompt and precise feedback

High achievers who take moderate risks seek immediate feedback. They like to obtain feedback or information about how they are progressing towards their goal. For example, high achievers prefer those hobbies and vocations like mechanics and painting where they get immediate feedback about their work. They would not be interested in such hobbies as philately, a pursuit that takes considerable time for development. Similarly, high achievers typically opt for sales or managerial jobs and avoid teaching and research-oriented jobs, where feedback on performance is usually vague, inexact and given after a long time.

Satisfaction with accomplishments than with material rewards

High achievers generally do not value material rewards. Instead, they value the intrinsic satisfaction they derive after successfully accomplishing a task. High achievers consider money to be a kind of feedback about how they are performing. When high achievers are given a choice between a simple task with a good payoff and a challenging task with a lower reward, they generally choose the latter option.

Total dedication towards the task

High achievers give their undivided attention to any task they take up, until it is successfully completed. They put in their best efforts towards completing the task, and try not to leave it unfinished. This high commitment and dedication towards work is often reflected in other aspects of their behavior, which may cause others to have an unfavorable impression about them. They may be considered to be unfriendly, cold and reserved. High achievers are realistic about their abilities and do not permit others to get in the way of achieving their goals. Consequently, high achievers tend to be aloof, with poor interpersonal relations. They may turn out to be good salespeople, but not necessarily good managers.

The affiliation motive

Employees, especially those at the lower levels of the organizational hierarchy, have a strong desire to belong to and be accepted by other employees or the whole group. This affiliation motive is an important aspect of group dynamics and plays a significant role in understanding human behavior. People with a high need for affiliation exhibit a high degree of concern for social relationships. Managers with strong needs for affiliation tend to create congenial work environments where people enjoy working together. However, an excessive emphasis on the social dimensions may result in poor performance of the task at hand. Therefore, managers with high needs for affiliation may sometimes compromise on the quality of the work because they do not wish to offend people.

The security motive

Security is an intense motive and is quite prominent in technologically advanced societies. Nowadays people experience insecurity for a number of reasons such as having to meet loan repayment obligations, sustaining relationships with friends and family, competition for higher studies and good jobs, and so on. Job insecurity, caused by the current waves of mergers, restructurings and downsizings, has a particularly strong and pernicious impact on organizational behavior. The security motive is based largely on fear and is avoidance-oriented, i.e. people try to avoid insecurity rather than attempt to achieve security. The security motive helps individuals safeguard themselves from various unfavorable developments and avoid situations that would prevent them from reaching their goals.

Exhibit 7.2

Understanding Motivation

Every manager needs to understand the reality that it is not a simple matter to motivate a person in a particular direction. For this to happen, the manager has to create the right conditions which make a person intrinsically motivated. He has to create the conditions that result in an ideal work environment, which motivates the workforce to put in extra effort and display creativity and innovation in performing the job. In order to do this, a manager must first understand how to motivate people.

Ordinarily, people see certain things as motivators, for example, money, competition, recognition and disciplinary action. However, this is true only in a limited sense. All these things motivate people to a certain extent and under certain conditions. For instance, everyone needs money to sustain themselves and their families; nevertheless, if people feel that they are paid only for a certain amount of work, they will be induced to do only the minimum amount of work to get by. Again, competitive methods like sales contests, piecework incentives, etc. appear to enhance motivation levels and increase the productivity levels of employees. But while these may be effective for a short while, the employee may start losing interest after a period of time. The problem with using competitive methods is that people work only for the sake of the rewards.

In contrast, when a person is intrinsically motivated, he feels the activity itself to be very rewarding. Recognition, i.e. appreciating the good work of an employee, is necessary. But, excessive use of various forms of recognition like praise may result in employees doubting the sincerity of the employer. Likewise, disciplinary action can make employees apprehensive and doubtful of their abilities. Disciplinary action may have only limited usefulness in motivating employees to perform in an effective manner.

How can it be ensured that employees are intrinsically motivated to perform well and achieve a high level of job satisfaction. Managers can create an environment where intrinsic motivation is high in the following ways:

1. **Ensure that the employees have the relevant expertise and tools required for the job:** The employees must consider themselves competent to handle the job. To make this happen, the manager must provide them with the right tools, office equipment, skills training or other relevant inputs which may be necessary for them to perform the job effectively.
2. **Ask for feedback:** Employees feel valued and their motivation level is enhanced when managers seek their feedback and try to view things from their perspective. This can be done by conducting anonymous surveys or by interacting directly with employees.
3. **Allow employees a certain degree of freedom:** Managers must allow employees to choose the ways and methods of doing a particular job. This will encourage the employees to be innovative and try out new ways of doing things.
4. **Help employees discover their true potential:** Employees feel more fulfilled and satisfied if managers assist them in discovering their true potential. This can be done by conducting self-development programs for employees.

These steps can help create an environment where employees are intrinsically motivated. Rather than working for the sake of rewards or recognition, they work because they find the job satisfying and rewarding. Thus, the employees become self-directed and begin to perform well in the job. This would go a long way in improving the productivity of the organization.

Adapted from Jane Miller, "Motivating a Workforce that can't be Motivated," Business Know-How, Attard Communications Inc., <<http://www.businessknowhow.com/manage/cantmoti.htm>>

Apart from the simple, conscious security motive, there is another type of security motive that is more complicated. This form of security motive is largely unconscious, but has a significant impact on the behavior of people. Employers try to address the simple, conscious security motives of people by means of insurance programs, savings

plans, and other similar benefits. However, the more complex, unconscious security motive is not so easily fulfilled and differs from person to person. Though much attention is given to the simple security motives, a greater understanding of the role of the unconscious, complex security motive is needed to make effective use of the talents of the people in an organization.

The status motive

In society today, the status motive is extremely important. These days people tend to be very concerned with the material things associated with status, like the right clothes, the latest in accessories, sleek cell phones, the latest computer software, luxurious vehicles, etc.

Status is defined as the rank a person holds relative to others within a group, organization or society. As this definition of status indicates, when people are grouped together, a status hierarchy emerges. Even if two persons belong to the same class, the status symbols they possess or values they are known to embody will be used by others to rank them within the status hierarchy. Status does not mean only high status. Status refers to position or ranking of individuals in a group or organization, which may be high or low.

Status is influenced by the prevailing cultural values and the importance of different roles in society. The factors that determine status differ from one cultural set-up to another. For example, in some countries, older people are given a higher status. In contrast, in other cultures, the status of a person falls as he grows older. Cultural values are also volatile and tend to change with time and circumstances. In addition, there are several subcultures within a society. The values of each subculture may differ from the prevailing values of the society. Hence, the conferring of status in each subculture will also tend to differ from the status hierarchy in other subcultures.

THE CONTENT THEORIES OF WORK MOTIVATION

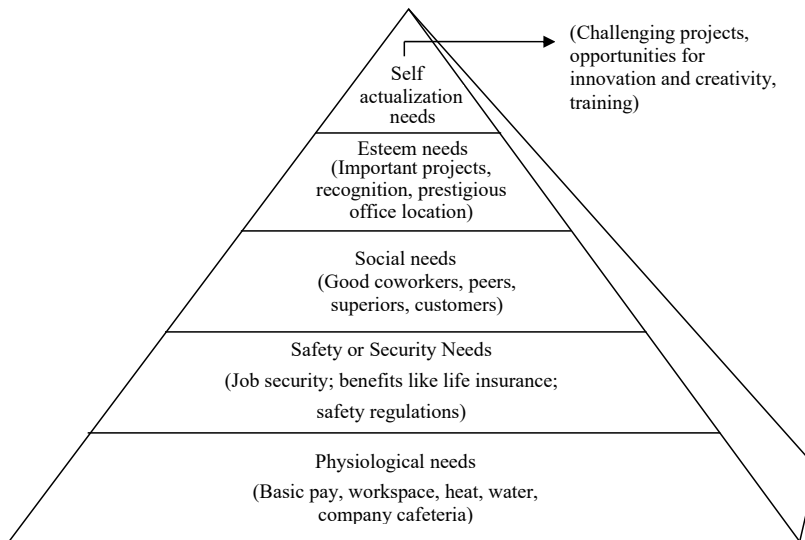
The content theories of motivation attempt to identify and prioritize the needs and drives that motivate people at work. They deal with the goals and incentives that people strive for in their work environment. Although these theories have some limitations and do not always explain motivation and behavior at work successfully, they have proved useful in providing insights into motivating people.

The earliest content theory of scientific management was pioneered by Frederick W. Taylor, Frank Gilbreth and Henry L. Gantt. The scientific management theory of motivation considered money to be the only incentive. Subsequent theories began to consider factors such as working conditions and work security to be incentives. Still later, the possibility of satisfying “higher level” needs or motives also came to be considered as incentives. Examples of such needs are: the needs for esteem and self-actualization, identified by Maslow; responsibility, recognition, achievement and advancement as proposed by Herzberg; and growth and personal development as identified by Alderfer.

Maslow’s Hierarchy of Needs

In his paper, “A Theory of Motivation,” Abraham Maslow proposed a theory which sought to explain the concept of motivation. Based on his clinical experience, he concluded that people had a hierarchy of motivational needs. According to his theory, once the needs at a particular level in the hierarchy of needs are satisfied, they are no longer a motivating factor. Instead, the needs at the next level in the hierarchy become the motivators for the individual. The five levels in the hierarchy of needs proposed by Maslow (represented in Figure 7.2) are described below:

Figure 7.2 A Hierarchy of Work Motivation



Adapted from Kathryn M. Bartol and David C. Martin, *Management*, 3rd edition (USA: Irwin McGraw-Hill, 1998) 385.

1. **Physiological needs** – Physiological needs, which are needs such as hunger, thirst, sleep and sex, are similar to the unlearned primary needs discussed earlier in this chapter. Once these needs have been fulfilled, they no longer motivate an individual. For example, a thirsty person would be motivated to search for water. However, once she has drunk water, thirst would no longer be a motivator.
2. **Safety needs** – Safety needs, according to Maslow, include both emotional and physical dimensions. Like physiological needs, once the safety needs have been fulfilled, they no longer motivate an individual.
3. **Love needs** – This is similar to the affection or affiliation needs. The term ‘love’ used by Maslow has been the cause of some confusion, being misinterpreted at times for sex, which is a physiological need. The need for love can perhaps be more appropriately termed as the need for belongingness, or a social need.
4. **Esteem needs** – These are what were earlier referred to as “higher level” needs. Esteem needs include the need for power, achievement and status. They refer not only to developing self-esteem, but also obtaining esteem and respect from others.
5. **Self-actualization needs** – These needs are at the highest level in Maslow’s hierarchy of needs. When a person has realized his full potential and is fulfilled, i.e. his perception of his self has been transformed into reality, he can be said to have attained self-actualization.

Maslow did not develop this theory in order to apply it to motivation in the workplace. But it was taken up and popularized by management scholars, like Douglas McGregor, who described it in his book, *The Human Side of Enterprise*. This theory has had a great influence on modern approaches to motivation

As shown in Figure 7.2, Maslow's need hierarchy can be converted into a content model of work motivation. The theory and the content model depicted in the figure appear to be relevant to motivation in an organizational setting, and they have been accepted by many researchers and practitioners. However, not much empirical research has been carried out on the theory, and the little research that has been carried does not provide much empirical support to the theory. In subsequent works, Maslow himself proposed modifications to his theory, for example, by suggesting that the gratification of the self-actualization need may cause it to be increased, rather than decreasing it. Maslow has continued to stress that human behavior has many determinants, and human beings are motivated by many causes.

Herzberg's Two-Factor Theory of Motivation

The two-factor theory of motivation was developed by Frederick Herzberg as an extension of Maslow's work. Herzberg carried out a study in which he tried to assess the job satisfaction or dissatisfaction of the respondents. He interviewed around 200 accountants and engineers employed by firms in and around Pittsburgh, and tried to find out their attitudes towards their jobs. In order to collect data for his analysis, he used the critical incident method. The respondents were asked to recall the instances when they were particularly satisfied with their work and also those instances when they were particularly dissatisfied with their work. Herzberg asked each respondent two basic questions pertaining to their job:

1. When did you feel particularly good about your job – what were the incidents in your job that made you feel satisfied?
2. When did you feel exceptionally bad about your job – what were the incidents in your job that made you feel dissatisfied?

The results obtained by Herzberg by using the critical incident method were interesting and fairly consistent in nature. It was found that the respondents associated whatever good feelings they had about their job to the job content and job experiences. For example, an accounting supervisor felt proud and happy when he had installed new computer equipment in his department as he felt that the equipment he was installing would greatly improve the operational efficiency of his department. The study also revealed that the respondents attributed whatever negative feelings they had about their work to job context factors or aspects that were not directly related to their job but which had an effect on the work environment. An engineer when asked to give an example of the negative feelings he experienced in his job, revealed that his superior maintained too hectic a schedule which prevented him from providing his subordinate with proper training. He also seemed to get annoyed when the subordinate approached him with questions pertaining to the job. Instead, the subordinate (the engineer) was only entrusted the task of keeping tabulation sheets and managing the office when his superior was away. This made the engineer feel frustrated and disappointed with the job.

After tabulating these reported positive and negative feelings, Herzberg came to a conclusion that job satisfiers were associated with the job content, and job dissatisfiers were related to the job context. The satisfiers were termed as motivators, while the dissatisfiers were termed hygiene factors. While hygiene factors were responsible for preventing dissatisfaction, motivators were essential to keep the employees satisfied. Thus, motivators and hygiene factors were the two factors in Herzberg's two-factor theory.

Herzberg's two-factor theory and Maslow's needs hierarchy are closely related to each other. The hygiene factors are similar to the lower-level needs mentioned in Maslow's needs hierarchy. These factors are preventive, in the sense that they prevent dissatisfaction.

Exhibit 7.3

Applying Herzberg's Theory of Motivation

In today's world, employee satisfaction and retention have become issues of high importance. Employees who are satisfied are more productive, innovative, and show high levels of enthusiasm and commitment to their organizations. A high staff attrition rate and absenteeism levels can affect the financial performance of a company because outsourcing, recruitment and retraining may give rise to heavy costs for the organization. However, only a handful of organizations understand the true implications of keeping their employees satisfied.

Applying Frederick Herzberg's theory to real life is not an easy task. First, hygiene factors have to be considered in order to create an environment in which employee satisfaction and motivation are possible. The most important hygiene factors are discussed below:

- **Administrative policies of the organization:** If the policies of an organization are ambiguous or do not equally apply to all employees, employees may feel frustrated. Although policies by themselves cannot motivate employees, dissatisfaction can be reduced by ensuring that the policies are fair and applicable to all employees. A manual of policies and procedures should be made available to all employees. An organization should also compare its policies and procedures with those of its competitors to ensure that its policies are not unreasonably strict. If the policies of an organization are too harsh, they should be revised.
- **Presence of able supervisors:** Good employees are not necessarily good supervisors. To be an able supervisor, a person should be equipped with leadership skills and the ability to treat employees fairly. Supervisors should be trained to obtain feedback from employees and utilize it for the benefit of the organization.
- **Fair pay:** Employees feel happy in their work when they believe that they are being paid well. In order to ensure employee satisfaction, an organization should offer salaries which are comparable to other players in the industry. Apart from providing fair pay, an organization should also have clear policies about salaries, hike in salary and bonuses.
- **Good interpersonal relations:** Employees should be provided adequate time to socialize with one another, i.e. during lunchtime, tea breaks, etc. so that they are able to understand each other well. Such interactions among employees are essential to develop a sense of belongingness and teamwork. However, inappropriate behavior, disruption of activities, rudeness and offensive remarks should not be tolerated. When the employee's behavior is disruptive, he/she has to be warned and punished.
- **Conducive working conditions:** People are also influenced by the environment they work in. They take pride in the work they are doing and feel good if the facilities or equipment provided to them are modern and in good condition. It would be desirable to allow some personal space for every employee, like providing a desk, locker or at least a drawer. Overcrowding and cluttering should be avoided to the maximum possible extent.

Once hygiene factors have been addressed, the organization can make use of motivators to make people feel motivated and satisfied. The most important motivators are:

- **The work itself:** The most important thing is to make employees feel that the work they are doing is important. The contributions of the employees to productivity of the organization should be emphasized and good work should be recognized and rewarded. The managers should make employees understand the significance of their tasks and how they contribute to the overall profitability of the organization. This helps employees develop a sense of involvement in the work being done in the organization and makes them feel motivated.
- **Clear achievable goals:** For each position, clear and achievable goals should be set and managers should ensure that the employees understand these goals. The managers should provide the employees with timely feedback about their work and help them out when they come across

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problems. Individuals should not be given tasks that are too difficult or impossible for them to accomplish.

- **Appreciation for good work:** Every employee wants to be recognized for his/her good performance. Managers should acknowledge the good work of their employees as this will boost the employee's morale. The good work of employees can be appreciated by formal recognition, publicly praising them, awarding bonus or a written note of praise.
- **Giving adequate responsibility to employees:** If employees are made responsible for their work, they will be motivated to do their job well. This involves allowing employees enough freedom to carry out their work and to use their own methods to perform the tasks. As people learn on the job, they should be given more challenging and meaningful work. Whenever people are given additional responsibilities, they should also be given adequate authority and freedom.
- **Career growth:** Employees who are loyal and perform well on the job should be rewarded with advancement in their career. They should be given opportunities to put their skills to greater use. Employees should also be encouraged to pursue further education as highly qualified employees would be an asset to the organization.

People have different backgrounds, needs and expectations. Further, there is no one right way to motivate people. Herzberg's theory helps create a congenial work environment, which promotes job satisfaction which, in turn, makes employees more motivated, committed and productive.

Adapted from J. Michael Syptak, David W. Marsland and Deborah Ulmer, "Job Satisfaction: Putting Theory into Practice," Family Practice Management, American Academy of Family Physicians, October 1999 <<http://www.aafp.org/fpm/991000fpm/26.html>>

However, presence of hygiene factors does not ensure motivation; instead, they only serve as a base level for motivation to begin. Only the motivators can help in motivating employees on the job. Motivators are similar to the higher-level needs in Maslow's hierarchy. Therefore, according to Herzberg's theory, in order to be truly motivated, a person must have a challenging job.

Contribution of Herzberg's theory to work motivation

The two-factor theory propounded by Herzberg helped understand the content of work motivation. Prior to the formulation of this theory, managers considered that hygiene factors such as an increase in salary, perks and incentives, and better working conditions were of greater significance to employees and helped boost their morale. However, they found that even after the hygiene factors were in place, the employees were not really motivated. Herzberg's two-factor theory provided an explanation for this problem. The theory proposed that managers would not be able to motivate employees if they were to focus only on the hygiene factors. For instance, most of the employees or managers would agree that they deserved the raise they received. However, there would be many more employees or managers who would be dissatisfied that their salary wasn't increased to the extent they deserved. This example shows that although hygiene factors are important to prevent dissatisfaction among employees, they fail to create satisfaction.

To sum up, Herzberg considered hygiene factors to be very important for an organization to maintain its human resources. However, these were not factors which would motivate employees. Employees are motivated only if they have a challenging job which not only gives them an opportunity to achieve something, get recognition, advance in their careers and grow in the organization, but also allows them to handle greater responsibilities.

Critical evaluation of Herzberg's theory

Although Herzberg's two-factor theory provides a simple explanation for work motivation, it tends to oversimplify the complexities associated with work motivation. Further, a rigid interpretation of the two-factor theory should be avoided. When researchers deviate from the critical incidents method, the two-factor theory will no longer hold good. For instance, job factors such as pay can result in both satisfaction as well as dissatisfaction. If the pay is not high enough, it results in dissatisfaction. On the other hand, if the pay is good, employees regard it as a form of achievement and recognition and feel satisfied. These findings suggest that a strict implementation of the two-factor theory is not warranted.

Despite its drawbacks, Herzberg's theory has made a significant contribution to the study of work motivation. Herzberg's theory is an extension of Maslow's needs hierarchy and allows managers to apply the concept to work motivation. He realized the importance of job content factors which were until then, badly neglected and overlooked. He also developed the technique of job enrichment, which was a very important contribution to the field of human relations and organizational behavior. However, Herzberg's two-factor theory is not a comprehensive theory of work motivation. It describes only certain aspects of work motivation and fails to explain the complexities involved in motivating employees.

Alderfer's ERG Theory

Clayton Alderfer proposed another theory of work motivation as an extension of Herzberg's theory, and of Maslow's needs hierarchy. Alderfer developed a model of the hierarchy of needs based on some empirical evidence. Alderfer recognized the importance of categorizing needs and saw that there was a definite distinction between lower-level and higher-level needs.

According to Alderfer, there are three basic groups of core needs:

- i. *Existence needs* – These are associated with the survival and physiological well-being of an individual.
- ii. *Relatedness needs* – These needs emphasize the significance of social and interpersonal relationships.
- iii. *Growth needs* – These needs are related to a person's inner desire for personal growth and development.

These needs formed the basis on which Alderfer developed his theory, which he called the ERG theory. The relationship between this group of needs and the groups proposed by Herzberg and Maslow is shown in Figure 7.3. However, it should be noted that the need categories in the ERG theory do not have any strict lines of distinction or demarcation.

Alderfer proposed a continuum of needs, rather than hierarchical levels as proposed by Maslow, or two factors related to the predominant needs of an individual, as proposed by Herzberg. However, Alderfer did not believe that only deprivation was responsible for triggering a need in an individual and that a higher-level need is activated only after the lower-level need has been satisfied. In this, Alderfer's theory differs from both Maslow's and Herzberg's theories, where the fulfillment of a lower-level need leads to the activation of a higher-level one. According to the ERG theory, a person's background or cultural environment may cause the relatedness needs to predominate over unfulfilled existence needs. It is also possible that the intensity of growth needs will increase with an increase in the degree to which they are satisfied.

The ERG theory is not supported by a large body of research. Nevertheless, most contemporary analysts in the area of work motivation support Alderfer's theory over the other two content theories. The reason is that it includes the strong points of the

Figure 7.3 The Relationship between Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory and Alderfer's ERG Needs

Maslow's hierarchy of needs		Herzberg's Two-factor theory	Alderfer's ERG needs
Self-actualization and fulfillment	Motivational factors	Work itself Achievement Possibility of growth Responsibility	Growth
Esteem and status		Advancement Recognition	
Belonging and social needs	Hygiene factors	Status	Relatedness
Safety and security		Relations with supervisors Peer relations Relations with subordinates Quality of supervision	
Physiological needs		Company policy and administration Job security	
		Working conditions Pay	Existence

Adapted from John W. Newstrom and Keith Davis, Organizational Behavior – Human Behavior at Work, 9th edition, (New Delhi: Tata McGraw-Hill, 1997) 128.

other two theories, but is less restrictive and limiting in comparison to them. In general, content theories do not explain the complexities involved in the process of motivation and, except for the applications of Herzberg's theory to job design for individuals, these theories do not have much practical utility in the field of human resources management.

THE PROCESS THEORIES OF WORK MOTIVATION

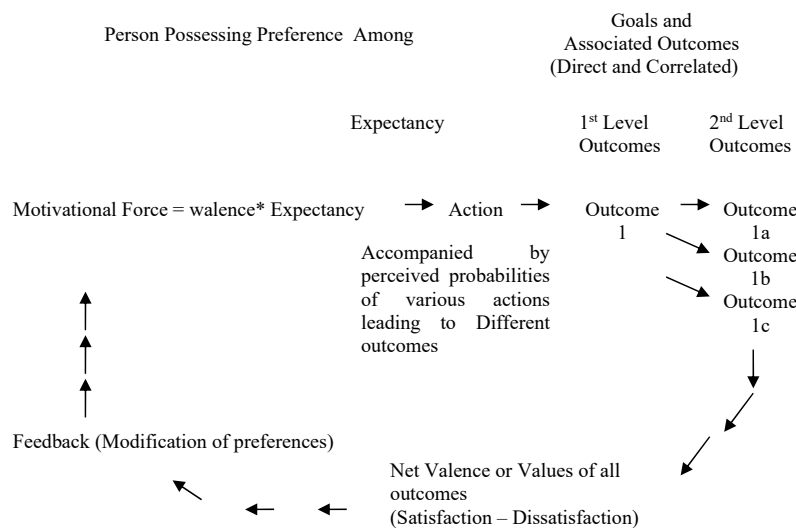
While content theories of motivation determine “what” motivates people at work, the process theories deal with the “how” of motivation. The process theories of motivation

deal with the cognitive antecedents that go into motivation or effort, and more specifically, with the way the cognitive antecedents of an individual relate to one another.

Vroom's Expectancy Theory of Motivation

The cognitive concepts proposed by the pioneering psychologists, Kurt Lewin and Edward Tolman, and choice behavior and utility concepts from classical economic theory form the basis for the expectancy theory of work motivation. Victor Vroom was the first behavioral scientist to propose an expectancy theory to explain work motivation. According to Vroom, the content theories of work motivation did not provide an adequate explanation for the complex process of work motivation. Therefore, as an alternative, he proposed the expectancy theory of work motivation. Vroom's theory became very popular in academic circles and is now the subject of many research studies. Figure 7.4 gives a diagrammatic representation of Vroom's expectancy theory. The theory is based on three variables – valence, instrumentality and expectancy – and is therefore commonly termed VIE theory.

Figure 7.4: Vroom's Expectancy Theory



*Valence = Σ Valence \times Instrumentality

Source: Dunnette, M.D. (1967) "The Motives of Industrial Managers", *Organizational Behavior and Human Performance*, p.178; adapted from Vroom (1964).

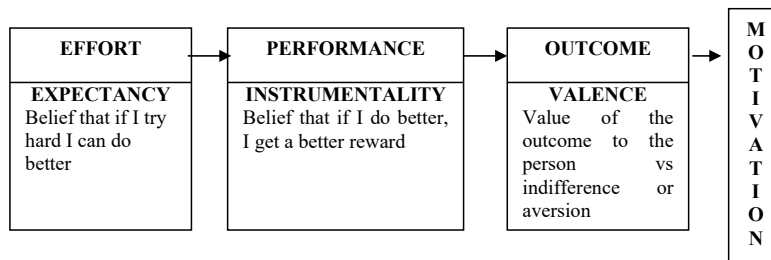
Meaning of the variables

Valence (V) denotes the strength of an individual's preference for a particular outcome. Other terms which may be used to refer to valence are: value, incentive, attitude, and expected utility. (If a person prefers attaining a particular outcome to not attaining it, then the valence is positive. The valence is said to be zero when the person is not interested in the outcome, and it is negative when the person prefers not attaining

the outcome to attaining it.) The second variable of Vroom's expectancy theory is instrumentality (I). Instrumentality refers to the degree to which a first-level outcome would help in attaining the desired second-level outcome. Instrumentality serves as an input for valence. For instance, the desire to obtain a promotion may motivate an individual to display superior performance in the job. The superior performance of the individual is the first-level outcome and is considered instrumental for getting a promotion, a second-level outcome. The third variable in Vroom's expectancy theory is expectancy (E). Expectancy is the probability (ranging from 0 to 1) that performing a specific action would produce a particular first-level outcome or effort. Although the concepts of instrumentality and expectancy seem to be very similar, they are, in reality, quite different. Expectancy relates a person's efforts to the first-level outcome, while instrumentality relates first-level outcomes to second-level outcomes. The strength of the motivation to perform a certain act depends on the algebraic sum of the products of the valence and instrumentality for the outcomes times the expectancy.¹

Vroom's expectancy theory focuses on the relationship between an employee's efforts, performance, rewards and personal goals, as shown in Figure 7.5. Three types of relationships are identified in Vroom's expectancy theory:

Figure 7.5 Vroom's VIE Expectancy Theory



Adapted from <http://www.css.edu/users/dswenson/web/OB/VIE.gif>

1. Effort-performance relationship
 2. Performance-reward relationship
 3. Rewards-personal goals relationship
- i) *Effort-performance relationship*: This shows an individual's perception of the probability that a specific level of performance would result if he exerts a certain amount of effort.
 - ii) *Performance-reward relationship*: It denotes the extent of an individual's belief that a particular level of performance would result in achieving the desired outcome.
 - iii) *Rewards-personal goals relationship*: This refers to the degree to which an individual's personal goals or needs are satisfied by the rewards given by the organization and his perception of the attractiveness of these rewards.

An understanding of the relationships identified by the expectancy theory helps managers understand why many workers are not really motivated and put in only minimal efforts. Managers can assess these relationships between effort, performance, rewards and personal goals of employees from the employees' responses to

¹ Fred Luthans, *Organizational Behavior*, 8th edition (India: Irwin McGraw-Hill, 1998) 176.

questionnaires or informal interviews. If the employee is motivated to the highest extent possible, he/she will give an affirmative response to each of the questions discussed below.

First: If the employee puts in his/her maximum effort, will it have a strong positive impact on his/her performance appraisal?

Some employees may answer the question in the negative. This may be because they lack the requisite skills for the job. Therefore, they may not be able to perform effectively, although they put in a lot of effort. Sometimes, the performance appraisal system of an organization may take into consideration only non-performance factors like loyalty, initiative and courage shown by the employee. In such cases, a person may not be rated as a high performer even if he invests great efforts on the job. Another reason for a negative response to the question may be the employee's perception that he is disliked by the boss and therefore, he expects to obtain a poor rating from his boss regardless of efforts. All these indicate that a possible source of low employee motivation is the employee's belief that irrespective of his efforts, his chances of getting a good rating from his superior are low.

Second: Does he/she believe that obtaining a good performance appraisal will result in organizational rewards?

Many employees do not see a close relationship between performance and rewards offered by the organization. This is because in many organizations, rewards are based on many considerations other than the performance of the employee. The rewards may be based on factors such as seniority, ability to please superiors, ability to cooperate with others etc. Often, employees feel that their performance has not been adequately rewarded. Such a mismatch between performance and rewards may demotivate employees.

Third: If the employee is rewarded, are these rewards personally attractive to the employee?

An employee may put in a lot of hard work such as working late, taking on extra work, etc. in order to get promoted, but instead he may be given only a nominal hike in his salary. It may also happen that an employee may wish to work on an interesting and challenging job, but all he gets is words of appreciation from his superior. In such cases, the rewards offered by the organization do not satisfy the needs of the employee, and hence are not attractive to him/her. Although it is important for organizations to tailor their rewards to suit employees' needs, there is a limit to the rewards that an organization can offer. This makes it difficult for managers to individualize rewards. Moreover, many managers wrongly assume that all employees wish for the same kind of rewards. This makes them overlook the motivational effect that a differentiated reward system has upon employee performance. Such uniform organizational practices do not motivate employees to the fullest extent.

The Porter-Lawler Model

It is commonly believed that a happy worker is a productive worker. Accordingly, many early researchers into human relations felt that employee satisfaction has a direct impact on the employee's productivity. It was also believed that employee satisfaction is an antecedent condition that determines the productivity of the employee. Although all the content theories of motivation assume that increase in employee satisfaction improves his productivity, later researchers (Vroom, 1964) could not establish a direct link between satisfaction and performance. On the contrary, many studies actually found that there is a very remote relationship between the level of satisfaction and the level of productivity of a worker.

The Porter-Lawler model was developed by Lyman W. Porter and Edward E. Lawler III as an extension of Vroom's expectancy theory. Porter and Lawler tried to explore

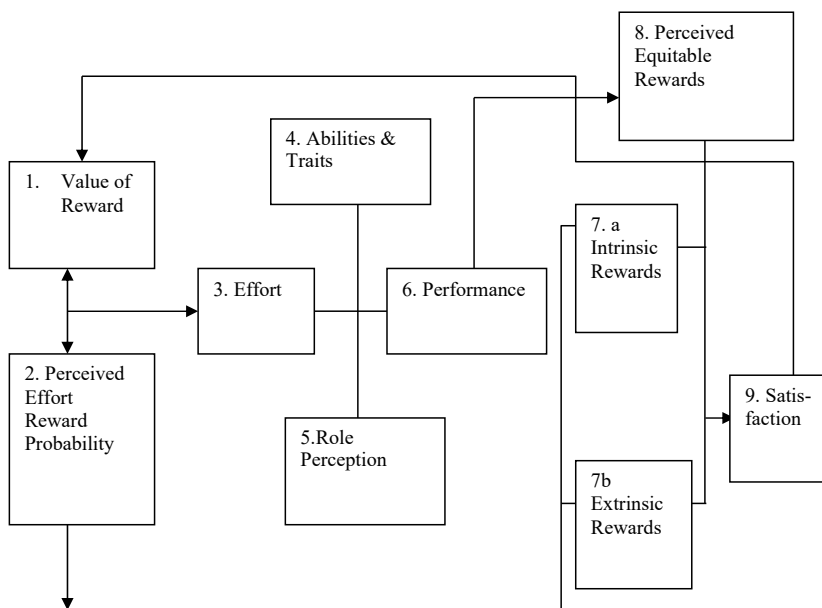
the complex relationship between motivation, satisfaction and performance, and pointed out that efforts put in by an employee did not directly result in performance. The Porter-Lawler model is a comprehensive explanation of work motivation. It is illustrated in Figure 7.6. The model holds that performance in an organization is dependent on three factors:

1. An employee should have the desire to perform, i.e. he must feel motivated to accomplish the task.
2. Motivation alone cannot ensure successful performance of a task. The employee should also have the abilities and skills required to successfully perform the task.
3. The employee should have a clear perception of his role in the organization and an accurate knowledge of the job requirements. This will enable him to focus his efforts on accomplishing the assigned tasks.

Important variables in the model

The Porter-Lawler model tries to establish a relationship between the efforts, performance and satisfaction of an individual. The important variables in the model are discussed below:

Figure 7.6: The Porter-Lawler Motivation Model



Source: <http://www.neiu.edu/~aserafin/421/motivation/aMotivation/sld006.htm>.

Effort: This denotes the amount of energy expended by an individual to perform a specific task. The effort put in by an individual depends upon how attractive the reward is and his perception of the probability that his efforts will lead to the reward. An individual may put in considerable effort if he finds the reward very attractive and also if he feels that there is a high probability of obtaining the reward through his effort. Motivation is the force that drives an individual to make an effort to perform a certain task.

Performance: Motivation causes an individual to make some level of efforts to accomplish a certain task. However, making an effort does not deliver effective performance on its own. Often, besides the effort made by the individual, performance also depends on his abilities and skills and the way he perceives his role in accomplishing the task. Thus, there is not always a perfect match between the effort of an individual and his performance. A discrepancy is often observed between the two. For example, an employee's desire to be promoted may motivate him to put in a lot of effort by working late in the office. However, despite his long hours at work, he may lack the abilities and skills required to efficiently perform the tasks associated with his job. Further, he may not have a clear perception of his role in accomplishing the tasks and may not have planned them properly so as to deliver superior performance. Hence, when his performance is being appraised, the employee may get only a hike in his salary, rather than a promotion.

Rewards: According to Porter and Lawler's model, an employee is rewarded based on his performance. The rewards that an employee gets may be intrinsic or extrinsic in nature. Intrinsic rewards are those which a person grants to himself for having performed a task well. This may be in the form of happiness or satisfaction at having accomplished the task, etc. Since intrinsic rewards are given by the person himself, they are less likely to be affected by disturbing or negative thoughts and influences of others. Thus, intrinsic rewards help establish a direct relationship between a person's performance and the reward he obtains. Extrinsic rewards are those which are given to the employee by the organization for performing well in the job. Since these rewards are given to the employee by an external entity, namely the organization, and not by the employee himself, they are likely to be subject to other influences. Hence, it may not always be possible to establish a direct relationship between extrinsic rewards and employee performance.

The performance-satisfaction relationship of the employee is also affected by what he perceives as appropriate rewards. For instance, suppose A and B are two employees working in the same organization but differing in their job performance, with A performing better than B. If both of them are rewarded in the same manner, A will naturally be dissatisfied that his superior performance has been rewarded at the same level as employee B's inferior performance. Thus the reward offered may not give him satisfaction.

Satisfaction: Satisfaction depends upon whether the actual reward offered fall short of, match or exceed what the individual perceives as an equitable level of reward. Porter and Lawler stated that satisfaction results when the actual rewards exceed the perceived rewards. Likewise, dissatisfaction results when actual awards fall short of the person's expectations.

THE CONTEMPORARY THEORIES OF WORK MOTIVATION

Equity Theory

J. Stacy Adams propounded the equity theory of work motivation. This theory states that the degree of equity or inequity perceived by an employee with reference to his work situation plays a major role in work performance and satisfaction. Employees

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compare the outcomes, i.e. what they get from their job in relation to what they give to the job, i.e. job inputs. Besides the direct contribution that a person makes, inputs also include other aspects like a person's experience or previous training, qualifications, personal characteristics, etc. The various possible outcomes are pay, fringe benefits, incentives, recognition, promotion, prestige, etc. Employees generally compare of their outcome-input ratio with that of others. If they perceive the ratio of their outcomes and inputs to be equal to that of their peers and others, a state of equity exists. However, when the employee perceives his outcome-input ratio as being unequal to others, a state of equity tension or inequity exists. This state of negative tension motivates a person to take the necessary corrective measures.

Equity is represented schematically as:

$$\frac{\text{Person's outcomes}}{\text{Person's inputs}} = \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

Inequity is represented as follows:

$$\frac{\text{Person's outcomes}}{\text{Person's inputs}} < \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

or

$$\frac{\text{Person's outcomes}}{\text{Person's inputs}} > \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

For example, X graduated from a prestigious business school and was selected for a suitable position in a large and reputed company. The work was challenging and provided ample opportunities for growth. X joined at a salary of Rs 10,000 per month. The company appreciated X's performance and after he had completed a year's service, gave him a hike of Rs 1,000. However, after a short while, a new employee was hired by the company with the same qualifications but no prior experience, at a salary of Rs 12,000. On learning about this, X perceived a state of inequity, felt demotivated and began to look for another job.

An important variable in the equity theory is the referent chosen by the employee, which complicates the equity theory to some extent. A referent is an object of reference or individual with whom the employee compares himself. The various referent comparisons used by an employee are:

- i) *Self-inside*: The employee compares his experiences in the present position with the experiences of those holding a similar position in the same organization. For example, a research associate working for ICFAI university experience equity or inequity when he compares his salary with that of another research associate working with him. It involves a comparison between the same job positions within the same organization.
- ii) *Self-outside*: The employee compares his experiences in the present position with the experiences of those holding a similar position in another organization. For example, a faculty member of ICFAI University comparing his experience with the experience of a faculty member working for Indian School of Business. It involves a comparison between same job positions held by individuals belonging to different organizations.
- iii) *Other-inside*: The employee compares his experiences in the present position with the experiences of another individual or group of individuals holding a different position but belonging to the same organization. The other-inside comparison

involves a comparison between different job positions of individuals belonging to the same organization. For example, a research associate comparing his position with that of a faculty associate working for the same parent organization, ICFAI University.

- iv) *Other-outside*: The employee compares his experiences in the present position with that of another individual or group of individuals holding a different position and belonging to a different organization. For example, a research associate of ICFAI University comparing his position to a faculty associate of Indian School of Business.

The objects of reference or referents used for comparison could be the employee's friends, neighbors, peers in the same organization, peers from other organizations or colleagues from a company where he had worked previously. The basis for choosing the referent depends upon how much information the employee has about the referent and on the attractiveness of the referent. There are four variables that influence an employee's choice of referent. These are the gender of the employee, length of tenure of the employee in the organization, level at which the employee is working in the organization, and level of education or professional qualifications of the employee.

Research studies have shown that both men and women prefer to compare themselves with members of their own sex. Also, since women are usually paid less (for some jobs) than men for the same job, and also have lesser expectations than men, when a woman compares her position with that of another woman, she may be setting herself a low comparison standard. Thus, it can be concluded that employees whose jobs are neither male- nor female-dominated will make more cross-sex comparisons than people in jobs which are either male- or female-dominated. Further, if the employees have been working in the current organization for a short while, they will not know much about their colleagues, and therefore, they will tend to rely on their previous personal experiences. On the other hand, people, who have been in the organization for a long time, tend to compare themselves with their colleagues. Also, employees working in higher levels of the organization and those who are highly qualified, tend to be outward-looking and are well-informed about people in other organizations. Hence, these employees will tend to compare themselves with people from other organizations.

According to the equity theory, after comparing his position with that of his referent, if an employee perceives an inequity, he will make certain choices. The choices that an employee is likely to make are as described below:

- i) *Change in inputs*: The employee brings about a change in the inputs required for the job by either increasing or decreasing them. For example, the employee may reduce the effort he puts into a particular job.
- ii) *Change in outcomes*: The employee may act in a manner that brings about a change in the outcome or end result. For example, employees who are being paid on a daily basis may begin to produce more units of lower quality.
- iii) *Distort perceptions of self*: The employee may distort the perception he held about his own performance. For example, an employee might have earlier considered himself a moderate worker, but the inequity, he perceives, may make him change his perception, and start believing that he works harder than everyone else.
- iv) *Distort perception of others*: An employee may change the way he perceives other's jobs, positions or productivity. For example, an employee may no longer find the job held by his colleague as appealing as he had found it earlier.
- v) *Choose a different referent*: The employee may choose a different object of reference or a different referent to compare himself with. For example, the employee may stop comparing his performance with that of his brother-in-law and start comparing it with that of his friend.

- vi) *Leave the field*: The employee may decide to quit the job in the present organization and look for a new one.

According to the equity theory, people not only relate their rewards with the effort they have put in, but also try to relate their rewards with those of others. For instance, an employee compares his input in performing the job (for example, his effort, experience and educational background) with the output (for example, salary, raise, promotion, recognition); he also makes a comparison between his inputs and resultant output and the input of others and their resultant output. Based on this comparison, he makes a judgment regarding the equity or inequity of the rewards. If the employee perceives an inequity or imbalance across output-input ratios, it creates a state of tension in the mind of the individual. This serves as the basis for his motivation and makes him strive to reduce or eliminate the imbalance by restoring equity across output-input ratios.

The equity theory proposes four methods by which employees overcome perceived inequity:

- i) If payment is on an hourly basis, the employees who perceive that their rewards exceed their inputs will experience inequity, when compared to the employees who perceive that their rewards match their inputs. Hence, over-rewarded employees will tend to restore equity by producing more than the equitably paid employees. This may take the form of an increase in the number of units or the quality of the units they produce.
- ii) If payment is on a piece-rate basis, i.e. on the basis of the number of units produced, over-rewarded employees will tend to increase their output by increasing either the quality or quantity of units they produce. However, since producing a larger number of units tends to further increase the inequity of the employee, the employee will try to restore equity by producing fewer units but of a higher quality.
- iii) If payments are on an hourly basis, under-rewarded employees will try to restore equity by reducing the efforts they put in. This may be in the form of a decrease in the number of units produced by them or by reducing the quality of the units produced.
- iv) If payments are made on the basis of the number of units produced, under-rewarded employees will tend to restore equity by producing a larger number of products but of a lower quality. They try to increase their rewards by trading off quality for quantity of output.

Although these methods may hold good for many situations, there are a few exceptions. For instance, usually, inequity caused by overpayment does not affect behavior to a great extent. This is because people are more tolerant towards inequity caused by overpayment than they are towards inequity caused due to being paid less. Also, not all people are equity-sensitive. Some people prefer their outcome-input ratio to be lower than the outcome-input ratio of their referent comparisons. Hence, the conclusions drawn by the equity theory will not hold good for such people.

Although most of the research in equity theory has emphasized the aspect of pay, other organizational rewards are also taken into consideration by employees when they compare their outcome-input ratio with that of their referents. Thus, other organizational rewards such as job designation, fringe benefits, etc. also play a role in equity or inequity as perceived by the employee. For example, some employees consider high-status job designations, posh offices, etc. as adequate rewards. Hence, these factors may affect their perception of equity.

Distributive justice was the focus of equity theory in the past. Distributive justice refers to the perceived fairness of the manner in which rewards are offered, both in terms of quantity of the reward received by the individual as well as in terms of the distribution of rewards between individuals. However, researchers later realized that an

individual's perception of equity or inequity also took into consideration procedural justice. Procedural justice refers to the perceived fairness of the process followed in distribution of rewards. There is evidence to show that although procedural justice has less impact than distributive justice on employee satisfaction, it significantly influences the employee's commitment towards the organization, the extent to which he trusts his superiors, and his desire to quit the organization. Managers should make sure that the manner in which rewards are allocated in the organization is transparent, and should also convey to the employee that the organization follows unbiased and consistent procedures in rewarding its employees. Such practices contribute to the employee's perception of procedural fairness and project a positive image about the organization and the employee's superiors. This perception of procedural fairness can be held, even if the employee is dissatisfied with the pay or other outcomes.

Equity theory demonstrates that employees are motivated significantly by both absolute rewards as well as relative rewards. However, the theory fails to provide clear answers to certain questions such as – How do employees define their inputs and outcomes? How do they make a comparison between these to arrive at a certain conclusion? How do inputs and outcomes change over time? These issues have not been addressed clearly by the equity theory. In spite of these limitations, equity theory satisfactorily explains the concept of motivation and helps in designing compensation schemes.

Attribution Theory

Attribution theory differs from the other theories of motivation because it identifies attributions made by people as the basis for their motivation. Attribution theory does not just explain individual motivation but explains the relationship between personal perception and interpersonal behavior. Although there are many attribution theories, all of them share some common assumptions:

- i) They try to provide a logical explanation to all that is happening.
- ii) They attribute actions of individuals to internal or external causes.
- iii) These theories propose that individuals follow a fairly logical approach in making attributions.

According to Harold H. Kelley, a famous social psychologist, attribution theory deals with the cognitive processes of an individual, which help interpret his behavior as being caused by aspects pertaining to the relevant environment. Attribution theory tries to answer the "why" aspect of motivation and behavior. The theory states that since the causes and reasons for an individual's behavior cannot be directly observed, one has to depend to a great extent on the perception of the individual in order to understand his behavior. Attribution theory also assumes that humans are rational and motivated beings. This inherent nature of human beings makes them identify and understand the reasons for everything that takes place in their environment.

Many cognitive theorists contributed to the development of attribution theory, but the credit for initiating it goes to Fritz Heider. According to Heider, behavior is determined by both internal forces or personality attributes such as ability, effort and fatigue, and external forces or environmental attributes such as rules, weather etc. He emphasizes that it is the perceived attributes of an individual, which are important in determining the individual's behavior, and not the actual attributes. The behavior of people when they perceive the internal attributes of an individual differs from their behavior when they perceive the external attributes associated with the individual. This concept of differential attribution has very important implications for work motivation.

Locus of control attributions

'Locus of control' refers to the chief source of factors that creates a result or gives rise to an outcome in the employee's perception. The outcome or result could depend on either external factors or internal factors. An understanding of the locus of control as perceived by various employees helps in a better understanding of their behavior at work. Those employees who believe that there is an internal control for all outcomes feel that they have the power to change or influence the outcomes by means of their ability, skills and efforts. But, those employees who believe that there is an external control for all outcomes feel that they are in no position to control them. In their opinion, external factors like luck, chance, etc. are responsible for influencing outcomes. An employee's perceived locus of control is important in determining his/her own performance and satisfaction level.

Several researchers have studied employee behavior in terms of the attribution theory - locus of control model, in work settings. It has been found that employees with an internal locus of control are usually happier in their jobs, occupy managerial positions and prefer the participatory style of management as compared with employees with an external locus of control. Managers with an internal locus of control are, in general, better performers, considerate towards their subordinates, are not over-stressed, and follow a strategic approach. Although many studies reveal that employees with an internal locus of control are better than their counterparts having an external locus of control, there is contradictory evidence from other studies. For instance, some studies find that managers with an external locus of control are perceived to take more initiative and be more considerate than managers with an internal locus of control.

Besides having important implications for managerial behavior and performance, attribution theory helps in explaining goal-setting behavior, leadership behavior and employee performance. Further, the process of attribution plays an important role in the formation of coalitions within organizations. Coalition members have been found to have strong internal attributions, such as ability and desire, whereas non-members have a perceived external locus of control and attributed the results or outcomes to factors such as luck.

Other attributions

As explained earlier, attribution theory helps in a better understanding of organizational behavior (refer Exhibit 7.4). Therefore, other aspects of attribution by employees are being studied in order to extend the scope of the theory. Bernard Weiner, a social psychologist, found that the stability of attribution was also important in determining motivation. According to Weiner, employees with longer work experience tend to have stable internal attributions about their abilities and unstable internal attributions regarding effort. These employees also usually have stable external attributions regarding the task difficulty and unstable external attributions regarding luck.

Kelley suggested other dimensions such as consensus, consistency and distinctiveness having an impact on the type of attributions made by individuals. Consensus denotes the extent to which others behave in a similar manner in the same situation. The second dimension, consistency refers to a pattern of behavior, which may be relatively stable or unstable. This shows whether a person behaves similarly in a similar situation or if a particular behavior is just an infrequent occurrence. Distinctiveness indicates whether a person's behavior is similar for all tasks or whether his behavior differs from one task to another. Hence, it can be said that distinctiveness pertains to other tasks, consensus pertains to other people and consistency pertains to time. An individual having high consensus, consistency, as well as distinctiveness can be expected to make attributions to external or environmental factors. However, individuals showing low consensus, high consistency and low distinctiveness, can be expected to attribute outcomes or results to internal or personal causes.

Exhibit 7.4**Application of Attribution Theory in Organizations**

The reasons we attribute to other's behavior determine or influence how we behave with them. Many times, it is possible to attribute definite reasons to the behavior of others. However, when adequate information is not available, one cannot be certain about what causes others to behave the way they do. In such situations, we tend to derive meaning by filling in the missing gaps in information or by using whatever information is available.

Since a manager's job involves evaluating employees' performance, any misunderstanding or incorrect analysis of the employees' behavior can result in a breakdown in communication. This adversely affects organizational effectiveness. Hence, it is essential that managers understand the factors that affect how they judge others' and their own behavior.

According to attribution theorists, there are various factors that influence the reasons we attribute to others' behavior. According to these theorists, we tend to assume that either situational or personality characteristics are responsible for the way others behave. Examples of situational characteristics include difficulty of the task, presence of rewards/punishment, or luck, while personality characteristics include skills, traits or efforts of the individual. Situational or personality characteristics are further divided into two types – stable (difficulty of the task, and ability) and unstable (luck and effort).

It is common for managers to attribute their own behavior to situational causes and others' behavior to personality causes. Thus, their decision style tends to vary with the situation. Managers' attributions regarding the employee's success or failure tends to be influenced by certain biases related to the ease of response and the need to maintain self-esteem. Ease of response tends to make managers attribute employee's poor performance to internal causes rather than considering external factors such as poor organizational structure or job design as responsible for ineffective employee performance. Further, the manager's need to maintain self-esteem may cause him to attribute employee's success to external factors, such as effective quality of managerial supervision, and attribute employee's failure to personality characteristics such as lack of ability and inadequate efforts.

However, the same rules of attribution do not apply while judging one's own behavior. While doing so, we tend to attribute our successes to internal factors and failures to external causes. This is because taking responsibility for negative behavior tends to lower one's self-esteem and is therefore avoided as far as possible. Nevertheless, there are exceptions to the tendency to attribute successes to internal factors. The gender of an individual influences the extent to which the individual would attribute success to oneself. Women, for example, are less likely to give the credit to internal factors for achievement of success in their career, and are more likely to attribute their success to external factors such as luck. Although neither managers nor employees are aware of the processes involved in attribution, the reasons they assign to their attributions subsequently influence their own behavior as well as the way they behave with others in the organization. An understanding of the attribution processes helps prevent managers from falling into a self-confirming cycle wherein their observation of employees' behavior begins to confirm their attributions and beliefs regarding the employees. Also, an understanding of attribution processes helps managers as well as employees to take into consideration each other's attribution processes and to understand why the other is behaving the way he is. This, in the long run, helps to avoid the misunderstandings that are likely to arise in organizational settings or workplaces.

Adapted from Bartunek, Jean M., "Why Did You Do That? Attribution Theory in Organizations" Business Horizons, Vol. 24 Issue 5 (Sep/Oct81), 6p, p66.

Weiner used attribution theory to explain achievement motivation and also to predict how people feel about themselves and their performance. Some of his findings are described below:

- Bad-luck attributions, i.e. when people blame their failures to external causes like bad luck, fate etc., it helps reduce the pain and disappointment associated with failure. At the other extreme, good-luck attributions, or attributing success to factors like good luck, chance, etc. reduces the happiness associated with the success.

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- When people attribute their success to internal factors, their expectations of success in the future tend to be higher. They set challenging goals for performance and have greater desire for achievement.

A study of the attribution theory helps managers become aware of the attribution processes of individuals and how it affects their behavior in the organization. The managers can reinforce the belief among their subordinates that their success and progress in the organization is an outcome of their own efforts and abilities. At the same time, they can discourage employees from attributing failure to external causes such as difficulty of the task or bad luck.

Other Emerging Theories

Apart from the theories of motivation that are based on cognitive psychology, there are other theories, such as *control theory* and *agency theory*, which have become popular in recent times.

There are two versions of the control theory. One version states that control is a cognitive phenomenon. It reflects an individual's ability to control his life and aspects associated with his job. Recent studies reveal that people who have personal control are able to handle unpleasant events with poise and experience less stress as compared to the individuals who lack such personal control. It has also been proved that such perceived control enhances job satisfaction and reduces absenteeism.

The other version of the control theory focuses on the control function, which is an integral part of the management process. While traditional theorists consider control of both the inputs and outputs of organizations as important for effective management, recent research indicates that strategic control of human resources is also important.

The agency theory was developed on the basis of some concepts in financial economics. An agency relationship is said to exist when one or more individuals, i.e. the principal, engages another person, i.e. the agent, to perform some activity on his or their behalf. The agency theory assumes that the interests of principals and agents sometimes conflict with each other. This theory is important in organizational behavior as it helps in understanding how principals (owners, board of directors, or top management) can reduce conflicts between their interests and those of agents (subordinates, middle management, or shop floor employees) by establishing rewards or incentives for agents when they achieve the desired results. Research is now providing evidence that indicates that agency theory is applicable in various areas of organizational behavior. These include areas such as pay for performance, compensation contracts, foreign subsidiary compensation strategies and variable pay compensation strategies. Agency theory helps provide insights into the complex motivation processes of managers in modern organizations.

MOTIVATION OF PERFORMANCE THROUGH JOB DESIGN AND GOAL SETTING

In this section, we discuss how organizations can motivate performance through effective job design and goal-setting. The concept of goal setting and the application of goal setting to organizational system performance through MBO is also discussed in this section.

Motivating Performance through Job Design

The origin of the concept of job design can be traced to the early twentieth century when Frederick W Taylor proposed the theory of Scientific Management. This theory advocated the structuring of work tasks into highly standardized and specialized jobs to

simplify the process of hiring, training and supervision. The primary objective of this exercise was to minimize the operational costs involved at each stage of the production of goods and services. This kind of organizational structure led to a high degree of control over workers. However, the highly specialized nature of jobs had a negative impact on the quality of work and employee turnover. This unfavorable outcome led organizations to realize that the design of a person's job has a considerable impact on his/her behavior.

A *job* can be defined as a grouping of tasks within a prescribed unit or units of work.

"Job Design" can be defined as the process of structuring tasks and responsibilities into a job in an attempt to make the job more meaningful, significant and satisfying.

Job design therefore, has to consider the technical and social aspects of work in an organization to derive optimal productivity and performance from the employees.

Approaches to job design

Organizations adopt a variety of approaches to job design to motivate their workforce to perform well and achieve the desired levels of productivity. In this section, we discuss a few widely accepted approaches to job design.

Job engineering approach to job design

The job engineering approach to job design evolved from the theory of Scientific Management and its approach to job design. The job engineering approach is concerned with issues like plant layout, design of products, processes and tools, and the measurement and standardization of work processes and human-machine interactions. Though this approach leads to standardization and achieves a high degree of job specialization, it unfortunately results in a decline in the quality of work and an increase in absenteeism and turnover.

Job enlargement approach

The job enlargement approach deals with the horizontal expansion of jobs. Horizontal expansion of jobs means increasing the number of jobs performed by the worker, thereby making the job less specialized and monotonous. Unless done with a lot of care, job enlargement can prove counter productive. Employees may not enjoy the additional responsibility, and may feel over-burdened and demotivated.

Job rotation

This approach involves the regular switching of jobs among employees. The rotation of workers between various departments reduces the boredom of performing the same job activities. The system of rotation of jobs, however, necessitates organizations to constantly conduct training programs to upgrade the skills of the employees. These training programs enable the employees to cater to the demands of different jobs.

Job enrichment

The job enrichment approach carries out a vertical expansion of jobs. This vertical expansion results in an increase in the content of work and requires employees to have a high level of skill and knowledge. It also facilitates an increase in the level of autonomy by allowing workers to plan, direct, control and evaluate their own performance on the job. Job enrichment is discussed in greater detail in the next section.

Quality of work life and sociotechnical approach to job design

The Quality of Work Life and sociotechnical approaches to job design take a macro perspective of the design of tasks in an organizational structure. As the name suggests,

QWL is concerned with the overall climate at the workplace. This approach deals with the impact of work on the employees and on organizational effectiveness. QWL refers to the degree to which the work environment enhances or hinders the productivity of employees. The concept of QWL focuses on the enhanced participation of employees in the problem solving and decision making activities of an organization.

The sociotechnical aspect of job design aims at creating a harmonious interface between the human and technological aspects of work so as to enhance the quality of work life. This approach involves the redesign of work processes and the formation of independent and autonomous work teams. The successful implementation of sociotechnical approaches reduces turnover and absenteeism and improves the quality of work.

Job characteristics approach to job design

The Job Characteristics approach identifies certain features of jobs that result in certain psychological states. These psychological states strengthen the employees' need for growth and achievement. This approach guides the top management to design jobs that motivate employee performance. This theory, propounded by Hackman and his colleagues, proposes a three stage process for enhancing the productivity and profitability of organizations. This is called the Job Characteristics Model.

The core dimensions or characteristics of a job that affect its nature are skill variety, task identity, task significance, autonomy and feedback. *Skill variety* refers to the degree to which a worker is given the opportunity to use his knowledge and his wide range of skills and abilities, to perform his job. *Task identity* determines whether a job has an identifiable beginning and an end. In other words, Task identity refers to the extent to which an employee is responsible for the completion of a distinct, identifiable module of the job assigned. *Task significance* refers to the importance attached to a specific job in the organization. It determines the contribution of the job and the worker towards the organization's productivity. *Autonomy* refers to the amount of freedom a worker has in performing his job. This dimension examines the relative independence, responsibility and accountability of the job in comparison to other jobs. *Feedback* refers to any appraisal received by the employee about his performance on the job after its accomplishment.

Since autonomy and feedback play an important role in motivating employees, they are the two most important factors to be considered when designing jobs.

Realization of critical psychological states

The dimensions of jobs, discussed above have an impact on the psychological states of employees. The psychological states discussed below, play an important role in shaping individual job motivation and satisfaction:

Meaningfulness - This is experienced when an individual feels that he has significantly contributed to the productivity of the organization and has optimally utilized his skills.

Responsibility - This is experienced when an employee feels personally answerable for the consequences of his job-related actions. An employee's sense of responsibility is influenced by the level of autonomy granted to him in a particular job.

Awareness of results - This psychological state is achieved when the employee is informed of his level of performance at the job. In other words, this state is influenced by feedback.

When employees experience these critical psychological states, they are motivated to perform effectively at work. These psychological states serve as an internal reward system for the employees.

Personal or work outcomes

Favorable job dimensions produce positive psychological states, which create a strong sense of commitment towards the job thereby resulting in enhanced employee productivity. Factors like job involvement and motivation and satisfaction at the personal and work level determine job outcomes. If employees experience positive psychological states, they tend to become more involved in the tasks assigned to them. They are thus internally motivated to perform better on the personal and work fronts.

Job enrichment

As explained in the previous section, job enrichment technique vertically loads the job. In other words, job enrichment results in increasing the responsibility and accountability of the job rather than simply increasing the number of tasks to be performed. This type of job design provides employees with the opportunity to plan and execute their jobs and evaluate their own performance. This in turn enhances the responsibility and accountability of the employees. As the employee is given the freedom and autonomy to perform and execute the job at his own pace and in his own way, he also feels responsible for the outcome of the job. This sense of responsibility motivates the employee to perform better. And this improvement in performance provides the worker with more avenues for growth and development in his career. Studies have found that in most cases, job enrichment enhance employee creativity at work and increase levels of employee satisfaction. Yet, the job enrichment approach is not free of problems. The biggest problem with job enrichment technique is that, the time and reason for its failure can never be accurately predicted in organizations.

Measuring task scope

Task scope refers to a dimension for describing jobs at various levels of the organization. The task scope encompasses the variety of activities a person has to perform to complete a particular job. A job, that has a narrow scope, has fewer responsibilities than a job that has a broad scope. In other words, task scope deals with the horizontal load of the job. The task scope of a job can be measured in several ways. It could be as simple as observing the job on hand along the dimension of core job characteristics. Hackman and Oldham have developed a qualitative method for measuring task scope. They administer a questionnaire called the Job Diagnostic Survey (JDS) to employees. Once the questionnaire is administered and scored, the Motivating Potential Score (MPS) is calculated using the formula given below:

$$\text{MPS} = (\text{Skill variety} + \text{task identity} + \text{task significance}) \times \text{autonomy} \times \text{feedback} / 3$$

The above formula shows the inevitability of the presence of autonomy and feedback in any effective job design to motivate the workers. If either autonomy or feedback is absent, the job does not have the potential to motivate the employees.

Redesigning jobs

As discussed in the previous sections, job design has a significant impact on the various aspects of productivity and motivation. Job design also has an impact on the attitude of employees towards their jobs, their willingness to perform, productivity, absenteeism and job stress. Therefore, managers have to put in significant effort when designing and redesigning jobs to achieve optimal productivity levels.

In this section we present strategies for job redesign that take into consideration, the characteristics of the job.

Combination of tasks

This strategy involves the combination of tasks that have become too specialized or fragmented. This effort improves skill-variety, task identity and interdependence. All the tasks which are deemed unnecessary and redundant are eliminated. A team may be formed to accomplish one large piece of work. The members of the team must be made to rotate jobs at regular intervals. This will provide adequate training to all members of the team and ensure that they get the opportunity to perform a variety of tasks. This will also ensure that the duties of the team members are constantly increased and that they get the opportunity to learn new skills.

Vertical loading of jobs

This basically refers to job-enrichment. Employees are not only given adequate opportunities to develop their skills, but are also empowered to plan, schedule and execute activities themselves. The employees are thus made completely accountable for their performance. The employees need to be made to understand the importance and implications of the jobs they handle so that they realize the significance of the same. This process caters to the need for enhancing autonomy at work and enables the employees to experience meaningfulness and responsibility at their jobs, thereby raising their levels of motivation.

Introduction of an open feedback system

The importance of the existence of an open feedback system was stressed when discussing the basic dimensions of job characteristics that affect employee motivation. As feedback plays an important role in motivating employees to perform well, an open system of feedback must be established in organizations. The employees should be informed of the significance of their job and also their level of performance. They should be given feedback on the positive aspects of their performance to encourage them to raise their level of productivity. This feedback should be free from the biases held by the managers. In addition, the feedback could consist of a combination of appraisals from all the levels of the organizational structure.

Formation of natural teams

The management must encourage the formation of informal, self motivated teams within the existing structure of the organization. This facilitates interaction among the various groups of employees, irrespective of the type of work they are involved in. The formation of such teams enhances skill variety, builds emotional relationships among employees and facilitates free interaction among them. Teamwork brings about a shared sense of responsibility between the management and the variety of groups of employees at different levels of the organization. Team work encourages employees to solve problems themselves instead of depending on management, thus enhancing the effectiveness of the organization.

Motivating Performance through Goal Setting

An employee's performance at work can be affected by factors such as work environment, job design, organizational structure, work policies and procedures, manager-employee relationships and most importantly, goals. Goal setting is extensively used in the field of Organizational Behavior as a motivational technique.

A goal can be defined as the desired consequence of an action. In other words, a goal is the end towards which efforts are directed. Goals can be explained as objectives, intentions or purposes of the organization. Goals not only guide organizational efforts towards a particular objective, but also motivate the employees to accomplish them. An organization without goals is sure to fail.

The theory of goal setting originated at the turn of the century with the emergence of the theory of Scientific Management by F W Taylor. The theory was further developed by Peter Drucker, through his concept of "result-oriented management". The studies of

Latham and Locke triggered a series of research studies that suggested that goal striving was a common element in most motivational theories. The theory of goal setting as propounded by Locke, Wood and Mento is based on the principle that difficult goals stimulate performance and commitment. Locke's theory assumes that human behavior is purposeful and that goals direct and sustain their behavior in a particular manner.

Two primary attributes of goals, content and intensity, drive behavior towards the accomplishment of tasks. The content attribute of goals refers to the level of difficulty involved in attaining the goal. Researchers have examined the relationship between the level of difficulty involved in attaining a goal and the performance levels of the workers. Of the 192 field studies conducted in this area, 175 of them concluded that the content of the goal and the performance of employees had a linear relation. In other words, difficult goals stimulate greater effort and performance than relatively easier ones.

Intensity refers to the process by which a goal is set and accomplished. It relates to employee participation in goal setting and then commitment towards achieving the goals set by them. Although it is generally believed that participation in the goal setting process enhances performance, research has shown that participation has a positive impact only on the level of commitment to the goal and not necessarily on the performance. It is therefore believed that managers should assign goals to employees, but give them the freedom to accomplish those goals in whatever way they choose to do so. At the same time, employees must be held accountable for the outcomes of their actions.

Performance enhancement through goal setting

Like job design, goal setting also has the potential to raise the motivational levels of employees. The performance and motivation of workers can be enhanced by ensuring that goals have the features described below.

Goals should be specific

Vague and unclear goals result in differing interpretations of the goals by the workers. Goals should be clear and specific. They should explicitly state the results or outcomes expected at the end of a given period of time. The managers and the team leaders must ensure that the goal is clearly communicated to all workers.

Goals should be difficult and challenging

The greater the difficulty of accomplishing a goal, the better the performance. Difficult goals motivate better performance than relatively easy goals. Challenging goals stimulate employees to put in more effort. However goals should not be unattainable.

Goals must be owned and accepted

It is generally accepted that employees perform better when they participate in the goal setting process, although research has disproved this. When employees are actively involved in the process of setting targets and goals, they feel responsible and hold themselves accountable for their performance. As a result, they put in their best efforts to accomplish the task.

Goals must have a specific time frame

A realistic timeframe must be set for realizing goals. Work schedules and deadlines prevent delays in the achievement of goals. A limited timeframe also keeps the employees on their toes, thereby raising their productivity levels.

Goals should be measurable

Goals and outcomes should always be quantifiable. Goals should be measurable both quantitatively and qualitatively. Only then can the performance of employees be gauged and rewarded suitably. The rewards received by employees motivate them to work harder.

Barriers to effective goal setting

As a clear relationship has not been established between performance and goal setting, organizations are cautioned against the process of goal setting.

Organizations must ensure that the process of goal setting brings the desired organizational results. The inherent limitations of the theory of goal setting constitute barriers to effective goal setting. These barriers to effective goal setting are discussed below.

Lack of top management-support

The participation and commitment of the top management in setting goals and in achieving them is essential for any successful goal setting activity. Lack of support from the superiors would demotivate the workers. This attitude on the part of management would make them feel that they would not be rewarded for their efforts.

Lack of communication

During the process of goal setting, the management must explicitly inform employees of its expectations of them. If it fails to do so, the workers will not perform well. They will not only be unclear about the role they have to play, they will also lack the drive to achieve the goal. In addition, during goal setting, employees should be allowed to freely communicate their limitations in attaining the goals set by the management. If this is not allowed, the goal setting exercise will be a failure.

Content of the goal

As discussed in the previous sections, the content of the goal refers to the specificity of the goal and the level of difficulty or complexity of the job. Research has suggested that as the level of complexity of the goal is raised, the motivation and the performance of the workers increased. However, if the difficulty level is raised to an unreasonable extent, the workers' level of motivation and performance could decline.

Technical incompetence

Goal setting fails when employees are technically incapable of achieving the set goals. This technical incompetence would not only lead to the non-attainment of the goals set, but would also end up demotivating the employees and creating a fear of failure among them.

APPLICATION OF GOAL SETTING TO ORGANIZATIONAL SYSTEM PERFORMANCE

The theory of goal setting is usually implemented through a system called Management by Objectives, popularly known as MBO. The term MBO was coined by Peter Drucker, who proposed that organizational performance can be enhanced through a systematic process of mutual goal setting and performance review.

MBO refers to the process of setting goals and objectives through the participation of the management and the workers. The process includes the appraisal of performance at the end of a specific timeframe. MBO therefore, is a program consisting of a specific set of goals to be achieved within a pre-determined time period, an open feedback system and an appraisal system to measure the degree to which the goals have been accomplished.

The common features of all MBO programs are goal specification, participative decision making, an explicit time period for the achievement of targets, and

Motivation

performance feedback. The goals which are set should be precise and specific. They should not be vague or misleading. For example, a statement that the organization proposes to raise the profitability by 20% by the end of March next year states the goal in a clear and precise manner; while a statement that declares that the organization will try to raise the levels of productivity and profitability during the next financial year states the goal in a very imprecise manner. In MBO programs goals are set jointly by the management and the employees. They decide upon the goal and sketch out an action plan to achieve and measure it. This is contrary to the traditional approach in which the manager decides the goal and the subordinate simply accepts it and strives to accomplish the targets set. Additionally, in MBO programs, a specific timeframe is allotted for the completion of each goal. This timeframe is decided jointly by the management and the workers. Any extension beyond the given timeframe is considered a reflection of poor performance. MBO programs emphasize the presence of an open and transparent feedback and communication system. Feedback ensures that employees are updated on the status of goal achievement and are motivated to achieve the goals set.

The process

All MBO programs focus on effective planning, participative decision making and the use of a reward system. An MBO program generally consists of four stages. These stages are discussed as below.

Consensus on key goals and objectives

The important objectives that are to be accomplished are agreed on at this stage by the supervisors and the workers. Consensus is arrived at after a series of brainstorming sessions among the participants. The time period for achieving the set goals is also determined at this point.

Sketch a plan of action

A plan of action is drawn up and is used as a guide to keep track of the goals set. The action plan also helps the organization in monitoring and controlling the behavior of employees.

Control of behavior

During this stage, the behavior of employees is controlled and measures are taken to correct any deviation from the plan of action. Employees also monitor their own performance to ensure that it is directed towards the achievement of goals.

Periodic appraisal and reviews

Performance reviews and appraisals are conducted at regular intervals of time to ensure that organizational efforts are directed towards the accomplishment of the objectives. These periodic reviews also evaluate the progress towards the attainment of goals. Corrective measures are taken if any deviation is found .

The concept of MBO, which is a systematic application of goal setting, has certainly proved to be successful in most organizations. The success of this approach to management however, depends on the extent to which it is made a part of the philosophy of an organization.

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SUMMARY

Motivation can be defined as a process that is initiated by a physiological or psychological deficiency or need, which triggers a specific behavior or drive in order to achieve a goal or incentive. It consists of three interacting and interdependent elements – needs, drives and incentives.

Maslow's hierarchy of needs, Herzberg's two-factor theory and Alderfer's ERG theory are classified as content theories of work motivation. Maslow's needs hierarchy suggests that a person's motivational needs can be arranged in a hierarchical manner. Once a given level of need is satisfied, it no longer serves as a motivating factor. A higher level need or one at the next level is triggered and motivates the individual further.

Herzberg's two-factor theory identifies two aspects which are necessary for job satisfaction – hygiene factors and motivators. While the hygiene factors are responsible for preventing dissatisfaction, motivators are essential to keep the employees satisfied. Hygiene factors include factors like working conditions, pay, fringe benefits, etc. Motivators include factors like achievement, recognition, advancement and growth.

Alderfer in his ERG theory identified three basic groups of core needs: the existence needs, the relatedness needs, and the growth needs. The existence needs are associated with survival and physiological well-being. The relatedness needs stress social and interpersonal relationships. Growth needs are a person's desire for personal development.

Process theories provide a better theoretical explanation of work motivation than the content theories. Vroom's expectancy model and the extension and refinements made by Porter and Lawler in their theory, help explain cognitive variables and their relationship with each other in the complex process of work motivation. Porter and Lawler pointed out that efforts did not directly result in performance, and there was a complex relationship between motivation, satisfaction and performance. They believed that performance leads to satisfaction and that performance is dependent on the person's motivation levels, his abilities and skills and on role perceptions.

Of late, the equity theory and attribution theory have received much attention. The equity theory is based on perceived outcome-input ratios. The equity theory states that employees compare their outcome-input ratio with that of others. If they perceive the ratio of their outcomes and inputs to be equal to that of their peers and others, a state of equity exists. Otherwise, a state of equity tension or inequity is created. The attribution theory uses attributions made by people to explain work motivation. This theory tries to explain internal and external attributions made by people and contributes to an increased understanding of the complex cognitive process of work motivation.

Some emerging theories, namely control and agency theories, have been receiving attention in the recent years. One version of the control theory states that control is basically a cognitive phenomenon, and determines people's ability to control their lives or their jobs. Another version of this theory focuses on the management function of control. It states that controlling both the inputs and outputs of the organization is important for effective management. The agency theory assumes that an agency relationship exists in most organizations. It gives a clear idea as to how the principal i.e., owners, board of directors, or top management can avoid their interests conflicting with those of the agents i.e., subordinates, middle management, or shop floor employees.

Chapter 8

Stress Management

In this chapter we will discuss:

- Definitions of Stress
- The Causes of Stress
- The Effects of Occupational Stress
- Strategies to Cope with Stress

Factors such as increasing competition, corporate restructuring, and downsizing have compelled employees to work longer hours to meet their deadlines. Organizations also try to generate more output from fewer people in a shorter span of time. This trend pressurizes employees leading to negative consequences such as burnout, high turnover, aggression and stress. Work stress has become the latest corporate catchword and is a reason for genuine concern. *Forbes* magazine estimates that the American industry will lose \$300 billion per annum due to absenteeism, health costs, and stress management programs. Some of the symptoms of stress are headaches, obesity, insomnia and depression. These symptoms have an effect on employee performance.

In order to understand the implications of work-related stress, we must first understand the meaning of stress. We will then analyze the various causes of work-related stress. Extra-organizational, organizational, group or individual factors may cause stress. Finally, we will discuss various individual and organizational strategies to cope with stress.

DEFINITIONS OF STRESS

Completing a project on time, preparing a complicated report, taking a final exam, and giving a formal speech are some situations where an individual may find himself under stress. Many behavioral experts agree that stress is an individual's response to a physical, psychological or emotional stimulus.

Gregory Moorhead and Ricky W. Griffin define stress as "a person's adaptive response to a stimulus that places excessive psychological and physical demands on him or her." According to this definition, stress is induced by a stimulus known as a *stressor*. Stressors may be physical or psychological in nature, and place excessive demands on the individual. People adjust or adapt to them in a variety of ways.

Stephen P Robbins defines stress as "a dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important." We will discuss about job stress since it has special relevance in the organizational context. T.A. Beehr and J. E. Newman define job stress as "a condition arising from the interaction of people and their jobs and characterized by changes within people that force them to deviate from their normal functioning."

General Adaptation Syndrome

Dr. Hans Selye, an endocrinologist, was also a pioneer in stress research. His research highlighted that stress is a constant feature of our daily lives. His most important contributions to the field of organizational behavior are the concepts of 'eustress' and 'distress' and the phenomenon of the 'general adaptation syndrome'. Although stress is generally viewed as a negative emotion, Selye believes that it can be both positive and negative. He coined the term eustress to describe the positive side of stress. The word eustress is derived from the Greek word 'eu', which means 'good.' Positive stress is a pleasant form of stress caused by desirable stimuli. Some examples of positive stress are excelling in an examination, or being offered a job promotion, etc. Positive stress enhances a person's performance. On the other hand, negative stress or distress can cause mental agitation. For example, financial troubles and heavy workload tend to make a person agitated. Prolonged exposure to negative stress can have many harmful effects on the individual.

The general adaptation syndrome (GAS) refers to the defensive reactions designed to help a person cope with any environmental demand perceived as threatening.¹ A person may feel stressed out due to an illness, excessive work pressure, tight deadlines or bad working conditions. The GAS outlines three stages in coping with such stress situations. They are the alarm stage, the resistance stage, and the exhaustion stage. In the alarm stage, the external stressor causes biochemical and physiological changes in the body, such as an increase in the secretions of the adrenal and the pituitary glands, increased heartbeat, blood pressure, and rate of respiration. These changes are triggered in the body to meet the challenges posed by the stressor. On prolonged exposure to a stressor, the GAS moves to the second stage, i.e. the resistance stage. In this stage, the person tries to cope with the stressor or flee the stressor. If the person opts to cope with the stressor, he will devise a plan to complete the task assigned to him. If he opts to flee from the stressor, he will delegate the task to someone else. However, if the person is exposed to the stressor for a longer period, he feels drained and reaches the final stage of exhaustion. In this stage, the individual is depleted of all energy and may be on the verge of a breakdown.

When a person does not want to perform a particular activity or is unable to do it well, he may feel exhausted and frustrated. Prolonged exposure to such a situation may result in either depression, nervous breakdown, or burnout.

THE CAUSES OF STRESS

There are many causes of stress. Stressors could be present either within the organization or outside it. In addition to this, individuals could also feel stressed out due to the influence of various groups that they come in contact with and also due to certain factors present within themselves. The various causes of stress are shown in Figure 8.1.

Extraorganizational Stressors

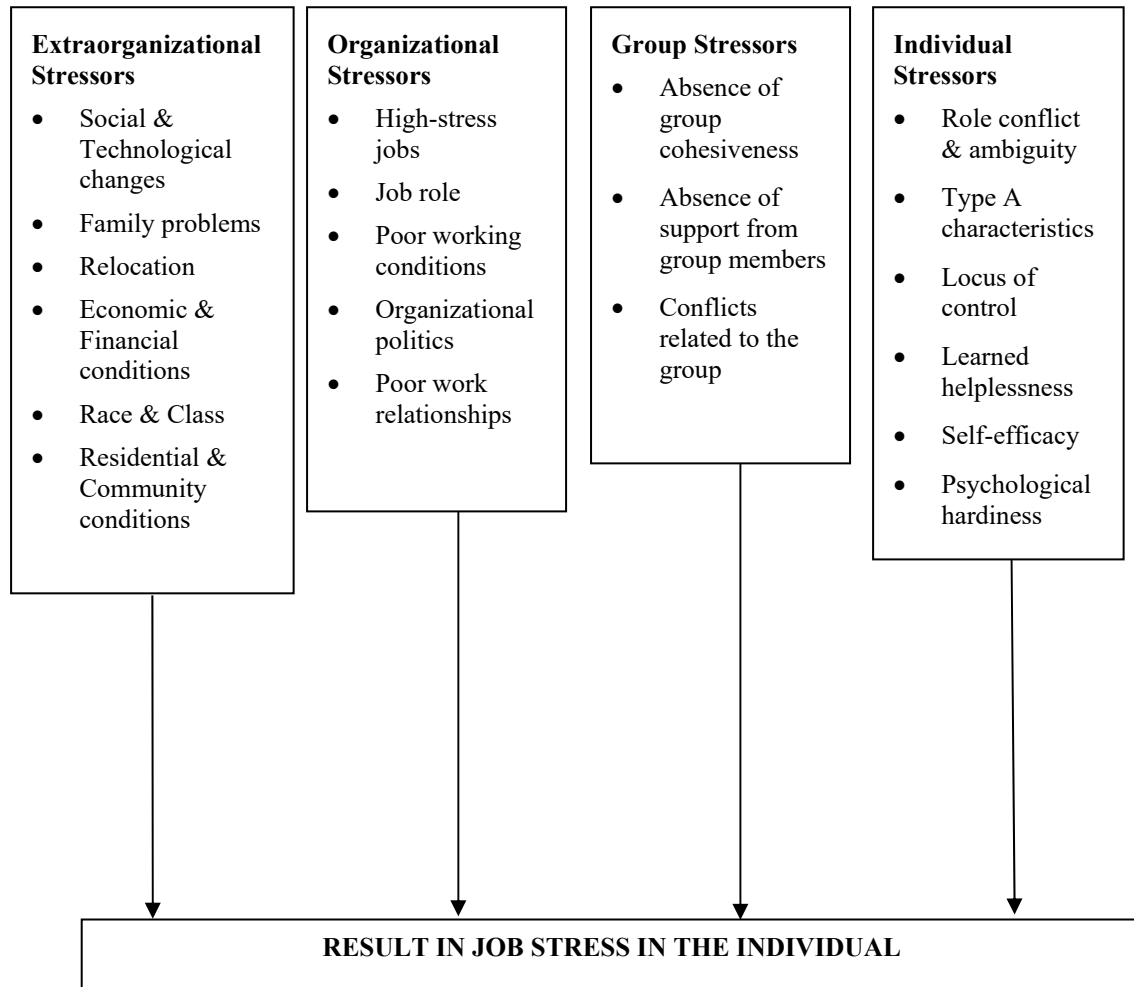
Since organizations are open systems, an employee is affected not only by the things happening within the organization but also by those which occur outside it. The various extraorganizational stressors include social and technological changes, family problems, relocation to a new place, economic and financial conditions, race, class, residential and community conditions. Let us understand the effect of these extraorganizational stressors on people.

Societal patterns and technological changes have influenced the lifestyles of people. These changes have had an impact on their professional lives as well. The advances in medical science have reduced the threat of many illnesses, increased the life span of individuals, and, improved the quality of life in general. However, an increase in urbanization, along with accompanying elements such as time pressures, overcrowding and fast lifestyles, have reduced the general well-being of individuals and increased their chances of experiencing stress.

Another stressor that has a significant impact on the employees is their family problems or crises. Research also states that stress levels are higher in families in which both the husband and wife work. Relocating to a new place can also act as a potential stressor. The employee may be stressed out because he has to look for a suitable school for his children, find a home etc. Adverse financial conditions may also cause stress amongst employees. At times, employees may need to take up a second job to make ends meet. Consequently, their primary jobs may suffer due to lack of rest or inability to spare time for recreational activities and family.

¹ Curtis W. Cook, Phillip L. Hunsaker and Robert E. Coffey, *Management and Organizational Behavior*, 2nd edition (USA: Irwin, 1997) 498.

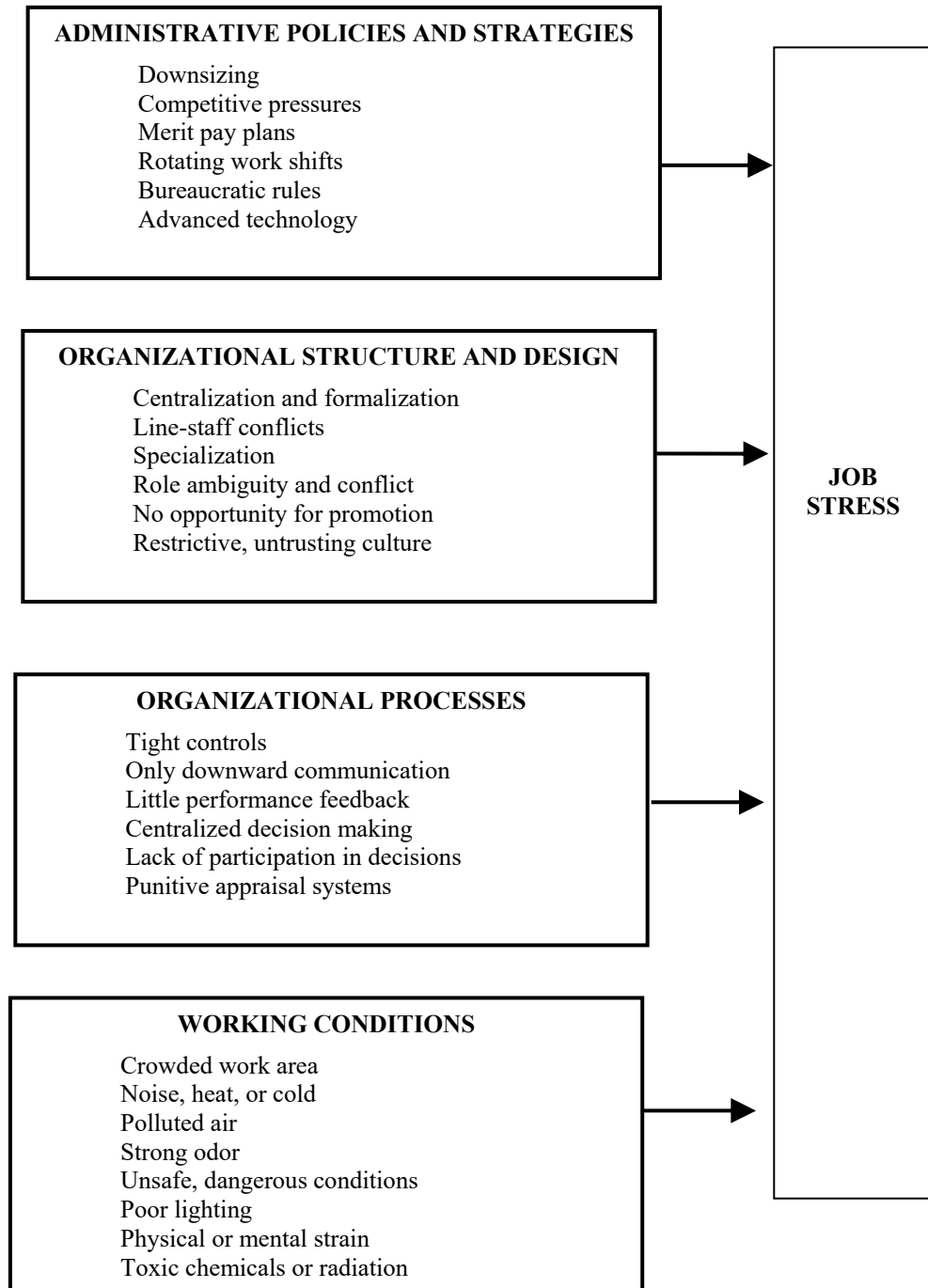
Figure 8.1: Categories of Stress



Events that cause sudden changes in life, such as the death of a loved one, a sudden loss of job, an unexpected breakup in a relationship, etc., also cause employee stress. While change is inevitable, research has proved that sudden changes in life patterns affect people more stressfully than gradual ones. Usually, people find it difficult to concentrate on work soon after a major change occurs in their lives.

Apart from these stressors, certain sociological variables such as race, sex, and class also tend to induce stress in employees. Employees who belong to minority groups tend to experience stress because they may feel socially isolated. Similarly, women holding professional positions feel more stressed out than men because they may feel discriminated against since their male counterparts get better opportunities despite possessing lesser talent. Further, women also feel stressed out because they have to manage both work and family. The social level, region and community to which employees belong also play an important role in determining their stress levels. For example, the lack of neighborliness in huge apartment complexes or the level of noise pollution in a particular region may affect an individual's stress levels.

Figure 8.2: Macro-level Organizational Stressors



Source: Fred Luthans, *Organizational Behavior*, 8th edition (India: Irwin McGraw-Hill, 1998) 333.

Organizational Stressors

Certain macro-level aspects of the organizations also act as potential stressors. These aspects are distinct and differ from organization to organization. Fred Luthans, who has written on organizational behavior, has described various macro-level organizational stressors which can have an effect on the individuals. Some of these stressors such as, administrative policies and strategies, organizational structure and design, organizational processes and working conditions have been shown in Figure 8.2.

Other organizational behavior writers like Curtis W. Cook, Phillip L. Hunsaker, and Robert E. Coffey state that various organizational stressors include:

- high-stress jobs
- job role
- poor working conditions
- organizational politics
- poor work relationships

High-stress jobs are those in which people have hectic work schedules and major job responsibilities. Such employees are constantly under pressure to perform well and if they are unable to do so, they may have to face dire consequences. Some examples of people who work in high-stress jobs are sales managers, project leaders, foremen, etc.

A person may also feel stressed if his job role has certain unpleasant characteristics such as work overload, insufficient amount of work, role ambiguity, role conflict and responsibility for the work of others. Work overload occurs when a person is expected to do much more than what he is capable of doing or accomplish a lot in a rather short timeframe. Hectic schedules and constant pressure are the most common factors that cause stress in upper and middle-level managers.

People also feel disgruntled when they do not have enough tasks to keep them busy, or if their skills and talents are underutilized. Under-utilization of a person's skills causes various symptoms of stress, such as fatigue, frequent absence, susceptibility to physical injury, apathy, and aloofness. Employees experience role ambiguity when they are unclear about what they are supposed to do, the results expected of them, and how they are supposed to achieve these results. Managers often experience role ambiguity because their tasks are not specified. Moreover, they are also not certain about how they should perform a task because they have a great deal of freedom in choosing their methods of operation. When a person's duties or responsibilities conflict with or contradict each other, he may experience role conflict. Middle-level managers commonly experience this because they are torn between the demands of the top-level management and the justifications of lower-level managers. An employee may also face role conflict when his superior asks him to compromise on legal or ethical principles in order to perform some task. Finally, a person is more likely to feel stressed out if he is responsible for the performance of other employees. Therefore, people in managerial positions would be exposed to greater levels of stress and are likely to have disorders such as ulcers and high blood pressure.

Working conditions also act as potential stressors. Extreme heat, noise, and overcrowding can result in stress amongst employees. Similarly, if the workplace is not properly designed it can create problems for employees as it may either allow no privacy at all or isolate employees altogether. Other potential workplace stressors are improper lighting, improper equipment and inadequate work surfaces.

Another major organizational stressor is the political climate of the organization.

Organizational politics may increase the competition among various groups of employees and lead to power struggles between them. Many studies carried out across different organizations revealed that approximately 60 percent of the workforce felt that the most stressful aspect of their job was their poor relationship with their immediate superior. Apart from this, bad work relationships with co-workers can also result in stress. In addition to these problems, women also face other problems such as sexual harassment, discrimination, the inequity in pay scales, balancing work and family demands, and role overload.

Group Stressors

Groups tend to have a great impact on the behavior of their members and others who come in contact with them. Groups can also cause stress. The various group factors that can act as potential stressors are given below:

Absence of group cohesiveness

It is very important for an employee to feel he is a part of the group. He may feel stressed out if the task execution is designed in such a way that it does not encourage group cohesiveness. Likewise, lack of cohesiveness may also occur if the other group members exclude an employee or if the manager prohibits an employee from being a participant in group activities. Such exclusion from a group can cause the employee to feel highly stressed.

Absence of support from other members

Group members count on the support of others within the group. In the absence of such support, they have no one to share their problems. Consequently, they may bottle up their feelings and experience high levels of stress.

Conflicts related to the group

Many kinds of conflicts may exist within a group. A group member may experience a conflict between his personal goals and values and those of the group. Besides such conflicts, there may be differences between group members and also among different groups. These conflicts can result in high levels of stress for individual members of the group.

Individual Stressors

Since each individual is unique, the same stressor will not produce similar reactions in all individuals. Fred Luthans suggests that a person's disposition as well as the demands of the situation are responsible for the way a person perceives stress. Individual stressors also include role conflict and ambiguity, and various aspects of the individual's disposition such as Type A personality patterns, personal control, learned helplessness, self-efficacy and psychological hardiness. These stressors have been explained at length in the subsequent pages of this chapter.

Role conflict and ambiguity

An individual is generally a member of various groups such as work group, family, community, recreational club, etc. He plays a variety of roles in different groups as well as balances the various roles he plays. Sometimes, these roles place conflicting demands on the individual. For instance, a person might not be able to devote enough time to his family because of work pressures, or his work may suffer due to problems at home. In either of these cases, the person feels pressurized and stressed out.

Role ambiguity occurs when people do not have complete information or knowledge about task performance. Lack of proper training, poor communication between superior and subordinates, and intentional withholding of information from peers or subordinates are the most common causes for role ambiguity. Role ambiguity is a severe problem in modern organizations, especially those in which employees have been laid off. In such a situation, people are not sure what their duties are, whom they are accountable to, and whether they are performing well or not.

Type A characteristics

Meyer Friedman and Ray Rosenman first categorized individuals into two profiles based on their personality characteristics. These are known as Type A and Type B personalities. These personality types exhibit very different behavior patterns. The Type A individual is very competitive, highly involved in his work, aggressive, motivated, ambitious and very conscious of time. They have a strong desire to achieve the maximum possible in the shortest possible span of time. At the other extreme, Type B personalities have a relaxed and balanced approach to work and life. They have confidence in their abilities. They are not very competitive and show lesser dedication towards their work as compared to Type A individuals. Since they have a relaxed approach to life, they cannot comprehend the urgency of tasks and prefer to carry out their work at a steady rate.

Generally employees with Type A characteristics are prone to high levels of stress because they tend to have heavy workloads, put in long hours of work, and are under constant pressures to meet deadlines. They generally carry work home, and may even work on weekends. Type A individuals strive to constantly achieve high standards, which they set themselves. They have little patience with the mediocre efforts of their colleagues. Consequently, they are often labeled as perfectionists. Studies by Friedman and Rosenman reveal that employees who have high Type A characteristics are vulnerable to serious health disorders such as coronary heart disease. However, this observation has not been substantiated with follow-up research. On the contrary, another study has revealed that Type A individuals are not likely to have heart disease. The explanation given by these researchers is that since Type A individuals are very forceful by nature, they are likely to seek treatment for their ailments at an early stage and precisely follow the doctor's instructions.

Locus of control

The degree of control that an individual exercises over his work environment is known as the locus of control. Individuals who possess an internal locus of control believe that they have control over their environment. Conversely, individuals who possess an external locus of control believe that they have no control over their environment. In other words, if an individual feels that he has no control over his job (an external locus of control), he is more likely to feel stressed out. Thus an employee can be given control over his work environment by allowing him to participate in the decision-making process. Consequently such control will succeed in reducing his stress levels. Various studies have shown that employees' perception of control and stress are interrelated, and this affects both the physical and psychological well-being of a person. A study carried out by medical researchers at Cornell University revealed that employees in the lower hierarchical levels of the organization who felt that they had no control over their jobs were prone to developing high blood pressure. Thus it can be stated that people with internal locus of control are less vulnerable to stress than those with external locus of control.

Learned helplessness

Martin E P Seligman and his colleagues conducted experiments on dogs to learn the relationship between fear and learning. Instead they accidentally discovered the phenomenon of 'learned helplessness.' In these experiments, the dogs were initially subjected to a mild electric shock when a bell was rung but they could not escape because they were restrained in a hammock. The researchers believed that the dogs would associate the bell with the electric shock and learn to escape or display some other behavior to avoid the shock. In the next stage of the experiment, they placed a dog which had been exposed to electric shocks in a shuttle box with a low fence that divided the box into two compartments. Initially, the researchers rang the bell and expected the dog to jump over the fence to escape the shock. However, this did not happen; the dog just lay in its place. Even when the dog was subjected to a small electric shock, it did not try to escape. The dog had therefore learned to become helpless although it could have easily jumped over the fence to escape the shock. This theory of 'learned helplessness' can be applied to human behavior as well. It explains the behavior of certain individuals who become helpless in a stressful situation and do not attempt to change things. They learn to accept certain stressors as a part of their work life, and believe that nothing they do can change or alter these stressors.

Researchers found that people were likely to experience such helplessness if they could not control their work situations. This was especially true if the causes of lack of control were based on their personal characteristics, were stable and lasting, and were universal in nature. However, the concept of learned helplessness and its relation with sense of control has to be studied to understand stress better and to develop mechanisms to deal with it.

Self-efficacy

According to Albert Bandura, self-efficacy is defined as "the self-perceptions of how well a person can cope with situations as they arise."² People with high self-efficacy, i.e., people who consider themselves capable, usually are able to cope better than people with low self-efficacy, i.e., the ones who think they are not capable. In fact, there is a fairly clear relationship between self-efficacy and performance. It has been observed that people with high self-efficacy tend to persevere and do a good job without being stressed out. They remain calm even in difficult situations and have full confidence in their ability to achieve results.

Psychological hardiness

Psychological hardiness refers to a person's ability to cope with stress. An individual's reactions to stress are quite varied. Some people are able to deal with high levels of stress in an easy, off-hand manner while others may become very nervous and harried when faced with minor stressful situations. Therefore, people with high levels of psychological hardiness have the ability to cope with a tremendous amount of stress. They have an internal locus of control, i.e., they believe that they are the masters of their own fate. They are also strongly committed to their goals and receptive to change. On the other hand, people with lower levels of hardiness are nervous and prone to stress-related illnesses.

² Albert Bandura, 'Self-Efficacy Mechanism in Human Agency,' *American Psychologist*, 37 (1982), 122-147.

Exhibit 8.1

Managing Behavior to Combat Stress

In the modern corporate world, heavy workload accompanied by impossible deadlines, pressurize people to achieve more and more within a short span of time. Consequently, they are always on the run and tend to suffer from burnout. In order to manage stress, people can change their behavioral pattern so that they are not negatively affected by stress. Individuals can use a few simple steps to change their behavior so that they can manage stress effectively. These are described below:

1. **Making time for leisure:** Many people consider leisure time to be a reward for having completed their tasks. On the contrary, leisure time is a necessity, because it helps in reducing stress and facing tasks with renewed vigor. People can take up a number of activities to fill their leisure time. They may go for a walk, listen to music, play games, or simply relax. These activities make a person feel rejuvenated. However, such activities would serve no purpose if people were to rush through them. In order to stay healthy and de-stress oneself, one should take some time off for leisure.
2. **Scheduling priorities:** It is not humanly possible to do everything. When a person commits himself or herself to a number of activities, he or she tends to be harried, nervous and is not able to give his/her best for that particular activity. Therefore, people should work out their priorities and concentrate on doing those tasks that are very important for their performance.
3. **Delegating tasks to others:** Certain low-priority tasks can be delegated to other people. This reduces the stress levels of employees and ensures that they are focusing on the tasks that are important.
4. **Focusing on one thing at a time:** People sometimes tend to combine various activities. They try to carry on a conversation on the phone, while typing a mail or checking a report. This may give them a sense of satisfaction as they feel that they are making optimal use of their time. However, in the long run, people feel worn out, fatigued, and overworked. Therefore, focusing on one thing at a time is more productive and helps a person stay stress-free.
5. **Understanding one's body rhythms:** Every person has a prime time during the day, when his energy levels are at a peak. During such peak periods, an individual should carry out those activities which are demanding and challenging. The more mundane activities should be scheduled for those times when a person's energy levels are the lowest. Thus, an individual can reduce stress by scheduling his daily activities to match his peak energy periods.
6. **Turning down requests occasionally:** A person may also feel unduly stressed because he is overburdened with activities and commitments. At times, it therefore becomes necessary for a person to refuse to undertake certain activities, which will add to his already heavy workload. He can also share the responsibilities of a particular project with a colleague if it is not possible to refuse the project altogether.
7. **Identifying the source of stress:** People should be able to identify the source of stress so that they can deal with it effectively. For instance, they may be asked by their superiors to do many things simultaneously. Instead of panicking they can ask their superiors which of the tasks needs to be completed first and then tackle them accordingly. Thus, when people are able to pinpoint the causes of worry and tension, they are in a better position to deal with them effectively.

Adapted from "Tame that Stress,"

<http://66.34.115.97/oite/atf2002/catalogue/exhibiton_catalogue_text02.htm>

THE EFFECTS OF OCCUPATIONAL STRESS

Various research studies have revealed that mild stress, such as a transfer or working under a different supervisor can improve the performance of individuals. Thus low

levels of stress have a positive influence on employees, enabling them to think creatively and look for innovative ways to do things. Mild stress also energizes employees. Consequently, they are more active, offer minimal resistance to change and perform well in their jobs. In certain occupations, such as in sales or creative fields, low levels of stress are beneficial and provide the necessary impetus for enhanced performance. However, stress may not always prove to be beneficial. High levels of stress may have an adverse effect on the performance of an individual. The dysfunctional effects of high stress levels can manifest themselves in various forms, i.e., the individual may have either physical, psychological, or behavioral problems due to high stress levels. These problems have been discussed below.

Physical Problems

Since the earliest research related to stress had been carried out by doctors and specialists in healthcare, they concentrated on the physiological effects of stress on individuals. Their studies revealed that the early symptoms of stress are headaches, increase in blood pressure, sweating, hot flushes, loss of appetite, gastrointestinal disorders, and fatigue. Prolonged exposure to high stress levels can often result in severe physiological disorders, such as high blood pressure and high levels of cholesterol, ulcers and heart diseases, which may seriously affect the health of employees.

Many doctors are of the opinion that stress causes approximately 50 to 75 percent of illnesses such as ulcers, arthritis, and allergies. Studies also reveal that one of the most important illnesses related to stress is the coronary heart disease, which is responsible for a high number of deaths. As the incidence of stress-related illnesses increase, organizations are losing huge sums of money on resultant problems such as absenteeism and healthcare costs. According to the American Institute of Stress, approximately 1 million employees do not come to work because of stress related problems. Therefore, organizations should try to bring down the stress levels of employees because the physiological problems related to stress can affect the financial health of the organizations in the long run.

Psychological Problems

Besides physiological problems, high stress levels can also cause various psychological problems in people. High levels of stress can make a person feel angry, anxious, bored, depressed, dissatisfied, tense, and irritated. This can result in poor performance at the workplace because the individual may not be able to take decisions or focus on the tasks at hand. Moreover, he may easily get distracted and may not be able to concentrate on things for extended periods.

Employees who are constantly exposed to high levels of stress tend to become aggressive or hostile. They may even resent their supervisors or try to sabotage organizational activities. Psychological problems, in general, lower the self-esteem of employees, resulting in poor performance and job dissatisfaction.

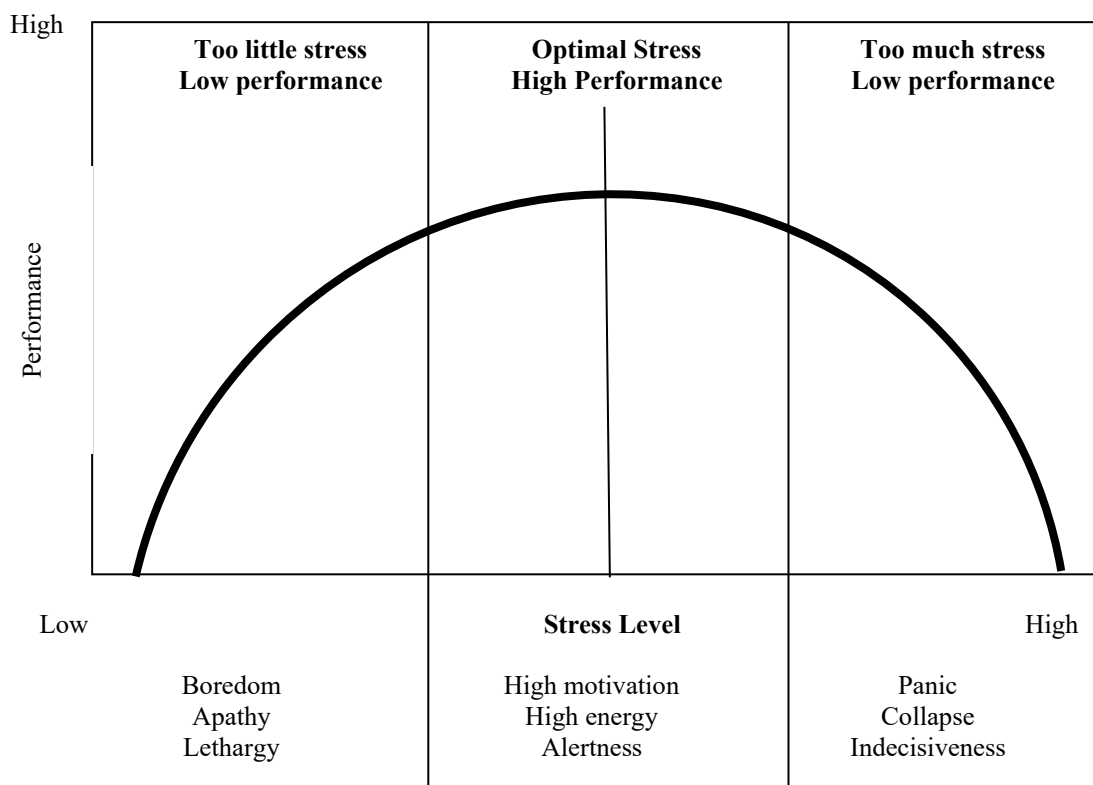
Behavioral Problems

High levels of stress may change the behavioral patterns of individuals. They may display any of the following symptoms – sleep disorders, overeating, loss of appetite, increased smoking or alcohol consumption, use of addictive substances like drugs, rude behavior, and nervousness in social interactions such as rapid speech and fidgeting. Behavioral changes can affect a person's productivity. However, in extreme cases high

stress levels may result in a person becoming violent at the workplace. In such cases, he may either physically assault or even kill his colleagues and superiors.

Various researchers have tried to understand the relationship between stress and performance. They feel that a moderate amount of stress is necessary to improve a person's performance. If the person has a stress-free job, he may become bored and apathetic. If a person faces an optimal level of stress at work, he tends to be more active and focused in his tasks. After reaching the optimal level, if a person is exposed to continuous stress over a long period, he may not be able to perform effectively. Constant exposure to high levels of stress drains a person of energy. A person's performance can be seriously impaired by high exposure to stress. For example, a student may not be able to remember certain topics even though he has learnt them extremely well. This relationship between stress and performance is depicted in the form of an inverted U-curve as shown in Figure 8.3.

Figure 8.3 Stress and Performance



Source: Curtis W. Cook, Phillip L. Hunsaker and Robert E. Coffey, *Management and Organizational Behavior*, 2nd edition (USA: Irwin, 1997) 515.

STRATEGIES TO COPE WITH STRESS

It is not possible to eliminate stress altogether from everyday life. However, every individual can learn to manage stress in a productive and satisfactory manner. Various methods can be used to combat stress at both the individual and the organizational

level. At either of these levels, stress management follows three basic steps. The first step in stress management is understanding that stress can have a negative effect on both a person's behavior and his performance at work. Therefore, the management as well as individual employees should realize that poor performance, irritability, aggression, absenteeism, etc. are all symptoms of a person undergoing stress. The second step in stress management involves identifying those stressors which affect the individual's behavior and performance at work. The final step, which is the most important, involves taking some constructive measures to help the individual cope with stress effectively. There are two methods that people as well as organizations can use to manage stress effectively. In the first method, they should identify the stressors responsible for their negative symptoms, and either eliminate or modify these stressors so that the resultant stress is manageable. Such strategies, which try to eliminate or modify the stressor are called problem-focused strategies. The other way to cope with stress is by teaching people how to control their emotions so that they are not negatively affected by stress. Such strategies are termed as emotion-focused strategies. In the next few pages, we shall discuss some individual and organizational strategies to cope with stress.

Individual Strategies to Cope With Stress

Individuals are responsible for their reaction to the stress that they face at work. Therefore, they can do a number of things to cope with it. They can learn to manage their time well, seek help from others, and, if everything else fails, move onto another job. Alternatively, they can use various other stress busters such as relaxation techniques, physical exercise, psychological strategies, and recreation.

Problem-focused strategies

As discussed earlier, these strategies help an individual cope with stress by identifying the source of stress and determining the course of action that will reduce the stress levels. For example, suppose an employee is assigned a task which he is not very clear about and he has to do it within a short span of time. Consequently, he is bound to feel stressed out. However, feeling tense or panicking will not help him. Instead, he can discuss his problems with his superiors, and request for help in the form of time, resources, etc. By doing so, the employee feels relieved and is able to perform his job in a more effective manner. The most commonly used problem-focused strategies are: time management, requesting others for help and shifting to another job.

Time management

A major reason for stress among individuals is poor time management. People become anxious, frustrated, and even panicky when they are not able to manage their time effectively. Therefore, people learn how to manage their time well so that they can complete their tasks and meet their deadlines. Some basic principles of time management are:

- deciding on a daily basis the activities to be carried out along with the time frame for completing them.
- prioritizing the activities on the basis of their urgency and importance.
- carrying out the important activities first.
- taking care of the demanding tasks during that part of the day when one is very energetic and alert.

Time management can thus ensure that a person is able to do his job well without feeling stressed out.

Exhibit 8.2**Various Techniques for Relaxation**

Stress has become an essential feature of daily life. It is important for a person to find out ways of relaxing so that he does not get worn out in the long run. Relaxation techniques reduce blood pressure and pulse rate. They also relax the muscles and calm a person's frayed nerves. The response to relaxation techniques is highly variable and differs from person to person. A variety of relaxation techniques are in vogue today, the most popular being deep breathing exercises, muscle relaxation, meditation, biofeedback, and massage therapy. Although, these techniques do not ensure that a person will be totally relieved of stress, they can prove very effective in helping an individual control his emotions and reactions to stressful situations. A combination of various relaxation techniques can prove to be very effective in helping a person deal with stress effectively. These relaxation techniques are discussed in detail below.

It has been observed that when a person is under stress, his breathing becomes very rapid. In such cases, inhaling deeply can have a calming effect on the individual. Deep breathing exercises relax the individual and therefore prove beneficial in a stressful situation. A similar technique for reducing tension is muscle relaxation. This is generally used in combination with deep breathing exercises to cure a person of sleeplessness. In these exercises, a person lies down in a comfortable position and concentrates on each part of the body, beginning with the head and slowly progressing downward. First he tenses the muscles and then slowly relaxes them. In the initial stages of trying out these exercises, one can ask a friend or family member to check out the level of tension in the body. This can be done by lifting an arm and dropping it. If a person has been able to relax his muscles, the arm would drop freely. Relaxation techniques are very effective stress relievers and can be perfected through practice.

Meditation is another important relaxation technique, which helps calm the mind. A person who has mastered the art of meditation can lower his levels of stress hormones and experience a general mood upliftment. Various forms of meditation are practiced by individuals. These include mindfulness meditation, transcendental meditation, and mini-meditation. In mindfulness meditation, a person focuses on his breathing, and shifts his thoughts away from other matters. Thus, a person tends to feel relaxed and calm. Transcendental meditation is another technique that uses constant chanting of certain words such as 'OM.' According to some studies, the effect of mood elevation that accompanies this form of meditation is similar to that of exercise. Mini-meditation tries to make a person more aware of his immediate environment and thereby, redirects his thoughts from his worries and anxieties. It involves undertaking a routine activity in solitude and being more conscious of different sensory experiences, such as colors in the room, sounds in the vicinity, etc. This technique makes a person aware of the simple things of life, which add beauty to it. Experts recommend a 20 minute meditation session everyday to calm and relax the mind.

Biofeedback is another relaxation technique that detects changes in body tension by means of galvanic skin responses. In this technique, electrodes are attached to the head of a person who is allowed to relax using any of the above-mentioned techniques. The electrodes measure the brain waves and detect those waves which correspond to a state of deep relaxation. When such waves, i.e., alpha waves are detected, an audible signal is emitted. The process is repeated and people soon begin to relate the signal with a relaxed state of mind. Through this process, people can learn how to achieve a state of relaxation.

Massage therapy is very popular in many countries. Massage improves blood circulation and makes a person feel alert and active. Various forms of massage therapy are available these days. They are being used as effective stress-busters.

All the above-mentioned techniques have proved to be very efficacious in reducing stress levels of individuals. However, it should be realized that responses to these relaxation techniques can be very subjective. Some people may respond well to meditation, while others may not. Moreover, these techniques are not a solution for stress, they only help in managing an individual's response to stressful situations.

Adapted from "What are Some Specific Stress Reduction Methods?" Nidus Information Services, 2001, <<http://www.ucdmc.ucdavis.edu/ucdhs/health/a-z/31Stress/doc31methods.html>>

Requesting others for help

A person can ask his colleagues or superiors for help in dealing with certain work-related problems. Such support from peers and superiors goes a long way in reducing the stress levels of employees. Alternatively, he could request the human resources department to provide him with additional training. This will help him to update his knowledge and skill set thereby enabling him to deal with the stressors effectively.

Shifting to another job

At times, employees may not be able to bring down their stress levels despite their best efforts. In such cases, it may be in the best interests of the individual to either change the nature of his job or seek employment in another organization. However, before taking this extreme step, the employee should ask the management to change his job role if the stress is caused by various job-related problems. If this is not possible, the employee can look for suitable options in other organizations.

Emotion-focused strategies

Individuals can use emotion-focused strategies to reduce stress to manageable levels. These strategies are best employed when problem-focused strategies fail to reduce the levels of stress. These can also be used in cases where people are in high-stress occupations and they have to get accustomed to the hectic schedules. Emotion-focused strategies help bring down stress to healthy and comfortable levels by modifying the way people react to certain stressful conditions. The most common emotion-focused strategies include relaxation, exercise, psychological strategies, recreation, and companionship. These are discussed in detail below:

Relaxation

Individuals can reduce their tensions by means of certain relaxation techniques like meditation, hypnosis, and biofeedback (for more details, see Exhibit 8.2). The purpose of these relaxation techniques is to make an individual oblivious to his surroundings and help him achieve a sense of inner peace and tranquility. According to Herbert Benson, one can feel relaxed by sitting or lying down in a comfortable position in a quiet place and then focusing on one's breathing for around 20 minutes. These techniques lower muscle tension, heart rate, and blood pressure. Various studies conducted all over the world have revealed that the use of relaxation techniques tends to improve employee performance and reduce absenteeism rates. In general, it has been observed that using relaxation techniques helps bring down anxiety, depression, and hostility. It also allows individuals to cope with stress in a more effective manner.

Exercise

It has been medically proven that physical exercise such as walking, aerobics, jogging, swimming, cycling, tennis, etc. are very effective in bringing down stress levels. These activities not only provide a pleasant diversion from the routine grind of daily life, they also keep a person fit and active, both physically and mentally. Therefore, people who exercise regularly experience lower levels of anxiety, depression, and stress than those who do not exercise at all.

Psychological strategies

Certain psychological strategies, such as increased self-awareness and perceptual adaptation, are used to control the effect stress has on an individual. Increased self-awareness refers to a person being more aware of how he behaves in his job and in different social situations. This will make a person perceptive to early signs of stress and thus help him to manage stress effectively. Moreover, heightened self-awareness prompts a person to seek help when he is overburdened with work.

Perceptual adaptation is a strategy that helps an individual to deal effectively with those stressors on which he either has no control or is unable to eliminate totally. An individual can reduce tension by visualizing the worst possible outcome of any situation, and by questioning his ability to cope up with such a situation. This simple exercise often reduces stress because the individual realizes that even in a worst case scenario, he can still survive and manage the disastrous situation.

Recreation

If people work incessantly without respite, they are likely to feel stressed out. Everyone needs hobbies and recreation to take their minds off work and help them relax and enjoy themselves. Hobbies and recreational activities are a pleasant diversion from the monotony of daily activities. Depending on their tastes, individuals can engage in diverse recreational activities and hobbies like reading, dancing, horse-riding, singing, etc.

Companionship

Loneliness tends to make people feel stressed out. In general, people who have close and supportive relationships with their families and friends tend to experience lower levels of stress. Therefore, an individual should look for companions in whom he can confide his problems and fears. This provides an outlet for his frustration and despair and reduces his stress levels.

Organizational Strategies to Cope With Stress

Organizational strategies are designed by the management to reduce work-related stress in employees. Studies have revealed that stress incurs huge costs for the organization as it results in health disorders, increased absenteeism, and high turnover rates. Various organizational-level strategies to cope up with stress are discussed below.

Problem-focused strategies

Organizations can make use of certain problem-focused strategies to eliminate stress from the work environment or help people cope with it. These strategies are redesigning the job, proper selection and placement, training, team building and providing day care facilities.

Redesigning the job

Organizations can carry out a job analysis to determine the reasons for stress and the problems caused by it. Job analysis can also help in determining if there is role ambiguity or conflict, if employees are overloaded with work or have too little work, and whether the working conditions are good or not. Thus a job analysis can identify those areas where job enrichment would improve performance. This helps the organization understand what the job requires from an employee and whether a person has the necessary abilities to fit into that job. Further, the organization can consider giving their employees the independence to work in flexible shifts so that they can strike a balance between their personal and professional commitments.

Proper selection and placement

The recruitment and selection policies of an organization should clearly specify what the educational qualifications, experience, skills and abilities that an employee should possess to handle a particular job. This will ensure employee-job compatibility. Personality factors can also be considered to determine whether a person will suit a particular job or not. For example, a customer service representative should have an

outgoing, friendly and helpful personality. Employees who suit their job profiles can handle its complexities without much stress.

Training

Proper training reduces work-related stress among employees. It ensures that employees will develop the necessary skills to perform their jobs effectively. A training program should not only develop employee skills, it should also clearly specify their duties and responsibilities. A clear job description reduces role ambiguity and conflict.

Team building

The rigid and impersonal work environment prevalent in many organizations is a major cause of high levels of stress among employees. Organizations can use the team-based approach to help employees cope with stress related problems. Team building enhances camaraderie within the team and helps employees cooperate with one another to achieve organizational goals. Thus it helps reduce the levels of work-related stress among employees.

Exhibit 8.3

Innovative Measures to Reduce Stress and Improve Productivity

Long hours of work, hectic schedules, and constant pressure to meet deadlines sometimes make the employees feel stressed out. If stress levels become too high, the productivity of the employees may decrease and consequently, the performance of the organization may also get affected. Therefore, the management must provide opportunities for employees to enjoy their work so that they don't get burned out. Various companies have adopted different practices aimed at improving the morale of employees and making them more productive.

For instance, Max New York Life has created a vibrant workplace for its employees, which motivates them to come to work everyday. The company has adopted various unique initiatives to show its concern for its employees. For example, when the company started its operations in India, many of the employees were under tremendous work pressure. To show that the company was genuinely concerned about the health and well-being of its employees, each employee was given a salad basket everyday. The company encouraged its employees to showcase their creativity by decorating their workstation. In fact, prizes were announced for the most artistically done workstations. The company also designed its cafeteria in a unique manner to ensure that employees could relax and take a break from their routine activities. The cafeteria was equipped with a television, table-tennis, and carom boards. Employees could use these facilities at any time of the day. On Friday evenings, the cafeteria was turned into a dance floor for the employees and their families.

The company also has a Life Fun and Youth Club, called Lyfun, which organizes various programs such as quizzes, picnics, movie shows, etc. for the employees. These programs use informal techniques to keep the employees in touch with the latest trends in their relevant fields. The company is also planning to introduce some stress management sessions so that the employees can cope with the pressures of demanding jobs. All the above initiatives make the employees feel less pressurized and help them let off steam, thereby making them more productive and effective.

Adapted from Preeti Mehra and Ajita Shashidhar, "Dull at the Workplace? No More!," The Hindu Business Line Online edition, August 19, 2002, The Hindu Group of Publications, <<http://www.blonnet.com/life/2002/08/19/stories/2002081900100100.htm>>

Providing various day care facilities

Employees' preoccupation with family problems increases the chances of errors and accidents and causes stress among employees. Therefore, many organizations provide in-house facilities in which employees can take care of their children and their elderly

parents or relatives. For example, Texas Instruments conducts a 10-week summer camp for employees' children at its Dallas headquarters. This summer camp was initiated in 1995 and it includes weekly field trips to various locations. The Motorola office at Bangalore, which is in the process of being built, includes a child-care center to reduce the anxiety of employees whose children would otherwise be alone at home.

Emotion-focused strategies

When organizational stressors cannot be totally eliminated or brought down to a manageable level, organizations use emotion-focused strategies to help their employees cope with high stress levels. Some of these strategies are open communication, employee assistance programs, mentoring, wellness programs, and personal time off.

Promoting open communication within the organization

Employees are likely to feel more stressed out when they are unsure about what is happening within the organization. Ambiguity leads to the percolation of rumors within the organization and this may cause anxiety and tension among the employees. Therefore, employees should be kept informed about changes taking place within the organization and how they are likely to be affected by these changes. Further, organizations should encourage two-way communication, so that employees feel that they are an integral part of the organization. This promotes mutual trust and respect among people across hierarchies, thereby resulting in a more congenial work environment. Consequently, employees experience lower stress levels and can do justice to their jobs.

Employee assistance programs

Employee assistance programs try to help employees by offering free counseling within the organization or by referring them to specialists, who can help them cope with their problems. Many organizations offer these services because they understand that stress can have an adverse effect on the employees' performance. These programs also display the management's concern for employees' problems and its willingness to help them. Some organizations also provide help for other employee problems not related to work, such as health, finance, and family because they realize that these problems also effect employee performance.

Mentoring

Many organizations adopt a mentoring program in which employees with less experience are placed under the guidance and care of senior and experienced employees. The senior employees act as mentors. They help the inexperienced employees understand their job responsibilities and guide them on how to improve their performance. Thus, mentors reduce the stress levels of new employees as they clarify matters and guide them on task performance. Mentors also act as counselors when employees face problems or feel worn out.

Wellness programs and personal time off

Many organizations offer wellness programs to their employees. Wellness programs are designed by the organization to improve the physical and mental condition of the employee. Some examples are workshops conducted by organizations to make their employees quit smoking, prevent drug abuse, control alcohol consumption, and develop a regular exercise regimen. Some organizations have in-house facilities that encourage their employees to remain healthy by exercising regularly and relaxing. For example, the Bangalore office of Motorola will have facilities such as a gymnasium, an

amphitheater, and a tennis court. These fitness centers located on the organization's premises primarily help employees develop a regular fitness schedule and keep them physically and mentally active. Moreover, they improve the morale of employees and are also responsible for bringing down absenteeism rates. Such physical fitness centers help employees stay healthy, thereby reducing the cost to the organization in the form of compensation claims.

Apart from health care facilities, organizations also allow employees personal time off to combat stress. Top level executives and other professionals are allowed sabbaticals or breaks for several months so that they can recover from the side effects of negative stress.

SUMMARY

In most modern organizations, employees work under the pressure of tight deadlines. Consequently, stress has become a major cause of concern in such organizations. Stress has been defined in a variety of ways. Many behavioral experts believe that stress is an individual's response to a physical or psychological stimulus. Dr. Hans Selye, a pioneer in stress research, stated that stress has a constant influence in our lives. His contributions to the field of organizational behavior include the concept of eustress (positive stress) and distress (negative stress) and the phenomenon of general adaptation syndrome (G A S). G A S refers to the defensive reactions designed to help a person cope with threatening environmental demand. The G A S has three stages: alarm, resistance and exhaustion. In the alarm stage, there are various physiological and biochemical changes in the body, which help it to meet the challenges posed by the stressor. Next, in the resistance stage, the individual either tries to face the situation or flee from it. Finally, if the individual is exposed to the stressor for a prolonged period, he enters the stage of exhaustion. This may be manifested in the form of a nervous breakdown, depression, etc.

Stress causing factors or stressors could be present either outside the organization or within it. Various group stressors and individual stressors also cause stress. The primary factors related to groups which cause stress are lack of cohesiveness and support from group members. Apart from this, conflicts between group members also cause stress. The personal characteristics that influence the stress levels of a person are, whether a person is a Type A or Type B personality, his locus of control, self-efficacy, and whether he is psychologically hardy. Stress levels also depend on whether a person is experiencing role ambiguity and conflict, and how a person deals with stressful situations.

Stress can result in a variety of physiological, psychological, and behavioral problems. Various studies have revealed that high levels of stress can cause serious health disorders like high blood pressure, ulcers, coronary heart disease, etc. Stress can also result in psychological problems like depression, irritability, and may even lead to a nervous breakdown. Various behavioral changes such as sleep disorders, overeating, loss of appetite, increased smoking or alcohol consumption, drug abuse, rudeness, and nervousness in social interaction can also be observed as a result of stress. People may also become violent and assault their colleagues and superiors.

There are various individual and organizational strategies to cope with stress. At both these levels, there are two main strategies, i.e., problem-focused strategies and emotion-focused strategies. Problem-focused strategies try to eliminate the stressor or modify it to such an extent that people are able to cope with them. Emotion-focused strategies attempt to modify the reactions of individuals to the stressors. The problem-focused strategies at the individual level include time-management, seeking help from colleagues or superiors, and if all else fails, changing the job. The emotion-focused strategies at the individual level include using relaxation techniques, performing physical exercise, pursuing recreational activities, and seeking companions. At the

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organizational level, various problem-focused strategies include redesigning the job, using proper selection and recruitment techniques, team building, providing training and day care facilities for employees. Emotion-focused strategies include facilitating open communication within the organization, providing employee assistance programs, and mentoring. The organization can also give employees personal time off and provide facilities to improve their physical and mental health. All these measures go a long way in reducing the stress levels of employees and making them more productive and efficient.

Chapter 9

Foundations of Group Behavior

In this chapter we will discuss:

- Nature of Groups
- Various Types of Groups
- Stages of Group Development
- Group Structure
- Group Tasks
- Group Processes
- Dynamics of Informal Groups
- Dynamics of Formal Work Groups

It has been observed that organizational goals are achieved more effectively and efficiently when people work in groups. Although people value and try to maintain their individuality, working in groups is more efficient. A group can be defined as two or more persons who interact and work with each other to achieve a common purpose. Working in a group, however, is not an easy task.

Groups are the basic fundamental units of an organization. Groups accomplish more work in less time than a number of people working individually. The interactions that take place among the members of a group are referred to as group dynamics.

Within an organization, a work group is usually the primary source of social identity for employees. The nature of the group to which they belong may affect their performance at work and may influence their relationships with people outside the organization.

This chapter describes how groups are formed and takes a look at the various types of groups that can be formed. This is followed by a study of group structure and the various aspects that influence group structure (like formal leadership, roles, norms, status, size and composition). We also discuss group tasks and group processes. Next, we try to understand the dynamics of informal and formal organizations. Finally, we end the chapter with a brief discussion on the positive and negative attributes of committees.

NATURE OF GROUPS

Corporate giants like Toyota, Motorola, General Mills and General Electric were the first to use groups. Today, most organizations form different types of groups to achieve specific results. Harold H. Kelley and J. W. Thibaut define a group as “a collection of individuals.....the members accept a common task, become interdependent in their performance, and interact with one another to promote its accomplishment.”

In an organization, the members of a group:

- are motivated to participate in the activities of the group;
- view the group as a unified entity of interacting people;
- contribute differing amounts of their time and energy to group activities and
- reach an agreement about a problem by interacting with the other members of the group through different forms of interaction

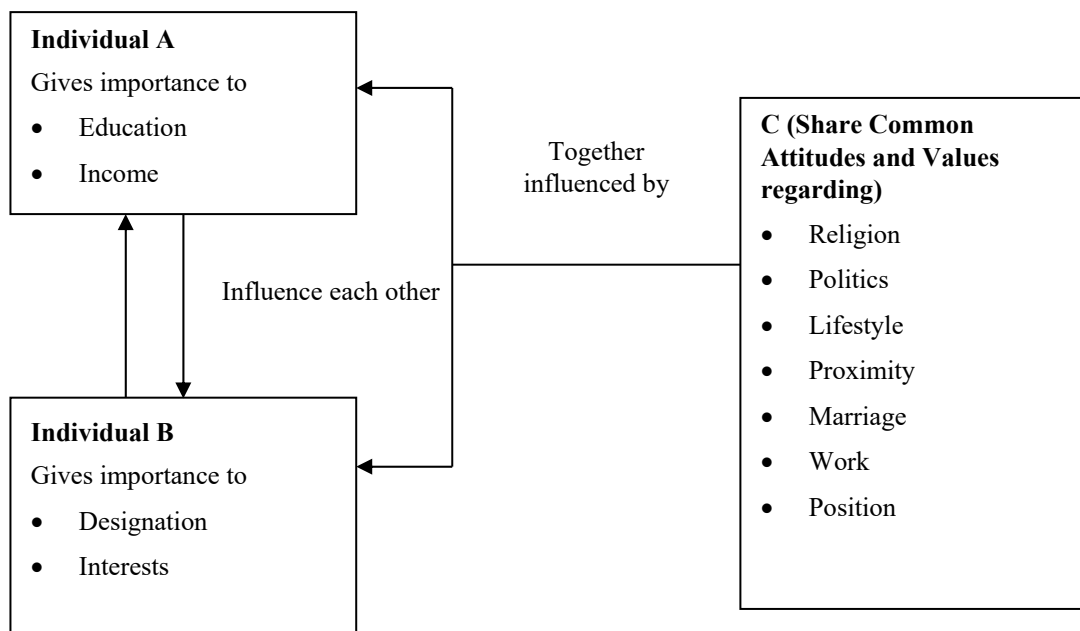
The various interactions that take place among the members of a group comprise group dynamics. The term ‘group dynamics’ was popularized by the management thinker, Kurt Lewin, in the 1930s.

There are three views regarding the nature of group dynamics. The normative view describes how a group is to be organized and how its activities are to be carried out. This view emphasizes democratic leadership, participation of the members, and cooperation among them. According to the second view, group dynamics consists of a set of techniques. These techniques include role plays, brainstorming, sensitivity training, team building, transactional analysis, Johari window and self-managed teams. Finally, the third view approaches group dynamics from the perspective of the internal nature of groups. This view discusses how groups are formed, their structure and processes, and their functioning. It also discusses how groups affect individual members, other groups, and the organization as a whole. This chapter discusses the third view of group dynamics and the various aspects pertaining to groups such as formation of groups, group structure, group processes and tasks.

Dynamics of Group Formation

People form groups for several different reasons. The classical theories of group formation attempt to explain why people form groups. According to the theory of propinquity, people associate with one another due to geographical proximity. That is, people who are located close to one another tend to form a group. For example, employees working in the same office are more likely to form a group than employees working in different offices. Similarly, managers whose offices are located close to one another are more likely to form a group than managers who work in distantly located offices. The propinquity theory provides only a very simple, basic explanation of group formation; it does not explain the complexities of group formation.

Figure 9.1 Balance Theory of Group Formation



There are many other theories which try to explain why people affiliate with one another. According to the balance theory, people who have similar attitudes toward certain objects and goals tend to be attracted to each other and form a group. In Figure 9.1, individual A interacts and develops a relationship with individual B because both of them have similar attitudes and share common values (represented by C). Both the individuals try to preserve their relationship by maintaining a symmetrical balance between the attraction for each other and the common attitudes and values they share. An imbalance occurs when either of the following happen: the number of interactions between the individuals decrease or they cease to share common attitudes and values. When there is an imbalance, the individuals try to restore the balance by having more interactions with each other or by trying to find some commonality in their attitudes and values. Their relationship disintegrates if they fail to restore the balance. Thus, according to the balance theory, both the propinquity of individuals and the interactions between them play a significant role in the formation of groups.

Yet another popular theory of group formation is the exchange theory. According to this theory, the reward-cost outcomes of interaction serve as the basis for group formation. The exchange theory states that affiliation or association takes place when the reward-cost equation has a positive outcome (i.e. rewards are greater than the costs incurred). Costs make people anxious, frustrated, and embarrassed, whereas rewards from interactions gratify needs like companionship, esteem, security and social needs, and make people happy.

The employees of an organization form groups for economic, security and social reasons. Workers may form a group for economic reasons. That is, they may form a union to demand higher wages. They may also join a group (like a union) for security reasons (to fight discrimination and unfair treatment of employees). The most important reason for joining or forming a group is to satisfy social needs. By becoming a member of a team, workers fulfill their need for affiliation.

VARIOUS TYPES OF GROUPS

Numerous different types of groups can be identified within an organization. Depending on the degree of formalization, groups can be classified as formal and informal groups. Formal groups are formed by the organization to carry out certain activities. Informal groups are formed by the employees themselves.

Formal Groups

These groups are formed by the organization to carry out specific tasks. The tasks and responsibilities of the members of a formal group are concerned with achieving organizational goals. The Board of Editors of a publishing company is a type of a formal group. The organization forms the group and selects the people who constitute the group.

Formal groups include command groups and task groups. A command group is represented in the organization chart and is relatively permanent in nature. The employees who are members of a command group report to a common superior. Thus, they have a functional reporting relationship. For instance, the dean of a management institute and his faculty members form a command group. Other examples of command groups in organizations are the quality-control department and the marketing department. All the functional departments in an organization can be considered command groups.

Task groups are formed to carry out specific tasks. Such groups are temporary in nature. They are generally dissolved once the task is over or the problem has been solved. Even though people may be made members of a task group, they continue to remain members of their respective command groups or functional departments. If a task group member has to spend a lot of time in carrying out the duties of the task group, his command group duties may get affected. Therefore, to reduce his burden, the command group duties are decreased for a short period of time. A command group may also be considered a task group, but the reverse is not true since task groups cut across boundaries of functional departments and are not characterized by a functional reporting relationship. When shopfloor employees, engineers and managers come together to tackle a particular quality problem, a task group is said to have been formed.

Informal Groups

While formal groups are established by the organization, informal groups are formed by the employees themselves. Since these groups are not formed by the organization, they are not formally structured. Common interests and the need for companionship, recreation, growth and support lead to the formation of informal groups. In an informal group, tasks are not formally assigned as they are in a formal group. A lunch group and a car pool can be considered as informal groups.

Informal groups are of two types, friendship groups and interest groups. Friendship groups are more permanent in nature than interest groups. They are formed because of the cordial relationships that the members share with one another. The relationships in these groups can be based on similarity in age, ethnic heritage, or views. The members of the group enjoy each other's company and like to spend time together. Interest groups are relatively temporary and are organized around a common activity or interest. A group of employees coming together to organize a picnic for the department compose an interest group.

Informal groups primarily satisfy the social needs of their members. Due to task interactions or the physical location of workstations, employees may start spending more time together. These informal interactions, which lead to the formation of informal groups, have a profound effect on the behavior and performance of employees.

According to Fred Luthans, in addition to formal and informal groups, groups can also be classified into small and large groups; primary and secondary groups; coalitions, membership and reference groups; and in-groups and out-groups. Small groups have only a few members. As a result, face-to-face interaction and communication between them is possible. In large groups, the number of members is very high. The large size of the group does not allow frequent personal interaction among the members.

Small groups are often termed primary groups. However, using the terms 'primary group' and 'small group' interchangeably is not entirely correct due to a minor difference between the two. To be termed a small group a group only needs to be small in size, but to be termed a primary group, a group should not only be small in size, it should also be made up of members who have similar values and loyalties and have a feeling of comradeship towards each other. Thus, even though all primary groups are small groups, the reverse is not always true. Examples of a primary group are the family and the peer group.

Secondary groups are generally large in size. In such groups, the members share the same values and beliefs, but because of the size of the group, they do not interact often with each other. Occupational associations and ethnic groups are examples of secondary groups.

Coalitions are created by members for a specific purpose. Such groups do not have a formal structure. They are independent of the formal organization structure and try to address issues which are important to the members. Membership groups are the groups to which an individual actually belongs (i.e. the individual is a registered member of the group). However, the members of such groups may not have a personal relationship with each other. For example, the only relationship that exists among the members of a public library is their membership. Reference groups are the groups to which an individual would like to belong or become a member of, e.g., a prestigious club. In-groups are the groups that share the values prevalent in society at a certain point in time, whereas out-groups are those that do not share those values.

Implications of Group Dynamics on Organizational Behavior and Management

A number of research studies on group dynamics show that groups have substantial implications for organizational behavior and management. The Hawthorne Studies (one of the earliest studies on groups) showed that groups had a tremendous influence on performance and productivity. Other research conducted over the years has shown that groups have a positive influence on the effectiveness of both employees and organizations. The effectiveness of an employee refers to his ability to learn new skills, win rewards and fulfill important social needs. Improvement in organizational effectiveness refers to an improvement in the skills of the workforce, an improvement in organizational decision-making and control, reduction in the employees' resistance to change, and an increase in stability within the organization. Some of the studies carried out in the field of social psychology also help us to understand organizational behavior. One such study carried out by Stanley Schachter helps us understand the relationship between group cohesiveness and performance.

The Schachter study

Stanley Schachter and his associates carried out a study to determine the effect of group cohesiveness and group influence (induction) on productivity. They defined cohesiveness as the average resultant force acting on the members of a group. Induction refers to the influence of group members on productivity. The independent variables in the study were cohesiveness and induction, while the dependent variable was productivity. By manipulating the independent variables, the researchers created four experimental groups:

- (i) Highly cohesive groups with positive induction
- (ii) Groups with low cohesiveness and positive induction
- (iii) Highly cohesive groups with negative induction
- (iv) Groups with low cohesiveness and negative induction

The results of Schachter's experiments did not show significant difference between the productivity of positively induced groups with a high degree of cohesiveness and positively induced groups with a low degree of cohesiveness.

Schachter's study found that highly cohesive groups could exert either a positive or negative influence on performance, while less cohesive groups were not so influential. Studies conducted over the years found that group cohesiveness has a highly significant and positive affect on performance. Also, how a group is induced (influenced) has a significant impact on its performance.

If leadership is substituted for induction, it becomes the variable which determines the performance of employees. Groups which are highly cohesive and have positive leadership achieve the highest possible level of productivity. But a highly cohesive group which does not have a good leader will have the least possible productivity. Therefore, a highly cohesive group can have a very high or very low level of productivity. Depending upon how a highly cohesive group is led, it can either break production records or limit the level of production. Groups with a low level of cohesiveness, however, do not have such wide variations in productivity. Leaders do not have a significant impact on the performance of such groups. It can thus be concluded that if productivity is to be maximized, the management should build a cohesive group and should entrust the leadership of this group to the person who is most capable of leading the group. Such a group tends to become self-managed over time.

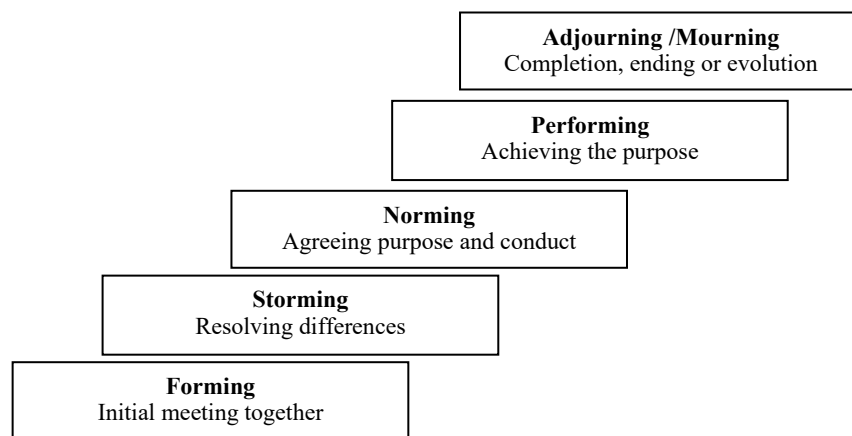
The results of Schachter's study help us understand Taylor's pioneering work (i.e., scientific management) as well as the Hawthorne studies. Taylor did not give much importance to group cohesiveness. According to Schachter's study, Taylor's methods could not yield the maximum level of productivity. In the case of Hawthorne studies, the group of workers in the relay assembly room as well as the group of workers in bank wiring experiments formed highly cohesive groups. While the workers in the relay assembly room showed high levels of productivity, the workers in the bank wiring experiments restricted production. This difference in productivity could be attributed to the type of induction or supervision experienced by the group. In the relay assembly room experiments, workers had a friendly observer who recorded all that happened, but there was no supervisor overseeing their work. The group thus became very cohesive and self-disciplined. The workers in the bank wiring experiments, however, were closely monitored by a supervisor. The presence of the supervisor made the workers distrust the intention of the management behind carrying out these experiments. The workers were suspicious that this could be the management's ploy to identify less efficient workers. Thus, the lack of trust of the workers in the objectives of the experiment made them restrict their production.

Factors that affect cohesiveness have an impact on the performance of groups in organizations. Factors such as agreement among group members on group goals, frequency of interaction between them, personal attractiveness of the members, and healthy competition among the various groups increase cohesiveness between the members of a group. However, domination by one or more members, disagreement among members on group goals, large size of the group preventing personal interactions, and unpleasant experiences with other members of the group can decrease cohesiveness. An organization can improve its performance by increasing the cohesiveness among members of the various groups within the organization.

STAGES OF GROUP DEVELOPMENT

Earlier, it was believed that groups followed a specific sequence in their formation. However, it was later revealed that groups do not follow a standard pattern of development. In this section, two of the widely accepted models of group development – the five-stage model and the punctuated equilibrium model – are described.

Figure 9.2: Stages in Group Development



*Adapted from Powering Online Communities, Swift Group,
<<http://www.sift.co.uk/ppt/crmsem/rd/slides/img004.gif>>*

The Five-stage Model

The five-stage model became popular in the mid-60s. According to this model, all groups pass through five stages (Shown in Figure 9.2) – forming, storming, norming, performing and adjourning. The duration of time that each group spends at each stage varies. Some groups may even get stalled at a particular stage.

Forming

At this stage, the individuals that comprise the group are uncertain about the group's purpose, structure, tasks and leadership. In this stage, members try to identify what behavior would be acceptable to others in the group and try to mold their own behavior accordingly. This stage is considered to be complete when the members begin to consider themselves as part of a group.

Storming

This stage is characterized by conflict and confrontation within the group. In this stage of group development, although the members acknowledge the existence of a group, they may resist the constraints imposed by the group. Disagreements about the leadership position in the group also give rise to conflicts among group members. The completion of this stage is marked by the emergence of a relatively clear hierarchy of leadership within the group.

Norming

This stage is characterized by the development of close relationships and cohesiveness within the group. Members develop a strong sense of group identity and camaraderie. This stage is completed when a common set of expectations defining appropriate behavior has been developed.

Performing

In this stage, the group becomes fully functional and involved in activities aimed at achieving the goals defined in the norming stage. Although the members may be involved in independent activities, they are committed to the achievement of group goals. The productivity of the members is at its peak during this stage. For permanent work groups, the last stage in group development is the performing stage.

Adjourning

This is the last stage of group development for temporary groups that have only a specific task to perform (like task groups, interest groups, or temporary committees). In this stage, the members are concerned with finishing their activities (priority is not given to high task performance). The feelings of members vary at this stage. While some may be happy about the group's accomplishments others may be depressed that they would be losing their friends after the group is disbanded.

It is presumed that the effectiveness of a group improves as it progresses through the first four stages of group development. However, this may not always be the case since group effectiveness depends on many complex factors. A certain amount of conflict is essential for improving the performance of the group. Also, it is not always necessary that a group should necessarily progress from one stage to another in the sequence defined by the model. A group may simultaneously go through more than one stage or in some cases, even revert back to a previous stage. Thus, the five-stage model explains only some of the elementary aspects of group formation and does not contribute greatly to our understanding of work groups.

The Punctuated Equilibrium Model

Although the five-stage model identifies five stages of group development, many research studies conducted later concluded that a universal sequence of stages of group development does not exist. However, research studies reveal that the timing of group formation and the modification in their way of functioning over time stays consistent. According to the punctuated equilibrium model, the process of group formation is characterized by long periods of inertia, punctuated or interspersed with brief periods of activity. These periods of activity primarily take place when the members become aware of the time and the approaching project deadline.

According to the punctuated equilibrium model, the first meeting of the group sets the direction for the group. This direction is unlikely to change during the first half of the duration of the project. In addition, during the first meeting of the group, a framework of behavioral patterns and assumptions emerges. This framework determines how the group will approach its goal. The first half of the project is characterized by a period of inertia. During this period, no new insights or behavioral patterns develop that challenge the initial patterns of behavior and assumptions made by the group. Halfway through the project duration, the members of the group suddenly experience a heightened sense of awareness of the lapse of time and the lack of progress in the project. The sudden awareness of the limited time left to complete the project acts as an alarm and leads to a flurry of activity. This stage marks the transition into the second phase of the project, wherein a new equilibrium is established among the members and a revised direction is set for the group. The last meeting of the group just before the completion of the project is marked by a period of intense activity. During this period, the group works toward completing the project on time by finishing all the tasks that remain to be done and resolving all the details pertaining to the project.

The punctuated equilibrium model, though not very predictable or precise, makes more allowance for complexities than the five stage model.

GROUP STRUCTURE

Groups, unlike mobs, tend to have a definite structure. Group structure helps shape the behavior of its members, predict the behavior of members of the group and guide the performance of the group as a whole. Groups are characterized by certain structural variables such as formal leadership, roles, norms, group status, group size and composition of the group. Each of these variables has important implications for group performance.

Formal Leadership

A formal leader, like a department head, supervisor or project leader, is essential for work groups. The leader's behavior has a significant impact on group behavior and performance. The style or behavior exhibited by the leader of the group tends to be imitated or repeated by the members of the group and has a direct influence on the success or failure of the group.

Roles

Role refers to the set of behavior patterns which an individual occupying a certain position in society is expected to display. As every employee in an organization is required to play diverse roles within and outside an organization, in order to understand behavior, it is essential to understand the role being currently played by the individual. In order to understand the roles of an individual, it is necessary to understand the various dimensions of these roles, such as role identity, role perception, role expectations and role conflict.

Role identity

The attitude and behavior of an individual gives rise to role identity. When a certain situation requires the individual to make major changes in his behavior and attitude, the individual does so in order to fit the role. Take the case of a person who has been accustomed to working as a team member but is, for some reason, asked to be the team leader for a particular project. To suit this situation, the person has to change his attitude as well as his behavior to effectively play the role of a team leader. However, if the same individual is later made a member of a high profile team working on a prestigious project, he has to once again modify his attitude and behavior so as to effectively perform the role of a team member.

Exhibit 9.1

Principles of Successful Groups

There is an old adage which says “None of us is as smart as all of us.” Complex problems can be solved in a better manner when people from different backgrounds and disciplines put their heads together. In other words, when individuals work together as a group, they accomplish far greater things than when they work alone as individuals. Successful groups consist of individual achievers who work together to obtain results. A group, in turn, provides these individuals with support they need and serves as a testing ground for their ideas. The group also helps them resolve the problems and obstacles that arise during the implementation of their ideas.

Although every successful group is unique in its own way, there are some principles which are common to all of them:

1. **Every successful group has a shared dream:** The members of every successful group believe that they can ‘make a difference.’ The group members are passionate about their work and they put their best foot forward to achieve team goals. For them, the work they are doing is not merely a job, but a fulfillment of their shared dream. As a result, they are very cooperative and energetic in their work.
2. **Individual egos are sacrificed in order to achieve the shared dream:** In a successful group, group members place the shared dream ahead of their respective egos. Conflict and disagreements among members are easily and quickly resolved because they give top priority to the achievement of group goals.
3. **Successful groups have been shielded from the “top brass”:** All successful groups dislike interference from the corporate top brass and are shielded from such interference by a leader (The leader is not necessarily the same person who has envisioned the goal or mission of the group). The presence of such a leader helps the group members work without unnecessary interference from senior managers.
4. **These groups have either a real opponent or they invent one:** The mission of the group should be strongly inculcated among its members by identifying a strong opponent. Most organizations have an implicit mission to wipe out an opponent. This motivates the members of the group much more than the explicit mission of the group. For example, Apple Computer’s covert mission (in 1984) was to “Bury IBM”. This mission helped the employees of Apple focus on the goal while also maintaining their energy levels.
5. **The members of these groups are non-conformists:** Members of successful groups are usually non-conformists. They think out-of-the-box and are not concerned about being ‘different’ from others.
6. **Members of a successful group sometimes have to pay a heavy personal price:** Sometimes, the members of a group devote so much time and energy to their work that their personal lives suffer. Divorces and nervous breakdowns are not unusual after a project has been successfully completed.
7. **Successful groups develop strong leadership qualities in the members of the group:** Most successful groups are open, do not have levels of hierarchy, and treat all members fairly and equally. These groups generally have strong leaders. Successful leaders are good at finding talent and nurturing it. In fact, they have been known to transform group members into effective leaders.
8. **Successful groups usually have young members:** Many successful groups have had members who were quite young. The average age of physicists in the Manhattan Project, which produced the world’s first atom bomb, was 25. Being young, they could work longer hours than other members. Moreover, their reluctance to believe that certain things were impossible made them accomplish impossible tasks.

9. **Successful groups are the result of careful recruiting:** Careful and meticulous recruitment is often needed to develop a successful group. It involves understanding the chemistry of the group members and spotting the right talent for the job. Successful group leaders place the right people in the right job and ensure that they are able to work with others to achieve the desired results.
10. **Successful groups produce some tangible output:** The efforts of a group must culminate in the development of a successful product. As Steve Jobs reminded his employees at Apple, their work amounted to nothing if they were not able to develop an excellent product. Unless a group produces something tangible, the assembly of the most talented people can be described only as a social club.

Adapted from Warren Bennis, "The Secrets of Great Groups," Leader to Leader, No. 3, (Winter 1997) : p 29-33, <<http://www.pfdf.org/leaderbooks/l2l/winter97/bennis.html>>

If a shopfloor worker is promoted to the position of supervisor, he has to change his attitude and behavior accordingly. On becoming a supervisor, the employee has to change his attitude and behavior from that of a pro-union one to that of a pro-management one. And, if that same individual is demoted, perhaps due to the economic problems faced by the company, the individual will again have to change his attitude and behavior.

Role perception

Role perception involves understanding how one is supposed to behave in a particular role by observing the behavior of another individual in the same role. External stimuli in the form of books, movies, television, or meetings with other individuals also influence role perception. The role is both perceived and interpreted through external learning before being enacted. For example, in an organization, a new employee adjusts to the organization and the job by observing how other employees are behaving in the organization and carrying out their duties. By observing the behavior of other employees, the new employee is able to form a perception of his role in the organization and behave accordingly.

Role expectations

Role expectation refers to how an individual is expected to behave in a given situation. In an organizational context, role expectations are to a large extent based on the role that has been defined for the individual. For example, both the employer as well as the employees have certain role expectations regarding the behavior of the other party. This forms the basis of the psychological contract between the employer and the employees. The psychological contract, which is an agreement between the employer and the employees, clearly sets out the expectations that each party has of the other party. Unlike other contracts, the psychological contract is not an explicitly stated or written agreement, but something which both the parties are expected to understand and follow. While employees expect the employer to pay them well and provide them with good working conditions and timely feedback, the employer too expects the employees to be obedient, cooperative and loyal towards the organization. Failure on the part of either side to meet role expectations can have negative consequences. An employer's failure to meet his role expectations negatively affects employee performance and satisfaction, whereas an employee's failure to meet his role expectations could lead to disciplinary action by the management in the form of suspension or dismissal.

Role conflict

An individual who is required to perform diverse roles in life may find that compliance with one role hinders his compliance with another role. The divergent role expectations of an individual lead to role conflict in the individual. Extreme cases of role conflict can be seen when role expectations contradict each other. Take the case of a programmer in a software company who has been offered a plum overseas assignment. Accepting this assignment would mean that he would have to be away from his family for a long period of time. Although accepting the assignment would boost his financial and career interests, such a move on his part would impede his role as a parent and as a husband. Thus, the employee experiences role conflict due to contradictory role expectations.

Norms

Group members follow standards of behavior that they all agree on. Once these standards have been accepted by everyone in the group, they become norms. Norms determine how the members should or should not behave in certain circumstances. The norms in an organization may be formalized or informal norms. Formalized norms are described in organization manuals. These norms establish the rules and procedures that the employees should follow. Although organizations have written norms, most of the norms in organizations are informal, unwritten and unspecific. The experiences of individuals regarding the type of behavior that helps or hinders their job performance and satisfaction give rise to these informal norms. Thus, depending on their effectiveness, informal norms can be functional or dysfunctional in nature. While norms of a functional nature help achieve organizational goals, norms of a dysfunctional nature do just the reverse.

Though every work group has a unique set of norms, there are certain classes of norms that are common to most work groups.

Norms pertaining to performance related processes

Every member of a group is provided with explicit cues as to how hard they should work, level of output they should deliver, how they should get the job done, and how they should communicate. Although initially an individual's level of motivation and abilities influence his performance, informal norms of an organization may have a greater influence on his level of performance.

Appearance norms

How to dress appropriately to work, how to appear loyal to the organization and to one's own group, how to appear busy – these are all appearance norms. Some companies insist on employees following a dress code (this takes the form of a formalized norm). However, even in companies that lack a formal dress code, informal norms govern the way employees dress to work. In many organizations, for appearance's sake, employees have to show loyalty to the organization and desist from openly looking for another job.

Norms pertaining to informal social arrangements

Such norms regulate social interactions within the group. They determine the friends that people make within the group and the people they have lunch with. Lunch groups in organizations are determined by such norms.

Norms that regulate the allocation of resources

These norms regulate the assignment of overtime work, the assignment of projects, and the allocation of new tools and equipment.

Norms develop gradually within a group as group members learn what behavior is important for the effective functioning of the group. Most norms develop in response to:

- a) Explicit statements made by an influential member of the group
- b) Critical events in the group's history
- c) The initial pattern of behavior that emerges during the first meeting of the group (referred to as primacy)
- d) Carry over behavior from past situations.

Conformity to group norms is important for an individual to be accepted by the group. If a member defies group norms after having become the member of the group, the group can exert pressure on the member to change his attitude and behavior and bring it in line with the group's standards. Since individuals belong to various groups and since norms vary from group to group, it is not necessary that group members succumb to all such pressures. They may agree to conform only to the norms of the groups to which they desire to belong.

Status

Status can be defined as a social position or rank given to groups or group members by others. Status plays a significant role as a motivator and is thus an important factor in understanding human behavior. The significant influence that status has on the behavior of individuals is evident from the behavior that emerges when individuals perceive a disparity between what they believe their status to be and what others perceive it to be.

Status may be formally established by offering organizational titles or providing special amenities. Organizational titles could be something like 'best sales executive' or 'most efficient employee.' Though organizations would hate to admit it, most of them have amenities that are not uniformly available to all employees (for example, a cabin of one's own, an air conditioner, etc). These amenities represent a certain status. Status may also be acquired informally by virtue of characteristics such as age, gender, skill and experience.

Status has some implications on the enforcement of norms and the level of conformity expected from the members of an organization. High-status people are able to leverage their status to gain considerable freedom from norms and withstand conformity pressures. Such high-status individuals enjoy greater freedom than other people in the organization. However, this freedom is only permitted as long as it is not detrimental to the organization's or group's objectives.

When inequity is perceived in the status hierarchy of a group, it creates a disequilibrium. This disequilibrium leads to different types of corrective behavior. People expect rewards to be proportionate to the costs incurred, irrespective of their status in the group. Thus an individual experiences status-incongruence when his perceived ranking is not equal to the ranking by the organization. However, groups generally have an agreement or consent among themselves on status criteria and, hence, high congruence is usually seen in group rankings of individuals.

Size

The size of a group has a major impact on the overall behavior of the group, though its effect depends on certain dependent variables. Research has proved that small groups are faster at completing tasks than large ones, while large groups are good at obtaining diverse opinions from its members.

One of the most important research findings regarding group size has been that of 'social loafing.' When individuals work collectively or as a group, they tend to expend less effort than what they would have put in individually. A major part of the time is wasted in socializing. Thus, it would be wrong to assume that the productivity of a work group would be equal to the sum of the productivity of its members.

Social loafing may be caused by various factors. If an employee sees that other members in his group are lethargic or inept, he may reduce his own efforts as well. Since there is no measurable parameter for judging an individual's performance within a group, individuals may be tempted to put in minimal work and ride on the group's efforts.

While collective work situations are desirable for enhancing employee morale and promoting a spirit of teamwork, managers should also provide the means to identify individual performance. In the absence of any means to measure individual performance, management should weigh the potential losses in productivity from using groups against any possible gains in worker satisfaction.

Composition

Different skills and knowledge are required for most group activities. Thus, a group consisting of individuals with dissimilar skill-sets and knowledge (a heterogeneous group) would have diverse abilities, and hence would perform well. Though it is likely that such a diverse portfolio of members would lead to conflict and slow down the pace of work, research findings generally support the conclusion that they perform well.

Group demography is another important factor in group performance. It can be defined as the degree to which members of a group share a common demographic attribute, such as age, gender, race, and educational level. The extent to which they share a common attribute has an impact on turnover. Studies on group demography have concluded that turnover is greater in groups in which the members have dissimilar experiences. This is because, in such groups, members find it difficult to communicate effectively with each other. Conflicts and power struggles are likely to emerge in such groups and make group membership undesirable. As a result, people feel like leaving such groups.

Thus, the composition of a group may prove to be a critical factor in determining the performance of the members and in predicting turnover. To a certain extent, diversity among the group members can lead to higher group productivity. However, large differences in the composition of the group tend to enforce conflicts and negative behavior, and result in high turnover.

GROUP TASKS

The tasks that a group undertakes can moderate the impact of group processes (interdependence, communication, etc.) on its performance and the satisfaction of its members. The effectiveness of a group is influenced by the complexity and the interdependence of the tasks performed by its members. That is, the more complex the task, the more the group will benefit from discussion among members regarding alternative work methods. Similarly, if there is a high degree of interdependence in executing the tasks, the members will have to interact frequently with each other. Here, the effectiveness of group performance would be, to a great extent, affected by the level of conflict among group members and the quality of communication within the group.

The importance of group processes becomes evident when tasks have a high level of uncertainty – those that are more complex and interdependent and require more information processing. Thus, if tasks are simple and less dependent, standardized operating procedures can be used. In such cases, group processes do not play an important role in the successful achievement of tasks. If the group members are required to perform simple tasks, group performance is not affected by poor communication among the members, weak leadership and a high level of conflict within the group.

GROUP PROCESSES

The processes within a group – the communication patterns within the group, the behavior of the leader, power dynamics and conflict within the group – are crucial for understanding group behavior. To understand the significance of group processes in determining work group behavior, we need to review the concept of social loafing. According to this concept, group productivity need not always be equal to the sum of the productivity of its individual members. At times, group productivity is much less than the productivity of individual members of the group. In other situations, group processes can also yield positive results. That is, they can create outputs greater than the sum of the inputs. Such a phenomenon is called ‘synergy.’

The performance of an individual can vary, depending on whether the task is performed in front of others or in private. This phenomenon is known as ‘social facilitation effect.’ Although it is not entirely a group phenomenon, the conditions that enhance social facilitation are more likely to occur when people work in groups. This is because of the tendency of people to show significant improvement in the performance of a task when they are performing it in front of others than when they are performing it in private. It has been observed that people tend to perform a task better in front of others if the task has been learned well, but if the task has not been learned well, the performance will be poor when the task is performed in front of others. Thus, training people to perform simple tasks in groups, and complex tasks in individual practice sessions can help maximize process gains in organizations.

DYNAMICS OF INFORMAL GROUPS

Informal groups gained prominence as a result of the Hawthorne Studies carried out at Western Electric. The Hawthorne Studies showed that informal groups are an integral part of the work situation. As discussed earlier, the term ‘informal group’ refers to a network of social relationships that are not formally established by the organization, but arise as a result of natural interactions between people. While formal groups emphasize position and authority, informal groups emphasize people and relationships. Another major difference between formal and informal groups is the power held by these groups. Power in an informal group is primarily personal, while power in a formal organization is institutional. In spite of these differences, these two types of groups are inseparable and coexist in an organization. Therefore, every formal organization has some informal groups and every informal group, over time, gradually begins to evolve into a formal group.

Norms and Roles in Informal Groups

All groups have some established norms, that is, acceptable standards of behavior agreed upon by the members of the group. Norms define how the members should behave in a particular situation. They ensure that people behave in a manner which is acceptable to the group. The behaviors that norms give rise to have a significant influence on the survival of the group, the unique identity of the group, and the prevention of problems among the members of the group.

Exhibit 9.2**Changing the Norms of Informal Groups**

Informal groups are inevitable in an organization. By understanding the dynamics of informal groups, it is possible to use them to enhance organizational performance. Every informal group has its own set of norms, and the members of the group adhere to these norms. However, this does not mean that the norms of a group do not change. Since the environment in which an organization operates is dynamic in nature, the norms of a group are altered when there is a change in the external environment. In order to ensure the effective functioning of an organization, the managers must assist in bringing about a positive change in the norms of informal groups. The process of changing the norms of a group take place in three stages. In the first stage, the manager observes the group to identify discernible patterns of behavior. To gain a better understanding of group norms, he also interviews the group members and asks them to specify the norms of the group. By making the group members specify the norms, managers can make them aware of norms which are not relevant or which harm the group's interests. This process also helps managers identify the norms that could help the group achieve its goals. The process of changing norms is possible only if the members of the group realize that some of the norms that they are blindly following are against the group's interests or hinder the group's achievement of goals, and therefore need to be changed.

The next stage involves measuring the norms and developing a norm profile. The norms that contribute to the effectiveness of the group and the organization should be identified. After identifying the important norms, each member should be asked to give his opinion about the intensity of that norm (importance the group members attach to the norms). For this purpose, a nine-point scale can be used. In this scale, 9 refers to the point that the group would ideally like to reach. The responses obtained from all the group members are then averaged and plotted in the form of a graph to obtain the norm profile of the group. The norm profile shows where the group is at present and where it would like to reach. The gap between the two states is termed as the normative gap, the identification of which helps to determine a starting point for change to take place.

The third stage is the most important one, where a normative change is brought about by the following steps.

- The manager demonstrates the role played by norms in increasing the effectiveness of the group and in improving the performance of the organization.
- All the group members are asked to cooperate with each other to develop positive norms for the group.
- The members of the group decide how normative change is to be brought about and determine which changes should be made first.
- The members also prepare a plan of action for implementing normative change.
- The plan is implemented and monitored in order to ensure that the desired change is taking place.
- The plan is reviewed at regular intervals and necessary modifications are made to the plan.

This process has many advantages. Apart from creating positive norms for the group, it also enhances cooperation between the members of a group and their manager. Moreover, communication and mutual trust within the group is improved. In addition, the stress and anxiety levels of the members are reduced as they are able to understand their managers better. Thus, by helping a group develop positive norms, managers can help them develop good patterns of behavior and improve their performance.

Adapted from "Team Building – Informal Group Dynamics at Work," Accel-Team.com, <http://www.accel-team.com/work_groups/informal_grps_06.html>

Norms serve these basic purposes:

- 1) They aid in the survival of the group and help it accomplish its objectives. In accordance with their norms, groups reject deviant behavior which does not help them achieve their goals or which threaten their survival.

- 2) Norms make the behavior of members more predictable. As group members are familiar with the norms, they can anticipate the responses of other members.
- 3) Norms help the group avoid embarrassing situations. Usually, group norms prevent the members of a group from behaving in a manner which can hurt the image of the group.
- 4) Norms represent a group's most important values. They thus establish a distinct identity for the group.

Stephen P. Robbins defines role as "A set of expected behavior patterns attributed to someone occupying a given position in a social unit." A role is a position that is held by a person in an organization. The content of any role is determined by the norms prevailing in the group. Therefore, a role consists of a specific set of norms.

Roles within an informal group are highly varied and unstable. Some of the roles found in modern informal groups are:

1. Shaper – An aggressive achiever role who makes the team action-oriented.
2. Plant– An innovator who brings in fresh and creative ideas.
3. Monitor-evaluator – A critical and careful thinker who determines the feasibility of ideas.
4. Implementer – A worker who takes practical and efficient action.
5. Team Worker – A moderator with social skills who can defuse conflicts.
6. Coordinator– A facilitator who can organize and coordinate the efforts of other group members.
7. Completer-Finisher – A careful and detailed examiner who ties up loose ends.
8. Resource Investigator – A person with good social skills who builds good relations with people outside the group in order to obtain resources and inputs for the group.
9. Specialist – An expert who offers specialized knowledge.

Roles change according to the situation. The same person may have to play different roles according to the situation he is in. As a team member, he will have to play the role of a team worker, while as an informal leader of a group of dissident members working on a project, he will have to play the role of a coordinator, a shaper, and an implementer.

Group roles that are functional in nature help a group achieve its goals. To ensure its survival and achieve its goals, a group should have two types of functional roles: task roles and maintenance roles. Task roles like initiating, providing and seeking information, and ensuring consensus help the group achieve its objectives. Maintenance roles help the group establish and maintain good relationships among the members of the group. Some examples of maintenance roles are encouraging, harmonizing, setting group standards and providing feedback to the group.

Apart from these functional roles, group members also have personal roles. These are sets of behaviors that are used to meet the needs of an individual and can prove detrimental to the effectiveness of the group. Some instances of personal roles are seeking recognition, dominating others and avoiding responsibilities. The task roles and maintenance roles of the group members should replace their personal roles to ensure that the group performs effectively.

Nature of Informal Groups

Building social relationships is a characteristic of human nature. The activities identified by the formal job description may either fail to keep the employee occupied

or may fail to fulfill all his needs. In such cases, employees develop relationships with people other than those defined by the organizational structure. Social relationships may develop due to the physical location and the presence of common interests. For example, employees placed together in a work setting may start interacting with each other, even though they may be from different departments. Common interests and values, and identical perceptions of their roles further strengthen the interaction among employees and give rise to a much higher system of social relationships called informal groups. Informal groups emerge naturally as people associate with one another and are not determined by formal lines of authority. In informal groups, power is not vested in anyone by a superior, but is achieved through a person's charisma. Informal groups are inevitable in an organization and cannot be abolished. These groups are generally small in size so that personal relationships can be maintained. Many informal groups exist both within the premises of the organization as well as outside it. The small size and lack of stability in informal groups make it difficult for them to replace formal organizations. They can only supplement the formal organization.

J.L. Gray and F.A. Starke define informal organizations as "patterns of behavior and influence stemming from human interaction within a formal structure." In other words, formal organizations prescribe certain behaviors for particular situations, and when individuals deviate from these prescribed behaviors, they do so because of the influence of informal groups. The nature of the informal group depends on the various drawbacks present in the organizational structure and the lack of opportunities to satisfy human needs. Informal groups tend to exist within the framework of the formal organizational structure because of the inherent need of individuals to have stable and predictable interpersonal relationships. Informal relationships formed through interactions at the workplace make individuals feel secure and generate a feeling of belongingness.

Significance of Informal Groups

Earlier, informal groups were considered an obstacle to the achievement of organizational goals. The Hawthorne experiments revealed that informal groups coexist with formal organizations. Depending upon the management's approach to the social system, informal groups can either contribute positively or negatively towards the achievement of organizational goals. If the management underplays the importance of the informal groups, these groups are likely to generate a lot of internal conflicts and cause problems for the organization. This can hinder the progress of the organization. But if the management understands the power of the informal group, adopts a positive attitude towards it, and tries to obtain the direct or indirect cooperation of the informal group, the effectiveness of the organization can be significantly improved. In order to obtain the best possible performance, the management should try to blend together both the formal and informal groups.

Management of Informal Groups

Informal groups greatly influence the behavior of their members and therefore determine their productivity. As a result, the top management is quite wary of powerful informal groups, and tries to abolish them. However, many studies on group dynamics have revealed that informal groups cannot be totally abolished. Therefore, in order to ensure the smooth functioning of the organization, the management should understand the dynamics of the informal groups operating within it.

Informal groups are quite powerful and influential because the members of the group have a lot in common and depend on each other to carry out organizational activities. As members of informal groups interact with one another, they develop favorable opinions about each other and cooperate to achieve results. Over a period of time, informal groups become a cohesive and powerful entity. However, this does not mean that powerful informal groups always hinder an organization's progress. If members of informal groups perceive that they can achieve their personal goals by contributing to organizational goals, they act in the best interests of the organization. Thus, the management should acknowledge the importance of informal groups and try to use them to achieve the objectives of the organization.

Difficulties and Problems Associated with Informal Groups

Although informal groups play a role in the achievement of organizational goals, they sometimes present difficulties for the organization. These difficulties are described below:

1. **Prevent organizational change:** In some cases, informal groups reject the introduction of change within an organization. They may not be interested in trying out new ways of doing things. As a result, they may restrict production. Informal groups may choose to limit the output regardless of whether the management is autocratic or democratic.
2. **Role conflict:** An employee may experience role conflict if the informal group and the organization place conflicting demands on him. Although eliminating such conflict totally is not possible, role conflict in employees can be reduced to a great extent if both the formal and the informal groups develop mutual interests. By integrating the interests, goals, methods and evaluation procedures of the formal organization with those of the informal group, the management can ensure higher productivity and employee satisfaction.
3. **Increased scope for rumors:** Rumors often start in informal groups and spread quickly throughout the organization, causing immense damage if they are not dealt with promptly. The emotional maladjustment of some employees and the lack of information makes them susceptible to rumors. The best way to handle rumors is to provide people with adequate information. The leaders of informal groups can also stop the spread of rumors by providing timely and correct information to the members.
4. **Pressure to conform to group norms:** In informal groups, members are often pressurized to comply with the norms of the group. Conformity to the norms of the group becomes a problem when the leaders of the group try to manipulate the members of the group to satisfy their own selfish motives.

The management generally faces three major problems when dealing with informal groups. These problems are discussed below.

- **Problems arising out of conflict between the formal and informal status systems:** When the managerial evaluation of jobs and positions fails to match that of the informal group, the formal organizational structure comes in conflict with the informal group structure. To prevent such a problem from occurring, management should be sensitive to the social aspects of the jobs and positions in the organization. When designing or modifying the organizational structure, management should assess the social impact of the proposed design or changes in jobs or positions in the organization. Lack of sensitivity on the part of managers towards the social implications of jobs or positions can bring the organization into conflict with the status system of employees.

- **Employee's perceptions of distributive justice:** The relationship between employees and management is that of a social exchange, i.e. employees are rewarded for their contributions. Employees expect their experience to be acknowledged by the management through higher rewards. However, in many cases, employees' contributions may actually decrease due to their age or the obsolescence of their skills. When the management tries to revise the exchange relationships on the basis of this change in the level of contribution, employees may feel hurt and their sense of distributive justice may be offended. The employees may show their resentment by acting against the goals of the organization. Hence, in order to avoid such problems, management should ensure that it does not offend or hurt the members' sense of distributive justice.
- **Problems of status incongruity:** Employees may also feel dissatisfied if there is an incongruity between non-job factors (like age, sex, education, etc.) and on-job status (like pay, intrinsic satisfaction, working conditions, privileges, etc.). Such incongruity may give rise to many problems. These problems can be solved by modifying the reporting relationship, i.e. the informal and formal status systems should be made consistent with each other.

DYNAMICS OF FORMAL WORK GROUPS

Although group dynamics is generally associated with informal norms and roles, formally designated work groups also have noticeable dynamics. Some examples of formal work groups are committees, commissions, boards, teams and task forces. Although this chapter only examines the dynamics of committees, the same approach can be used to understand the group dynamics of commissions, boards, and task forces.

In all types of organizations, one can find committees, be it a government, educational, religious or a business organization. Committees may perform various functions – a service, advisory, or administrative functions. In some cases, committees may also be involved in making the final decision on a specific matter. When performing this function, a committee is said to be acting in a line capacity. Nowadays, many companies use a committee-based approach for decision-making. In organizations, top-level committees consist of the president of the organization and the executive vice-presidents. Earlier, committees were formed only at the top level of the organization. However, nowadays committees are formed at all levels of the organization.

Positive and Negative Attributes of Committees

Committees have both positive and negative attributes. The biggest advantage of a committee is that it facilitates the integration of the ideas and opinions of its members. Committees bring together people with varied experience, knowledge, and abilities to solve various organizational problems. Committees can help reduce conflicts between various departments and their specialized subunits. Through discussions with other committee members, each comes to know more about the other departments and their problems. The production department gets to know by when the sales department has promised delivery of goods and the sales department gets an insight into the various problems faced by the production department (like production scheduling and inventory holding).

Committees ensure employee participation and result in improved morale and commitment. Since the individual members have been involved in finding solutions to a problem, they will be more committed to the implementation of the decisions taken.

Exhibit 9.3**Developing Effective Committees in Organizations**

Many management experts agree that effective organizations are characterized by effective committees. There are basically two types of committees – standing committees and ad hoc committees. Standing committees are permanent in nature and are formed by the standing orders, bylaws, rules and regulations of an organization. Ad hoc committees are committees which are constituted for a short-term to serve a specific purpose.

A committee is formed to study a particular problem in depth and make suitable suggestions to deal with it effectively. If used effectively, a committee can save a lot of time for the organization by making decision-making easier. The use of committees which consist of members from diverse fields makes the functioning of organizations more efficient.

Committees help ensure the smooth functioning of an organization. However, in many organizations, there are far too many committees, and the committee members have no idea what their responsibilities are. Therefore, in order to develop effective committees, the following points must be taken into consideration:

- The purpose and the authority structure of the committee should be properly defined.
- The tasks, responsibilities and deadlines should be clearly specified.
- The manner of reporting should be clearly defined.
- The role of each committee member should be clearly specified.
- The term of office for the committee members as well as the method of recruitment should be clearly specified.
- The method of selection of committee members and the budget for the committee should be established.
- The resources needed for the achievement of the goals of the committee should be determined.
- A reward and recognition scheme should be designed to motivate the members.

Effective committees weigh the pros and cons of organizational issues and give their recommendations to the management. This saves the top-management considerable amount of time. In addition, the use of committees facilitates the participation of employees.

Adapted from "Building the Future," [geocities.com](http://www.geocities.com/metisnation/btf_10901.html), 2001, Metis Nation of the South, <http://www.geocities.com/metisnation/btf_10901.html>

In addition, committees help in the development and growth of human resources in the organization. By working with experienced members in committees, young and inexperienced group members get exposed to different perspectives and learn new ways of solving problems. Committees thus provide them ample scope for personal development and growth.

There are also some problems associated with the use of committees in organizations. Since committees take a long time to arrive at a consensus, using them for decision-making can be very time-consuming and costly. And when a decision is taken, the responsibility for the decision cannot be pinned on any one individual. Committees are characterized by divided responsibility, that is, all the members of the committee are collectively responsible or accountable for a bad decision or mistake. This lack of individual accountability may cause individual members to blame other members for wrong decisions made by the committee. Although committees are expected to arrive at a decision jointly, the decisions taken often reflect the domination of one group over another (the minority).

SUMMARY

The work group is usually the primary source of social identity for employees, and the nature of the group can affect their performance at work as well as their relationships outside the organization. There could be many reasons why people form groups. The propinquity theory of group formation attempts to explain why some people come together to form groups. Yet another popular theory of group formation is the exchange theory. According to the exchange theory, the reward-cost outcomes of interaction are the basis of group formation. In reality, groups and their formation are much more complex than just the affiliation between two people (a simple dyad group). Groups can be classified into formal and informal groups, task groups, command groups, interest groups, and friendship groups. There are also some generally recognizable stages of group development. Two theories that analyze these steps are (a) the five stages model and (b) the punctuated equilibrium model.

The structure of a group helps the management predict individual behavior within the group and the performance of the group itself. Some of the structural variables are formal leadership, roles, norms, group status, group size and the composition of the group. All these variables affect the functioning of groups. The style or behavior of the group leader tends to be imitated or repeated by the members of the group. As everyone is required to play a diverse set of roles within and outside an organization, one of the tasks in understanding behavior is grasping the role that is currently being played by a person. Group members share some acceptable standards of behavior among themselves, and once they are established, they become norms. Status also has major behavioral consequences when individuals perceive a disparity between what they believe their status to be, and what others perceive it to be. Research has shown that small groups are faster at completing tasks than large ones, whereas large ones are good for obtaining diverse inputs from members. The composition of a group may sometimes, prove to be a critical factor in its total performance and turnover.

The processes that go on within a group – the communication within the group, behavior of the leader, power dynamics and conflict within the group – are crucial for understanding group behavior. Process gains can be maximized by training people for simple tasks in groups, and for complex tasks in individual practice sessions. The tasks that a group undertakes can moderate the impact of group processes on its performance and member satisfaction. The effectiveness of group performance is to a great extent, affected by the level of conflict among group members and the quality of their communication.

Organizations may consist of both formal and informal groups. Committees are an example of formal work groups. The use of committees in organizations has its advantages as well as disadvantages.

Chapter 10

Understanding Work Teams

In this chapter we will discuss:

- Definition of Work Teams
- Benefits of Work Teams
- Differences between Work Groups and Work Teams
- Types of Work Teams
- Team Effectiveness
- Applying Group Concepts to Teams: Towards Creating Effective Teams
- Teams and Total Quality Management
- Teams and Workforce Diversity

One of the most significant developments in human resource management in recent years has been the concept of teams. This concept was first used in Japan in the 1950s and later in America in the 1980s. Many American companies like HP, Xerox, P&G, and General Motors have used teams to solve problems and make effective decisions. Many management theorists and experts agree that teams play an important role in improving the productivity and effectiveness of organizations.

In this chapter we discuss the various aspects of using teams in organizations. First, we define what a team is and the benefits of using teams in organizations. Then, we differentiate work teams from work groups. The various types of teams formed in organizations today are discussed in detail. We then discuss the nature of effective teams and methods for developing effective teams and making individual workers good team players. We also discuss how group concepts can be applied to teams to create high-performance teams. Finally, we discuss Total Quality Management and workforce diversity in the context of teams.

DEFINITION OF WORK TEAMS

The use of teams is becoming increasingly popular these days. Most of the *Fortune 500* companies use project teams, which consist of employees from diverse managerial and professional backgrounds, working for a specific period of time on certain projects. What is a “team”? Gregory Moorhead and Ricky W. Griffin define a team as “a small number of people with complementary skills who are committed to a common purpose, common performance goals, and an approach for which they hold themselves mutually accountable.” According to Stephen P. Robbins, a work team is a collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions. Teams, therefore, generate synergy by coordinating the efforts of the individual members.

BENEFITS OF WORK TEAMS

The use of teams in organizations has increased because teams perform better than traditional work groups. Moreover, work teams provide significant benefits to organizations. The use of teams have resulted in improvement in organizational performance, increase in employee benefits, reduction in costs, and improvement in organizational processes (described in Table 10.1).

Improved Organizational Performance

Teams help organizations improve their performance by enhancing their productivity, quality and customer service. Teamwork reduces wastage of workers’ efforts, minimizes workers’ errors, and enables workers to serve customers better. In addition, teamwork kindles the creative instincts of the workers and encourages them to develop innovative solutions to existing problems. Moreover, since teams bring together people from diverse backgrounds, they are able to develop new and more effective ways of doing a particular job. These improvements are possible when teams effectively combine individual efforts and continuously look for ways to enhance the productivity of their organization.

Employee Benefits

A team environment benefits both organizations and employees. Nowadays, employees are not just satisfied with a good pay and other conventional benefits. For these

workers, teamwork provides a sense of dignity, self-control, self-fulfillment and satisfaction. Teams allow these employees to manage their work and make independent decisions instead of relying on their superiors for instructions. As a result, employees feel that their work is making a difference to their organization and feel valued and respected. Employees who feel this way enjoy their work, are exposed to lower levels of stress, and make less use of employee assistance programs.¹

Table 10.1 Benefits of Teams in Organizations

Type of Benefit	Specific Benefit	Organizational Examples
Enhanced performance	<ul style="list-style-type: none"> Increased productivity Improved quality Improved customer service 	<p>Ampex: On-time customer delivery rose 98%</p> <p>K-Shoes: Rejects per million dropped from 5,000 to 250</p> <p>Tennessee Eastman: Productivity rose 70%</p>
Employee benefits	<ul style="list-style-type: none"> Quality of work life Lower stress 	Milwaukee Mutual: Employee assistance program usage dropped to 40% below industry average
Reduced costs	<ul style="list-style-type: none"> Lower turnover, absenteeism Fewer injuries 	<p>Kodak: Reduced turnover to one-half the industry average</p> <p>Texas Instruments: Reduced costs more than 50%</p>
Organizational enhancements	<ul style="list-style-type: none"> Increased innovation, flexibility 	<p>IDS Mutual Fund Operations: Improved flexibility to handle fluctuations in market activity</p> <p>Hewlett-Packard: Innovative order processing system.</p>

Source: Charles C Manz and Henry P. Sims, Jr., *Business Without Bosses* (New-York: Wiley, 1993); Richard S. Wellins, William C. Byham and George R. Dixon, *Inside Teams* (San Francisco: Jossey-Bass, 1994) ; Gregory Moorhead and Ricky W. Griffin, *Organizational Behavior – Managing People and Organizations*, 5th edition (New Delhi: A.I. T. B. S. Publishers and Distributors Regd., 1999) 329.

Reduced Costs

Working in teams makes employees feel valued and committed. Team members feel that they are responsible for the output produced. Therefore, they try to reduce wastage, be more regular for work and minimize errors. This sense of responsibility also leads to a fall in absenteeism and a decline in employee turnover. Due to these initiatives by team members, organizations have been able to cut costs and reduce turnover rates. Kodak reduced its labor turnover to half the prevailing industry average using the team approach. Similarly, Texas Instruments reduced costs by more than 50 percent through its use of teams.

¹ Employee assistance programs: These refer to programs conducted by organizations for employees who have turned to drugs or alcohol due to personal problems. This program provides counseling and assistance to employees who wish to get themselves rehabilitated.

Exhibit 10.1

Failure of Japanese Style Work Team Culture in American Firms

Though Japanese firms could achieve significant improvement in their products, processes and quality management systems due to their team culture, the implementation of the same in American firms failed to be a success. The following differences in the work culture of the two societies (American and Japanese) led to the failure of Japanese style team culture in American firms:

- The Japanese believe in consensus. Discussions among team members continue until everyone is convinced about a certain decision or action to be taken. Americans, on the other hand, believe in democracy.
- The Japanese believe in surrendering individual goals to achieve team goals. Individual identity is replaced with team identity. Individual recognition and awards rather than team awards motivate the performance of the Americans.
- Japanese teams concentrated on products and processes and avoided management issues. The management had total control over the teams. Therefore, there were no conflicts between the teams and management. But American firms introduced a slight variation in these teams and named them 'self-managed teams.' The teams discussed management issues and communicated them directly to the top management, thus sidelining the middle managers in the process.

Adapted from Quentin R. Skrabec Jr., "The Myth of Teams," Industrial Management, Vol 44, Issue 5, (September/October 2002): p25.

Organizational Enhancement

In large organizations, the gap between employees and the top management can be reduced by decreasing the number of layers between them. This can be done by using a team approach to work. The team members feel closer to top management and, as a result, feel important. Moreover, teams bring in innovation and creativity by forcing team members to look for newer ways of doing things. Teams also help organizations adapt to changes quickly, thereby enabling them to withstand competition. Despite the various benefits, work teams do not always succeed (Refer Exhibit 10.1).

DIFFERENCE BETWEEN WORK GROUPS AND WORK TEAMS

Although the terms group and team are often used interchangeably, they do not mean the same. As seen earlier in the previous chapter, a group is a collection of two or more people who interact with one another in such a way that each person is influenced by the other. These individuals need not have a common goal. For example, people working under a common supervisor are said to comprise a work group. The members of a group do not produce a synergy that would result in an overall consolidated performance greater than the sum of individual performances. Teams on the other hand, the members of a team are committed to a common objective and work together to produce a synergy whose outcome is greater than the sum of individual contributions. In other words, a team is a group that has a common goal. A detailed description of differences between work groups and teams is provided in Table 10.2.

According to Stephen P. Robbins, a work group is "a group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility," while work team is "a group whose individual efforts result in a performance that is greater than the sum of those individual inputs."

Team members have to possess three types of skills to achieve the team's goals. First, they should have the technical or functional skills necessary to carry out their jobs. Second, they should have good interpersonal skills to understand each others' interests, provide information and support, and resolve conflicts. Third, they should have problem-solving and decision-making skills in order to understand the nature of

Table 10.2 The General Differences Between Work Groups and Work Teams

Work Groups	Work Teams
1. Members have individual goals.	1. Members have common goals.
2. The primary motive of interaction is to share information and to take decisions, thereby helping each other to perform within his or her area of responsibility.	2. The primary motive of mutual interaction is to perform collectively.
3. Performance is nothing but the sum of each individual's contribution belonging to the group. Thus there is no positive synergy that would create the performance level greater than the sum of individual inputs.	3. The performance in a work team is greater than the group member's individual inputs. The synergy is positive which aids the organization to have a performance level greater than the sum of individual inputs.
4. The responsibility is individual.	4. The responsibility is collective.
5. The accountability is of individual nature.	5. The accountability is individual and mutual in nature.
6. The skills involved are random and varied, i.e., the skill of one individual does not complement the skills of other individuals.	6. The skills involved are complementary in nature i.e., the skill of one individual aids the other to use his skills to achieve the objective.
7. It has a strong and focused leader with clear objectives.	7. The leadership is shared among the team members.
8. The purpose of work group is same as that of the organization.	8. The purpose of a team is very specific requiring collective effort.
9. The work group's products are individual work products.	9. A work team's products are collective work products
10. The work group meetings are efficiently run.	10. The team meetings are open-ended and problem solving, allowing every member to participate actively.
11. Effectiveness of performance is measured indirectly, i.e., by measuring the performance of the organization (for instance, the financial performance of the organization). This is so because the purpose of work group and the organization are same.	11. Effectiveness of performance is measured directly by assessing the collective work product.
12. In a work group, discussions are carried out, decisions are taken and work delegated.	12. In a work team, discussions, decisions and real work, all are carried out together (by the members of the team).
13. Groups can be of any size.	13. Teams are needed to be small.

problems, to decide on alternative courses of action, to prioritize tasks and give direction to the team. Initially, when a team is formed, the team members may not have all these skills. As the team develops and the members gain experience, they acquire the necessary skills.

Since team members are accountable to each other, they make sure that they do everything possible to achieve the team's goals. This accountability gives rise to three more differences between groups and teams:

- Broad job categories
- Role of the supervisor
- Reward systems

Broad Job Categories

Groups are generally allocated very specialized tasks. To carry out these tasks, workers require minimal training. Many people in the group have the same job description. Group members generally do not receive any feedback about their contribution to organizational effectiveness. As a result, they do not see any relationship between their efforts and the end result. However, in teams, the members have a number of different skills that are appropriate for more than one job category. The management is not concerned about who does the job as long as the team is able to meet its performance goals.

Role of the Supervisor

In work groups, the supervisor decides who does what tasks. In other words, the supervisor makes decisions and controls the activities of the workers. But in teams, the members themselves identify the necessary tasks and the workers who possess the skills needed for a particular job. Therefore, the team itself decides who will do which jobs. The supervisor acts as a facilitator and coach, who helps team members make effective decisions.

Reward Systems

The reward systems used by conventional organizations are not suitable for team-based organizations. In conventional organizations, reward systems are based on individual performance of the employees, their seniority and their job classification. In team-based organizations, however, team members are rewarded for learning a set of skills which are essential for helping the team achieve its goals. In some cases, team members are rewarded on the basis of the performance of the team. This reward system enables team members to remain flexible and be responsive to changes in environmental factors. Three types of reward systems are used commonly in team-based organizations:

- a) Skill-based pay systems
- b) Gain-sharing systems
- c) Team bonus plans

Skill-based pay systems

These systems make it compulsory for employees to master a set of important skills, which are necessary for good team performance. Employees may have to acquire some additional skills, depending on the requirements of the team or the career needs of team members. Some programs make it mandatory for team members to acquire some skills in order to receive additional pay. The employees can increase their pay from a basic level by a fixed amount for each additional skill learnt. This increase is possible up to a certain maximum level.

Gain-sharing systems

This reward system requires the team to exceed some baseline performance to receive a share of the profits generated by the organization. Gain-sharing systems reward all the team members on the basis of the performance of the organization, division or plant. This reward system keeps employees motivated and propels them to work harder. However, when business conditions are poor or when some factors beyond employees' control make it impossible to show the desired performance, such a system may make employees feel disappointed and frustrated.

Team bonus plans

This reward system is quite similar to the gain-sharing system. The only difference is that in a team bonus plan, the team is the unit of performance and pay, rather than a plant, division or organization as a whole. For this reward system to be effective, each team should have achieved certain specific performance targets. Some of the companies which use team bonus plans are Milwaukee Insurance Company and Colgate Palmolive.

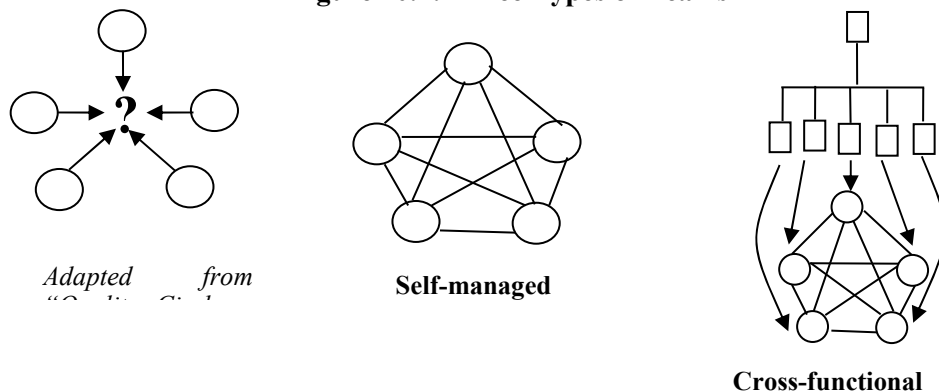
All the three reward systems have the potential to increase the productivity of the members of a team, thereby enhancing organizational profits. A suitable reward system should be chosen only after considering all relevant factors. This is because frequent and unplanned changes in the compensation system of employees might prove to be threatening to them.

TYPES OF WORK TEAMS

On the basis of their objectives, teams can be classified into different types (see Figure 10.1). The three kinds of teams most commonly found in organizations are:

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

Figure 10.1: Three Types of Teams



Source: Paul E. Brauchle and David W. Wright, "Training Work Teams", *Training and Development*.

Problem-Solving Teams

Problem-solving teams, one of the earliest forms of teams, originated during the mid-80s. Such teams generally consist of around 5 to 12 employees from the same

Exhibit 10.2**Application of Quality Circles in Government Organizations**

A quality circle is a small group which consists of around six to twelve employees who are involved in similar kind of work. These employees come together regularly to find out what improvements can be made in their respective areas of work by using accepted techniques for analyzing and solving work-related problems. Quality circles have been successfully used by the Public Works Department (PWD) of Maharashtra. This department is responsible for the construction and maintenance of approximately 2 lakh kilometers of roads in Maharashtra. It is also responsible for the upkeep of a large number of governments owned buildings all over the state. The department realized that though the user of the road network was the common man, the decisions made at the top level were not necessarily to the advantage of the user. The top management of the Maharashtra Public Works Department realized that the lower level officers and the field staff were the best people to recommend the right course of action for developing and maintaining the road network. Therefore, it decided to use quality circles to involve them in decision-making. It set up quality circles on 18th November, 1997. Within a year, many quality circles (involving the employees of PWD) were formed in different regions of the state to solve various problems.

The Quality circles showed substantial improvements in the following areas:

- Reducing the time gap in the issue of memos after inspection of a particular site.
- Reducing the number of accidents on highways.
- Bringing down the consumption of electricity in government offices.
- Removing encroachments on government land.
- Speeding up the process of filling potholes on roads during monsoons.
- Maintaining service records of employees.
- Maintaining cleanliness and hygiene in government offices.
- Streamlining the process of reservation in government rest houses.
- Improving the conditions at the Government Hospital at Solapur.

Quality circles, therefore, can be used not only in manufacturing firms but also in those organizations where solutions to various work-related problems can be found through teamwork. The Public Works Department of Maharashtra has become a trailblazer in finding solutions to various work-related problems in government departments through the participation of employees.

Exhibit 10.2**Application of Quality Circles in Government Organizations**

department. These employees meet for a specific number of hours per week to discuss various ways of improving quality, efficiency and the work environment. Problem-solving teams are temporary teams that deal with some specific problems at the workplace. Though such teams are asked to suggest solutions to problems, they are generally not given the authority to implement their suggestions. These teams are established to make recommendations for others at the workplace to implement. Most American companies use such teams. A commonly used problem-solving team was the Quality Circle.

Quality circles

A Quality Circle (QC) is defined as “a small group of employees in the same work area or doing similar type of work that voluntarily meets regularly for about an hour every week to identify, analyze and resolve work-related problems.”² Quality Circles were

² As defined by Quality Control Forum of India.

first formed in Japan. They became very popular in Japan and much of the success of Japanese firms (particularly their high rate of quality improvements in goods) has been attributed to the use of Quality Circles. The spectacular success of Japanese firms popularized the concept of Quality Circles. This concept spread across the globe and is now practiced in around 50 countries around the world.

The objectives of a Quality Circle are:

- Bringing about a change in the attitude of employees by improving the quality of work life.
- Teaching additional skills to employees and bringing out their latent potential.
- Developing a team spirit in the organization and reducing conflict between departments.
- Involving people at different levels in finding a solution to a problem.
- Improving the motivation level of employees.
- Providing employees with a conducive work environment.

The use of Quality Circles is not limited to manufacturing firms only. They can be used in factories, firms, schools, hospitals, universities, research institutes, banks, government offices etc (refer Exhibit 10.2). For example, a nine-member Quality Circle consisting of physicians, technicians and managers at the Norfolk General Hospital reduced the average X-ray processing time from 72.5 hours to 13.8 hours by eliminating fourteen unnecessary steps. The Quality Circles formed by the Public Works Department of Maharashtra studied the reasons for the high accident rate on the Sion-Panvel Highway. Various solutions for the problem, like carrying out frequent lane marking, installing caution boards, providing lay-byes for buses, were determined and implemented at Shirvane and Turbhe. The implementation of the solutions reduced the number of accidents significantly.

Self-Managed Work Teams

Problem-solving teams allowed employees to make suggestions and recommendations, but did not involve them in taking work-related decisions. To involve teams in organizational matters, fully autonomous teams, called self-managed work teams, were developed (refer Exhibit 10.3). These teams could give solutions to problems, implement them and be held responsible for the results.

Self-managed work teams consist of around 10 to 15 employees who are assigned the responsibilities that were formerly being handled by supervisors. These responsibilities include planning and designing work schedules, making operating decisions, and handling various work-related problems. Self-managed work teams are totally autonomous. They select their own members and evaluate their performance themselves, thereby reducing the role of the supervisor. There are around 100 self-managed work teams at GE's locomotive engine plant in Grove City, Pennsylvania. Generally, most of the decisions regarding maintenance, work scheduling, and equipment purchases are made by these teams. The supervisor merely plays the role of a facilitator. Hewlett-Packard, Honeywell, Xerox, General Motors, and PepsiCo also use self-managed work teams.

Even though many organizations have successfully used self-managed work teams, some organizations were unable to convince their employees of the value of such teams. For example, at Douglas Aircraft Company, a division of McDonnell Douglas, employees opposed the concept of self-managed work teams. They considered being cooperative to the team analogous to assisting their own executioner. The concept of self-managed work teams was also opposed by supervisors who did not want to become mere facilitators.

Exhibit 10.3

Developing Effective Self-managed Work Teams

In order to become a self-managed work team, all the members of a team must assume a new set of roles and responsibilities. In a conventional team, these roles and responsibilities were typically assumed by the managers and supervisors. Therefore, when a work group or team tries to transform itself into a self-managed work team, many challenges arise. A conventional team or work group should master some disciplines in order to become a self-managed work team. These disciplines are discussed below:

1. **Determine and communicate the limits of team authority:** A self-managed work team's charter should clearly determine and communicate the limits of the team's role and authority. The charter of the self-managed work team should be communicated to its team members, other teams, and to the entire organization. Most self-managed work teams fail primarily because they either do not have a charter which clearly defines the team's role or because they do not regularly revise this charter to ensure that it is still relevant.
2. **Developing cross-functional skills within the team:** The members of self-managed work teams are a class apart from the members of conventional teams because they have cross-functional skills. They are familiar with the various activities carried out by the team and have the ability to perform each of these activities. Therefore, in order to develop self-managed work teams, all the members should be provided cross-functional training.
3. **Critical evaluation of the various aspects of team functioning:** Self-managed work teams should critically evaluate their performance, successes, goals and role in the organization. These teams continuously examine their processes, environment and results critically and look for ways to improve them. Critical evaluation of these aspects helps teams improve their performance.
4. **Making team members self-directed learners:** Self-managed work teams determine what they need to learn for effective performance in the future. Unlike conventional teams, they do not depend on management to identify their learning needs. Self-managed teams work closely with training personnel to keep abreast of new methods and approaches to find out what the team needs in order to become long-term, self-directed learners.
5. **Managing team performance and human resources:** Unlike conventional teams, where management plays an important role in goal-setting and performance evaluation, self-managed work teams carry out these tasks themselves. Self-managed work teams must therefore be trained in various skills like goal-setting, establishing benchmarks, evaluating performance (against some set standards), and designing plans to improve the performance of the team. Self-managed work teams are also responsible for the management of their human resources. Consequently, the team members should have relevant HR skills like recruiting and selecting, monitoring the performance of individuals, and taking corrective action. These skills are critical for the team's long-term success.

However, teams need not try to attain all these behaviors and characteristics of self-managed work teams. Depending on an organization's needs and culture, a team can determine how it should become self-managed.

Adapted from "The Disciplines of Self-Managed Work Teams: Mastery Leads to Self-Management Success," RCI Resource Center, Russell Consulting Inc., 2001, <<http://www.russellconsultinginc.com/docs/white/tdosmwt.html>>

Studies on the effectiveness of self-managed work teams are highly contradictory. For example, some studies found that individuals who belonged to such teams were generally very satisfied with their jobs. However, according to other studies, employees who belonged to self-managed work teams had a higher absenteeism and attrition rate than employees who worked in conventional work groups.

Exhibit 10.4

Cross Functional Teams at Kodak

Kodak has always recognized the importance of teams and effective team work in its organization. It has always believed that teams help an organization gain customer focus, improve work efficiency, achieve successful restructuring and re-engineering of work processes, and foster a spirit of cooperation and collaboration within the organization.

Forming cross functional teams was just another effort on the part of Kodak's management to improve the overall efficiency of the organization. In Kodak's cross functional teams, people from departments across the organization pooled their ideas to improve the various work processes and operational flows in the organizational structure. By forming such teams, Kodak was able to bring together the skills and ideas of employees working in different departments of the organization. This enhanced the ability of the organization to solve problems and led to better decision making.

The cross functional teams established at Kodak were successful in the following ways:

- In building a shared vision, and developing shared values and principles;
- In creating a focus on customers;
- In restructuring and re-engineering work practices;
- In identifying the best ways of operating;
- In reducing the costs of operations;
- In assessing business risks and opportunities;
- In dealing with issues in accounting and administration and
- In solving problems in Information Systems and Logistics.

This team-oriented approach has helped Kodak enhance organizational productivity, and encourage collaboration and participation among people belonging to different departments in the organization. Eastman Kodak has thus been able to empower not only its people but the whole organization by the introduction of cross functional teams.

Adapted from "Kodak's Picture is Changing," Management Decision, 34, 5 (1996): 2-3.

Cross-Functional Teams

Cross-functional teams consist of employees from the same hierarchical level, but from different functional areas of the organization. These employees come together to achieve a specific objective. In the past few decades, many organizations have used cross-functional teams under different names. In the 1960s, IBM created a large task force, consisting of employees from various departments to create System 360 (The System 360 was a huge success). A task force can be considered a temporary cross-functional team. A committee is also a type of cross-functional team. Committees are composed of members drawn from different departments. In the late 1980s the use of cross-functional teams became popular. Many major automobile makers, such as Toyota, Honda, Nissan, BMW, General Motors, Ford and Chrysler, used these teams to manage complicated projects. Chrysler used a cross-functional team to develop its small car, Neon, on its own, without any foreign collaboration (it became the first American company to do so). Moreover, the model set a record by being developed within 42 months. The costs involved in developing Neon also set a record by being the lowest in the industry. Exhibit 10.4 describes how cross-functional teams were successful at Kodak.

The Industrial Specialties Division of 3M is also a type of cross-functional team. This division has been extremely successful in sustaining innovation and quality in all the company's products. At 3M, cross-functional teams literally manage the whole

business. These teams consist of members from a cross section of the organization, including people from R&D, manufacturing, sales and all those involved in the daily activities of the organization. These cross functional teams efficiently manage both the operational activities and programs for new product development.

Cross-functional teams allow employees from diverse functional areas within an organization or from different organizations to cooperate with one another in order to handle complicated projects, share ideas, and solve various problems pertaining to the organization. The development of cross-functional teams is not an easy task. It requires time and patience as the team members need to learn to work with diversity and complexity. As the members of such teams belong to different backgrounds and have different experiences and viewpoints, they may not trust each other. Developing mutual trust and a sense of camaraderie takes time and effort on the part of the team members.

TEAM EFFECTIVENESS

Many organizations use teams (like Quality Circles, self-managed work teams, and task forces) to enhance organizational effectiveness. The use of teams has helped organizations bring down costs, improve quality and productivity, and encourage the use of innovative and creative methods for solving problems. The team approach has been used not only in the private sector but also in government agencies and not-for-profit organizations. Researchers have found that, in general, teams have a positive impact on organizational functioning. For example, a comprehensive meta-analysis which spanned seventy studies found that self-managed work teams have a positive impact on productivity and specific team-related attitudes.

However, there are some problems with the use of teams. An in-depth interview of around 4500 teams in 500 organizations revealed that teams were often ineffective due to various individual and organizational problems.

The various individual problems are described below:

- Team members showed resistance to change and were reluctant to adopt the new practices of team work. All team members did not have the skills, ability or knowledge necessary to help the team perform effectively. Therefore, some members contributed more than others. As a result, when these members were overburdened or absent, the teams did not function effectively.
- Sometimes the employees experienced conflict because their personal beliefs clashed with the role they had to play as team members.

This study also found that some organizational factors were responsible for the ineffectiveness of teams. The most prominent organizational problems were the inability of the organizations to focus on team performance and the inadequate incentives given for good performance of the team.

Due to these individual and organizational problems, teams may fail to carry out their tasks in a focused manner. As a result, they would become ineffective. In order to build effective teams, the top management must pay attention to the development of the right type of environment.

Essentials for Building Effective Teams

Organizations can build effective teams by nurturing an environment that facilitates and supports the development of teams. All team building exercises must ensure that the team members are clear about their roles in the organization and that they possess the adequate skills to perform their roles. A reward system that recognizes and encourages team work over individual effort should also be developed.

Providing a supportive environment

In order to build effective teams, managers should provide an environment that supports teamwork. By so doing, the management encourages the employees within the organization to initiate teamwork. Teamwork builds mutual trust and cooperation and makes the employees adaptable and flexible. In order to create these conditions, managers need to develop an appropriate organizational culture.

Relevant skills and role clarity

The team members should have the necessary skills to carry out the jobs they have been entrusted with and should be willing to cooperate with others in the team. Team members can work efficiently and effectively only when they understand their roles and those of other members in the team. When team members are clear about what each member is supposed to do, they respond to the demands of the situation, instead of waiting for someone to give instructions. In other words, team members take the necessary action on their own to achieve the goals set by the team. Consider a surgical team in a hospital. During an emergency, each team member understands the need for coordination and cooperation. They understand what the other members can do and are sure that they will perform their tasks well. Such a high degree of cooperation and mutual trust is the hallmark of an effective team.

Focus on superordinate goals

The supervisors or managers of teams should keep their team members focused on accomplishing the overall task, not just on accomplishing their individual tasks. Effective teams emphasize the achievement of a superordinate goal, thus encouraging every member of the team to think beyond his individual interests. Therefore, managers should consider creating superordinate goals for a team. Superordinate goals are higher level goals which integrate the efforts made by two or more people. The basic purpose of superordinate goals is to focus the attention of the members and unify their efforts. However, at times, an organization's reward systems, policies and record-keeping requirements discourage teamwork. For example, if a sales representative has reached his individual target, he may delay the delivery of some products so that those sales contribute to his target for the next month. He is not bothered if all the other sales representatives in the district have reached their target or if there is any deficit in the achievement of the district target.

Team rewards

An effective system of team rewards encourages teamwork. The rewards could be either financial or non-financial. An organization's reward system is all the more effective if the rewards have the potential to motivate employees to perform better. Therefore, these rewards should be given to employees on the basis of their performance in the team. Apart from giving recognition to good performance, organizations should design innovative team rewards, such as giving team members the authority to select new members, asking their opinion about a new supervisor, or allowing them to develop rules and regulations for team members.

Shaping Individuals into Team Players

All individuals may not be team players. Some individuals want recognition for their individual achievements and do not like sharing the laurels they feel they deserve with a team. Organizations have traditionally encouraged individual achievements by creating a competitive work environment in which only those employees who show major achievements are rewarded. Therefore a major barrier to the creation of work teams in organizations is resistance from individual workers. It is very difficult, and sometimes impossible, to shape an individual into a team player when,

- The country's culture is individualistic in nature, and
- The organization has traditionally encouraged individual achievement.

For example, many companies in the US, such as Kodak and Eli Lilly had traditionally encouraged individual accomplishments by creating a competitive work environment. Employees in such organizations were shocked when their organization decided to shift from an individualistic approach to a team approach. However, in organizations or countries which have strong collectivist values, like Japanese and Mexican organizations, it is easier to introduce work teams. It is also much easier to introduce teams in new organizations.

To achieve effective team work, the members of a team must possess the qualities of good team players. In the following sections, we discuss the different ways in which managers can turn workers into effective team players.

Selection

Interpersonal skills differ from person to person. Only those people who possess good interpersonal skills should be selected for teamwork. Many candidates, especially those who have earlier worked in organizations where individual achievement was encouraged, may lack the necessary team skills. If managers have to select from such candidates, they can either hire a candidate and provide him the required training to make him a team player; or they can place the candidate in a unit of the organization where team effort is not required; or they can initiate a recruitment process to search for more suitable candidates.

Training

It is possible to train individual workers who have worked in conventional organizations which emphasized individual performance and make them effective team players. These employees can be trained by specialists, through various exercises, to experience the satisfaction of teamwork. They can also be trained through workshops to improve their problem solving, communication, negotiation, conflict management and coaching skills. Table 10.3 gives a ten-step training model for developing effective teams.

At Bell Atlantic, trainers helped employees realize the importance of patience in teamwork, because teams take a longer time than individuals to arrive at a decision.

Rewards

To develop effective teams, the system of rewards should be based on team efforts rather than on individual efforts. The individuals who constitute a team should be awarded promotions, pay hikes and other forms of recognition by evaluating their effectiveness as team members. At the same time individual contributions must not be ignored. An effective reward system tries to balance individual contributions with those made for the benefit of the team.

The examples of team-oriented behaviors that can be rewarded are:

- Learning new skills required by the team.
- Imparting training to new colleagues.
- Exchanging ideas and information with other members of the team.
- Assisting in resolving team conflicts.

Table 10.3 Ten Step Training Model for Developing Effective Teams

Steps of Training	Summary
1. Establish credibility	Establish credibility for your knowledge, believability and approach.
2. Allow ventilation	Letting trainees ventilate their anxieties early in the training may prevent frustrations from forming later.
3. Provide an orientation	Give specific, verbal directions and provide clear models of behavior.
4. Invest in the process	Early in the training, have each of the trainees' work groups identify its problems and concerns.
5. Set group goals	Each group should create, through consensus, its own mission statement. Have trainees identify the goals and guiding principles they think will help them fulfill their mission statements.
6. Facilitate the group process	The trainees need to understand the group process, the way a work group functions as well as techniques, such as nominal grouping and paired comparison.
7. Establish intragroup procedures	A meeting format is established detailing procedures regarding reporting minutes, making announcements, discussion of problems and issues, proposing solutions, taking action and making new assignments.
8. Establish intergroup processes	Although most teams have functional leaders who interact with others on their behalf, formal leaders called group leaders or spokespersons have to be appointed for some teams.
9. Change your role	As teams become more empowered, the trainer should move from active participation to a more passive role.
10. End your involvement	There comes a time when a group is ready to function on its own. It is ready to set its own agenda, goals, timetables, and methods for interacting with others in the workplace.

Problem-solving

A team gives its members a feeling of comradeship and satisfaction. To be an important member of a team provides a feeling of excitement and satisfaction to individuals. A team also gives its members an opportunity for personal development and growth. Many employees therefore find the experience of working in a team very rewarding.

APPLYING GROUP CONCEPTS TO TEAMS: TOWARDS CREATING EFFECTIVE TEAMS

A variety of group concepts can be applied to create high-performance teams. A basic knowledge of group processes is essential for creating teams that perform effectively. The various factors that must be considered when developing teams are the size of a team, the abilities of its members, the allocation of work roles, the sense of commitment to a common purpose, the specification of clear and realistic performance goals, the leadership and structure of the teams, the means for preventing social loafing and making team members accountable for end results, the implementation of an effective evaluation and reward system, and the development of trust between the members of the group. These factors are discussed in detail below.

Size of Work Teams

Most effective work teams are small in size. In large groups, it is not possible to develop a sense of cohesiveness, commitment and trust among team members. In such groups, conflicts and disagreements among team members may arise. This will have a negative effect on the performance of these teams. Therefore, in order to design effective teams, managers must limit the number of members in each team to 10 or 12.

Abilities of Members

People need to have certain skills to perform effectively in a team. These skills include technical skills, decision-making and problem-solving skills, and interpersonal skills. First and foremost, team members need to have technical expertise to carry out the activities of their team. Second, the team members should have the ability to identify problems, generate and evaluate alternatives, and choose a suitable alternative. Third, team members should have good listening and communication skills, and should be able to resolve the various interpersonal problems faced by their team. It is essential to have a right mix of these three skills in order to become good team players. When a team is first constituted, its members may not have all the necessary skills. So the members should take up the responsibility of identifying the skills in which the team is deficient and learn those skills to ensure that the team performs effectively.

Allocation of Work Roles

Different teams are constituted for different purposes. In order to design effective teams, managers need to identify those qualities which are necessary for performance, select people with those strengths, and assign work roles that are compatible with that person's style. Managers can increase the probability of team members working well together by matching the individual's style with the demands of the roles to be played. High-performing teams consist of people who are assigned different roles, into which they easily fit.

Strong Commitment to a Common Purpose

Effective teams have a specific purpose which is shared by all members of the team. This purpose provides direction to the team and makes the members more involved in the activities of the team. Production teams at Saturn Corporation are united by a common purpose: to develop an American automobile which is comparable to Japanese automobiles, in terms of quality and price.

Team members of successful teams put in a lot of hard work in developing a purpose which reflects both their individual and collective sentiments. The common purpose provides direction and guidance to the team in any situation.

Specifying Clear and Realistic Performance Goals

The common purpose is translated into specific, measurable and realistic performance goals by effective teams. Specific and clear goals help teams focus on achieving results. They also facilitate open communication within the teams.

Good Leadership and Effective Structure

In order to provide focus and direction, a team needs a clearly defined structure and a good leader. The members of a team should define and agree upon a common approach for achieving the team's goals. The team members should also be clear about the role each of them would be playing to achieve the objective of the team. Clear delineation of roles would ensure that each team member contributes equally towards the

accomplishment of the goal. Team members should set schedules, identify the skills that the team is lacking, establish methods for resolving conflicts within the team and the manner in which decisions will be made and modified. This is possible only if the team has a clearly defined structure and a good leader. The team leader may be selected by the management or the team members. The leader plays a very important role in integrating individual skills to achieve goals of the team.

Preventing Social Loafing and Determining Accountability

Sometimes team members may engage in social loafing. Social loafing is the tendency of individuals to put in less effort while working in a group than when they work individually. Some members feel that since their individual contributions cannot be identified, they can get away with less work. This attitude can affect the team's performance and over-burden other members of the team. Effective teams make it very clear to the members what they are responsible for as individuals and as a team. In this way, effective teams reduce the tendency of social loafing and make members accountable for the end results.

Proper Evaluation and Reward Systems

Conventional evaluation and reward systems (like individual performance evaluation, fixed hourly wages, piece-work incentives) are not suitable for developing effective teams. Instead, the management should use group-based appraisals, profit sharing, and small-group incentives to strengthen team effort and commitment. This does not mean that individual contributions should be ignored; they should also be evaluated and rewarded. The management should blend both individual and team-based evaluation and reward systems to encourage good team performance.

Generating Mutual Trust among Team Members

A characteristic of highly successful groups is mutual trust among team members. The team members have faith in each other's abilities, integrity and character. However, maintaining these personal relationships and sustaining trust is an arduous task. It takes a long time for one person to trust another, but a very short time for this trust to be lost. If the team members distrust one another, the team will not function in a cohesive and harmonious manner. Therefore, it is important that the members of a team trust one another.

TEAMS AND TOTAL QUALITY MANAGEMENT

Total Quality Management (TQM) is a management philosophy that focuses on customer relationships and tries to build an environment of trust and openness. All the TQM initiatives and techniques necessitate high levels of communication, adaptation, coordination and sequencing, which is possible only in extremely effective teams. The concept of TQM therefore requires managers to encourage employees to share ideas by forming teams.

It has been observed in most cases that TQM through team effort results in better and quicker solutions to problems, thereby ensuring improvements in processes and operations. This, in turn, enhances the quality and productivity of organizations.

In the early 1980s, the Ford Motor Company initiated TQM to deal with the problems faced by the organization. While designing the problem-solving teams, Ford's management decided that

- a) The size of the teams should be small in order to promote effectiveness and efficiency.
- b) The teams should have properly trained members who possess the required skills for the job or task.

- c) The teams should be given enough time to work on problems to be addressed.
- d) The teams should be authorized to study the problem in depth and implement remedial action to resolve them.
- e) Each team should have a “champion” whose main task is to help the team overcome various problems as they crop up.

TEAMS AND WORKFORCE DIVERSITY

Teams are formed when people from a cross section of the organization come together to accomplish a common objective. If an organization has a diverse workforce, its teams will include people from different groups. This diversity in teams will lead to a variety of diverse and new perspectives on various issues. Diversity in work teams can be very helpful when teams are involved in problem solving or decision making tasks. This is because the ideas and suggestions of members from a variety of different groups can lead to the development of a variety of creative and innovative solutions to problems. Though diverse groups find it difficult to work together initially, this difficulty dissipates over time.

Diversity within teams can lead to behavioral problems and lack of cohesiveness. This can have an unfavorable impact on employee satisfaction, absenteeism, productivity and turnover rates. If the problems created by diversity can be overcome and the members can develop a spirit of camaraderie, employee satisfaction will increase, and absenteeism and attrition will decrease.

It is therefore suggested that the norms of teams should support and encourage diversity to gain the benefits of heterogeneity and at the same time enjoy the benefits of a highly cohesive group. The advantages and disadvantages of diversity in teams are shown in Table 10.4.

Table 10.4: Advantages and Disadvantages of Diversity

Advantages	Disadvantages
= Multiple perspectives	= Ambiguity
= Greater openness to new ideas	= Complexity
= Multiple interpretations	= Confusion
= Increased creativity	= Miscommunication
= Increased flexibility	= Difficulty in reaching a single agreement
= Increased problem solving skills	= Difficulty in agreeing on specific actions

Source: Scarborough, "Understanding Work Teams," (Prentice-Hall Canada Inc., 1999) < <http://www.ucs.mun.ca/~mwithney/chapeigh.ppt> >

SUMMARY

The terms work groups and work teams do not have the same meaning, although they are generally used interchangeably. A team consists of a small number of people committed to a common purpose and common performance goals. They share the responsibility and hold themselves mutually accountable for accomplishing the predetermined goals of the team. The team members possess complementary skills and

Understanding Work Teams

follow a common approach to achieve their objectives. Unlike traditional work groups, teams have broad job categories, less formal supervision and different types of reward systems. Teams help organizations enhance performance and reduce costs, and provide employees with a sense of dignity and self-fulfillment.

Teams can be classified into three types on the basis of their objectives: problem-solving teams, self-managed teams and cross-functional teams. A Quality Circle is a type of problem-solving team. It consists of a group of employees who work in the same field or perform similar work. They meet voluntarily to identify and resolve work-related problems. Teams can be effective when the environment is supportive of collective efforts and when the members of the team possess the requisite skills to perform their tasks. The presence of an effective reward system enhances the effectiveness of a team.

All individuals may not be team players. Therefore, managers should select only those candidates who have the necessary skills and are good team players. It is possible to shape individuals into good team players through programs and workshops. Also, by designing effective reward systems, individuals can be motivated to become good team players.

Various group concepts can be applied to create high-performance teams. Teams can be effective if

- they restrict the number of members to 10 or 12;
- they ensure that their members have the necessary skills;
- they set specific, measurable and realistic goals;
- they are led by good leaders;
- they have an appropriate evaluation and reward system;
- they encourage mutual trust among the members and
- they discourage social loafing

Total Quality Management (TQM) is a management philosophy that focuses on continuous process improvement. TQM encourages working in teams, removing internal organizational barriers, and sharing power. It also emphasizes the continuous improvement of processes. Diversified teams provide unique and innovative solutions, but at the same time, they are less cohesive. If the team norms are supportive of diversity, it can achieve cohesiveness. Studies reveal that teams with high cohesiveness are likely to be very effective and have low rates of absenteeism and attrition.

Chapter 11

Power, Authority and Influence

In this chapter we will discuss:

- Definition and Meaning of Power
- Distinctions between Power, Authority and Influence
- Bases of Power
- The Dependency Factor
- Power Corollary and Faces of Power
- Power vs Exchange Theory and Control
- Power Structure and Blocs
- The Process of Power
- Contingency Approaches to Power
- Power in Groups: Coalitions
- Organizational Politics
- The Ethics of Power and Politics

Power is one of the most controversial topics in the study of organizations and of people therein. So much so, that it has been termed the “last dirty word.” People are often not comfortable discussing power. People who have power deny it; people who seek power try to conceal their objectives from others; and those who secure power, are secretive about how they secured it. Extensive research has been done in OB on how people gain and use power in organizations. It has been observed that most formal organizations are highly political and power plays an important role in the way they work. Power and politics are an important part of the dynamics of OB.

Power relationships are a natural part of any group or organization. It is important for students of OB to know how power is acquired and exercised. Though there is a popular saying that “power corrupts, and absolute power corrupts absolutely,” power is not always a negative concept. Power is a reality of organizational life and it is difficult to do away with it. Moreover, an understanding of how power works in organizations can help one become a more effective manager.

In the first part of this chapter we discuss the definition and meaning of power and its relationship with authority and influence. Later, we examine the bases of power, namely coercive power, reward power, legitimate power, expert power and referent power. We also discuss the dependency factor, the power corollary and faces of power, power vs exchange theory and control, and the structure of power relations. In addition, power blocs, the process of power, the contingency approaches to power and power in groups are discussed.

The second half of the chapter deals with the definition of politics, factors relating to political behavior, politicking, and the relationship between power, politics and ethics.

DEFINITION AND MEANING OF POWER

Power is an important element in motivation. It is required to motivate individuals or groups to work towards a certain end. In this context, it is also an important aspect in leadership. Power has been defined in different ways by a number of scholars. Stephen P. Robbins defined power as “the ability to influence and control anything that is of value to others.” According to Max Weber, a pioneering sociologist, power is “the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance.” Jeffrey Pfeffer, an organizational behavior theorist who is closely associated with research in the area of power, defines power as “the potential ability to influence behavior, to change the course of events, to overcome resistance and to get people to do things that they would not otherwise do.” In other words, power is the ability of one organizational member to get another organizational member to do what the latter would otherwise not have done. Power is obtained through the possession and control of resources that are valued by another party and which determine one organizational member’s dependence, indebtedness or allegiance to another.

The most important element in the study of power is dependency. The greater the level of A’s dependence on B, the greater is B’s power over A in that relationship. Further, dependence is the function of the alternatives perceived by A and the importance given by A to these alternatives that B controls. A person can have power over another only if he has control over something that the other person desires. For example, if you need to acquire certain skills in which your coach is the only expert available, then the coach has power over you. Since the alternatives are limited and it is important to you to acquire those skills, you are dependent on the coach. But once you have acquired those skills, your dependency on the coach decreases and thus, his power over you also decreases.

DISTINCTIONS BETWEEN POWER, AUTHORITY AND INFLUENCE

A person with a high need for power has the need to manipulate and lead others. Power itself refers to the ability of an individual or group to bring about a change in some other individual or group in some way. The person possessing power has the ability to bring about a change or manipulate other people or groups.

Power may or may not be legitimate, whereas authority is the source of power, and hence, is legitimate. The difference between top-down classical bureaucratic authority and Chester Barnard's bottom-up authority (which says that the amount of authority exercised by a superior depends on the degree of acceptance of that authority by subordinates) also brings out this difference. According to Barnard, authority is "the character of a communication (order) in a formal organization by virtue of which it is accepted by a contributor to or 'member' of the organization as governing the action he contributes." This definition of authority clearly brings out the difference between power and authority. Authority has the willing acceptance of the person over whom it is exercised, whereas power is (generally) uni-directional. It may or may not be liked by the person over whom it is exercised. According to Grimes A. J., "What legitimizes authority is the promotion or pursuit of collective goals, that are associated with *group consensus*. The polar opposite, power, is the pursuit of individual or particularistic goals associated with *group compliance*."

Influence refers to the ability to modify or change people in general ways, like changing their performance and satisfaction. It is a broader concept than both power and authority. Although both power and influence are an essential part of leadership, influence is more closely associated with the function of leading than power. Another difference between power and influence is that power has more 'force' than influence. Power gives a person a right to change certain relationships within an organization. It has the ability to alter reality. Influence, however, can only alter a person's *perceptions* about reality and the relationships in the organization.

Therefore, the difference between power and authority is that authority has legitimacy and acceptance, whereas power may or may not. And influence differs from power in terms of scope: it has a broader scope than power. Though influence and power are different, the two are related and sometimes the terms are used interchangeably. There is a subtle difference between authority and influence. While authority generally flows from a higher level to a lower level in a hierarchy, influence jumps levels and in many cases may flow from a lower level to a much higher level.

BASES OF POWER

Power is of different types, depending on where it is sourced from and how it is used. Social psychologists John French and Bertram Raven identified five sources of power: coercive, reward, legitimate, expert and referent. These five sources or bases of power explain the dynamics of power in an organization and how an individual or a group influences others.

Coercive Power

Coercive power is based on fear. A person who has the power to harm another person physically or psychologically, by threatening his job security or punishing him in some way, is said to have coercive power. Coercive power provides an individual with the means to physically harm, bully, humiliate or deny something to others. Coercive power stems from B's expectation of punishment by A if B fails to conform to A's influence. That is, a person behaves in a certain way out of fear of the adverse consequences that might occur if he does not conform to the wishes of the person who

exercises the power. Coercive power makes employees strictly follow the rules, directives or policies of an organization. People pretend to work busily when the boss walks through that area, only due to fear of punishment, which the boss is in a position to mete out. In this case, the boss has coercive power and hence can consciously or unconsciously *coerce* people to work. Organizational participants are usually coerced by punishments like reprimands, demotion or termination. Coercive power is negative in nature. The regular threat and use of negative sanctions creates feelings of hostility and resentment in employees and may be less functional in the long run than the other bases of power, which are more positive in nature.

Reward Power

Reward power is based on B's belief that A has the ability to grant rewards to B. Reward power has its source in a person's ability to control the resources used to reward others. Potential rewards that are valued in an organizational context include pay increases, promotions, favorable work assignments, new equipment, praise, feedback and recognition. Reward power gives managers the power to administer positive reinforcements to others, which encourage repetition of positive behavior. In terms of Vroom's expectancy-valence theory, reward power refers to a person's ability to administer positive valences to another person and the recognition of this power by the other person.

Reward power is diametrically opposite to coercive power. Coercive power arises from the ability to inflict a punishment or withdraw a reward. Reward power, however, arises from the ability to give a reward or eliminate a negative factor from a person's work sphere. People comply with the wishes and directives of managers because compliance brings about positive benefits; therefore, managers will have power over their employees if they can give rewards that are valued by the employees. The most important feature of reward power is that the power is dependent on the recipient. What the manager perceives as a reward may not hold any value for the employee, and vice versa. In such a situation, the manager will not hold any reward power. For instance, a manager may offer his subordinate a promotion with increased responsibility, but the subordinate may not value it since the promotion is accompanied by a change of location, which is not convenient to him. In this case, the manager will not have reward power. But if the subordinate considers it rewarding, then the manager is said to have reward power. Sometimes managers may not have the authority to dispense rewards, but as long as their subordinates believe that they do, they possess reward power.

Legitimate Power

A person's structural position within a formal group or organization, more often than not, plays a very important part in determining his access to one or more of the bases of power. This is known as *legitimate power* and refers to the power a person receives because of his or her position in the formal organizational hierarchy.

The person who has legitimate power has the right to punish as well as reward other people. Thus, legitimate power embraces coercive power and reward power. However, legitimate power is broader in scope than both coercive and reward power. Legitimate power closely resembles authority and primarily includes acceptance by organizational members of the authority of the position. Employees feel the obligation to accept this power out of deference for the person's organizational position. Legitimate power can be derived from three main sources.

- The cultural values prevailing in a society, organization or group determine what is legitimate in the same. For example, in certain societies, legitimate power increases with age, and the older a person gets, the more power he possesses. In

some other societies, gender, job, or functional position may be the criterion for legitimate power. For example, engineers have more legitimate power in a company's 'operational' functions, whereas accountants have more legitimate power in 'financial' matters.

- People may derive legitimate power from an accepted social structure that confers legitimate power on people belonging to a certain class or rank within a society or organization. For example, blue-collar workers who accept employment in a company accept the hierarchical structure and give legitimate power to their supervisors as soon as they accept employment.
- Legitimate power can also emanate from a person's designation as an agent or representative of a powerful person or group. The chairperson of a committee, the board member of a company, the union leader and elected officials hold this form of power.

All these forms of legitimate power create an obligation to accept power and be influenced by it.

Expert Power

Expert power refers to the influence a person wields as a result of some special skill or knowledge that he possesses. The increasingly specialized nature of jobs has increased the dependence on experts to accomplish goals. Experts are perceived to have specialized knowledge or understanding in certain well-defined areas. Doctors, computer professionals, tax accountants, industrial psychologists and other such professionals acquire power as a result of the specialized knowledge they possess. In organizations, staff specialists possess expert power in certain specific functional areas but not in others. For example, an engineer has expert power in the field of production, but not in areas like finance, human resources, and so on.

For a person to assume expert power, the people over whom power is to be wielded must perceive the expert to be credible, trustworthy and relevant. To establish credibility, the expert should not only have substantial knowledge but also show tangible evidence of this knowledge. Besides credibility, the expert must also have trustworthiness and relevance. Trustworthiness means that the expert must have a reputation for being honest and straightforward. In addition, the knowledge of the expert must be useful and relevant to the situation for the expert to exercise power. For example, it would not be relevant for a cricket coach to give advice on some other matters that are not related to cricket.

With increased emphasis being placed on technology and specialization by organizations, the expert power of organizational members is becoming more and more significant. This has been recognized formally by many companies who have been deliberately including lower-level staff possessing expert power in top-level decision making. The president of a certain high-tech company stated that, "In general, the faster the change in the know-how on which a business depends, the greater the divergence between knowledge and position power is likely to be. Since our business depends on what it knows to survive, we mix 'knowledge-power people' with 'position-power people' daily, so that together they make the decisions that will affect us for years to come."

Referent Power

The base for *referent power* is identification with an individual who has desirable resources or personal traits. If individual X admires and identifies himself with individual Y, then Y can exercise power over X. However, it is not always necessary for Y to know the power he has over X. Sometimes, Y can influence X even without being aware of it.

Referent power need not always be linked to a person's position in the formal organization. Employees may respect, admire and try to emulate another person, who may be a superior, peer or even a subordinate. Referent power is similar to charisma. It is based on the admiration of one person for another and a desire to be like that person. The admiration can cause a person to change his behavior and attitudes to resemble those of the person possessing the referent power. Celebrities are handsomely paid to endorse products in commercials because they possess high referent power. Generally, in organizations, people who are articulate, domineering, physically imposing, or charismatic have the ability to influence other people, and hence are said to have referent power.

THE DEPENDENCY FACTOR

Dependency is the most important element in the study of power. An understanding of the concept of dependency will help us understand the working of power.

If a person A is dependent on person B, it is implied that B has power over A. When a person possesses something that others require but he has sole control over, then the dependency of other people on him increases. This makes the person in possession of the resource gain power over the people who want it. It should be understood that dependency has an inverse relationship with the alternative sources of supply. If something is available in abundance, then the possession of it will not confer any power. If a person can create a monopoly by controlling information or something that people consider valuable, then other people become dependent on that person. So, the more options these people have, the less dependent they are on that person, and the less power that person has over them. That is why most organizations maintain multiple suppliers instead of being dependent on a single supplier. The level of dependency depends on the importance, scarcity and non-substitutability of the resource controlled by a person.

Importance

The resources that a person controls must be perceived as being important by other people if a dependency has to be created. For example, the avoidance of uncertainty is important to organizations. Therefore, those individuals or groups who can absorb an organization's uncertainty would be perceived as controlling an important resource. A study of industrial organizations showed that the most critical uncertainty facing these organizations was the sale of their products. Therefore, the marketing departments in these organizations were perceived to be the most powerful. This is because the marketing department had the ability to control or absorb the uncertainty facing the organization. Similarly, a company's negotiating representatives have increased power during a labor strike. These examples substantiate the fact that the ability to reduce uncertainty increases a group's importance and also its power. It should be noted that this type of importance is situational in nature. It differs between organizations and even varies over time within the same organization.

Scarcity

When something is available in abundance, possession of it will not increase one's power. Only when a resource is perceived to be scarce can dependency be created. This is why some low-ranking members in an organization who have valuable knowledge have greater power than high-ranking members who do not have access to that kind of knowledge. This is also why people who possess such knowledge refuse to share it with other people. They actively seek to prevent other people from gaining access to their knowledge.

The scarcity-dependency relationship is also evident in the power of certain occupational categories. In those occupations where the demand for people is more than the supply, compensation and benefit packages are far more attractive than in those occupations where there is an abundance of people. The bargaining power of people (in high demand) allows them to negotiate for higher salaries and better benefits.

Non-Substitutability

When a particular resource does not have any viable substitutes, then the person who controls that resource will have power over those who require that resource. For example, when a person has specialized skills that no other person has and which cannot be substituted by any other skill, then the power he wields will be tremendous.

POWER COROLLARY AND FACES OF POWER

The exercise of power comes at a cost. Every time a person exercises power, he utilizes some resources, and this proves to be costly for the organization. Further, different types of power have different kinds of consequences. The consequences of using power are the costs of using it. The exercise of certain types of power is more costly than the exercise of other types. For instance, if a person uses legitimate or coercive power to dismiss an employee, the organization has to bear the cost of losing an employee, the cost of stoppage of work, and the cost of recruiting a new employee. The cost of power is lower if the errant employee was simply reprimanded. Likewise, if an expert assists a member of the organization in solving a certain problem, there is a chance that the subject might master the expert's knowledge and use it by himself at a later stage. This sharing of knowledge reduces the expert's power. But, if the expert only passes on a limited amount of knowledge, which would require the subject to consult the expert every time he needs to use the knowledge, the expert does not lose his power. Instead he gains referent power in addition to his expert power.

It is important to maintain a balance of power. Every time power is used, it leads to an imbalance in the power situation. For example, if a manager reprimands an employee very harshly, the employee may become demotivated and stop contributing positively. In addition, the manager may also begin to be perceived negatively by other employees, which would decrease his power over them. Therefore, power should be exercised judiciously and in such a way that it minimizes the subject's scope for counter action.

Research in the field of OB has revealed that power is dualistic in nature. David McClelland, a prominent social psychologist who did extensive research on the nature and uses of power in organizations, described the "two faces of power." His research concluded that power is of two types – negative power and positive power. Negative power is based on *personal power* and is primitive in nature. When a person exercises negative power over another person, the relationship is based on a win-lose situation and often has negative consequences. When a manager uses negative power he views his subordinates simply as a means towards an end and not as individuals. This attitude often makes subordinates resist the manager's authority and proves to be counter productive for the organization.

Positive power, however, is associated with *social power* and is characterized by concern for subordinates and commitment to group goals. A manager who uses positive power exercises power *on behalf of*, rather than *over* people. According to McClelland, positive power is characterized by "concern for group goals, for finding those goals that will move people, for helping the group to formulate them, for taking some initiative in providing members of the group with the means of achieving such goals, and for giving group members the feeling of strength and competence they need to work hard for such goals." Managers who use positive power generate feelings of loyalty and commitment in subordinates.

POWER VS EXCHANGE THEORY AND CONTROL

The Exchange Theory views human behavior as an exchange process. This theory examines what a person expects for the efforts he puts in and what he actually achieves. Motivation is the outcome when an individual tries to bring about parity between the costs he incurs (his efforts) and the rewards he gets (the returns). Lawless, an OB researcher, related the exchange theory to the use of power.

1. A person who possesses expert or referent power, is in a position to determine and control the profit or loss another person would bear on the basis of the various alternatives available in that situation.
2. When a person possesses referent power, his subject experiences satisfaction by emulating him as much as possible. When the subject is unable to imitate his referent's behavior to the extent he desires, he feels dissatisfied and hence suffers a loss.
3. A subject accepts an expert's power over himself because he believes that compliance with the expert's wishes would lead to a positive outcome or reward. Non-compliance may lead to dissatisfaction or loss.
4. A subject complies with legitimate power as he incurs a profit by conforming to accepted standards and procedures. The profit is in the form of acceptance by his superiors and peers in the organization. Non-compliance with legitimate power may lead to a loss in the form of a punishment or non-acceptance by colleagues.

Power has also been studied in conjunction with control. Although traditional organizational theorists believe that power and control must be centralized in an organization and must be exercised only by a few key executives, behavioral theorists contend that excessive centralization is unnecessary as well as counter-productive. Behavioral theorists emphasize decentralization and the sharing of information. They argue that excessive centralization prevents information sharing and leads to the abuse of power. Therefore, power should be dispersed within the organization to create a democratic environment. Such an environment will help the organization achieve its goals.

POWER STRUCTURE AND BLOCS

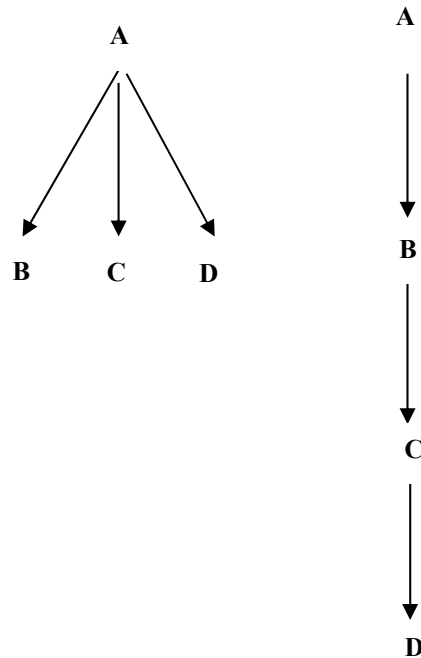
Power structures and power blocs within an organization lead to the concentration of power in the workplace.

Power Structure

The power relationships existing between the members of an organization usually match their positions in the organizational chart (i.e. a high ranking person has more power over a low ranking person). The power relationship may be direct or indirect. In Figure 11.1 the power relationships shown are direct as well as indirect. A supervises B, C and D individually (directly) in one structure, while in the other structure, he supervises in an indirect manner. However, his power is equal in both the direct and indirect forms of supervision.

In Figure 11.2, however, the indirect power of A, B and C is greater than the direct power they exercise over their immediate subordinates. This is because, A, B and C are part of a "power elite" and have balanced power relationships between them, although they work for different departments or different organizations. The relationship between them stems from casteism, club membership or some other form of common interest. This relationship ensures that the elite exercise more power in reality than what they exercise directly over their immediate subordinates. The formation of power elite arises due to mutual sharing of power.

Figure 11.1 Indirect Power of A is Equal to his Direct Power



*Adapted from DJ Lawless, Organizational Behavior (NJ: Prentice-Hall Inc, 1979)/
RS Dwivedi, Human Relations and Organizational Behavior – A Global Perspective,
5th edition (New Delhi: Macmillan India Ltd.,2001) 350.*

Power Blocs

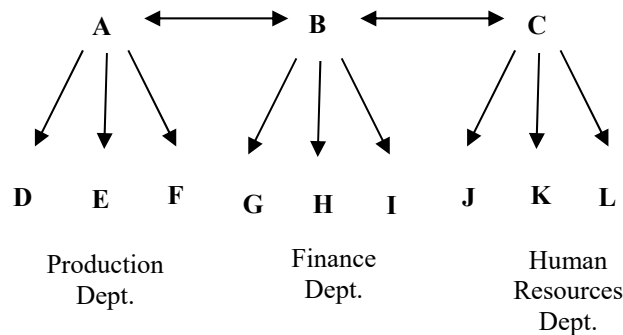
Power blocs also form an essential part of a social system. Unlike power elites which supplement the power of people who are already powerful, power blocs are large groups of people who possess limited individual power. People come together to form power blocs to increase their collective power and reduce or balance the power of those on whom they depend. Trade unions are a good example of power blocs. Individual laborers have limited power, but as a union they possess substantial bargaining power.

The formation of power blocs leads to instability in social interactions. Friction may develop in the interactions of power blocs, leading to social unrest. When a power bloc takes a certain action against the people on which it depends, the said people may take some other action to try and balance the power. If the power struggle continues for a long time it can lead to unrest and losses to both parties. Therefore, it is necessary to balance power in such a way that all the parties concerned are satisfied. This can be achieved through collective negotiations and agreements.

THE PROCESS OF POWER

Different scholars have different views about the nature of power in organizations. While some of them regard power as a static concept, which gives the holder of the power the capacity to influence and direct decision making, other scholars (like Lawless) maintain that power is essentially dynamic in nature. The dynamic point of view is supported by research findings which proved that power was essentially a

Figure 11.2 Power Elite Among A, B and C, the Heads of Three Departments.



Adapted from DJ Lawless, *Organizational Behavior* (NJ: Prentice-Hall Inc, 1979)
)/RS Dwivedi, *Human Relations and Organizational Behavior – A Global Perspective*, 5th edition (New Delhi: Macmillan India Ltd., 2001) 351.

function of interaction between two or more people, rather than a *feature* of the person holding the power. The dynamic nature of power suggests that a person's power is not a self contained feature, but is rather dependent on other people. A person can only assume as much power as his target allows him to. Therefore, power is a two-way *process*, which is a function of the interaction between the members of a group or organization.

The process of power in organizations consists of certain important elements such as dependency, balancing power relationships, reactions to imbalance and power ploys. Before understanding the process of power, it is essential to understand the nature of power in organizations. Stephen Robbins has described three central issues related to organizational power. The three issues are: 'Who wants power?', 'How is power accomplished?' and 'Why is power sought?'

According to Robbins, power is not uniformly distributed among different members of the organization. This is mainly because of individual differences in people in terms of age, education, experience, position and access to resources. Besides physical and personality factors, people also differ in the strength of their 'power motive.' That is, different people place different values on the acquisition and exercise of power. Some people actively seek power while others do not give it a lot of importance. Robbins also argues that people who have a high power motive and those who hold power resist all changes that are likely to bring about a change in the power structure. Additionally, if they lose power they make efforts to regain it, either individually or by forming coalitions.

People who have a high power motive actively seek power. They accomplish power by acquiring control of certain resources which other people perceive to be important. They try to increase their power by controlling uncertainty, thus creating dependency in other people. Such people also try to increase their power by acquiring expert knowledge, denying access to that knowledge to other people, and by making themselves irreplaceable in a function or an organization.

The primary motive for seeking power is to gain control over people and situations. People seek power to be able to get people to comply with their wishes. Holding power allows people to coerce others into doing something. Although coercion is a negative function and is often disliked by the targets, it has proved to be effective in some

situations. For instance, when the reason for a person's inefficiency is not lack of ability but lack of motivation, coercion can be an effective tool for making that person more productive.

In addition to the aspects of power discussed above, there are also some other aspects which are explained below.

Power Balance

Power is a function of dependency. When the degree of dependency of the target is equal to the degree of power exercised by the agent, then power is said to be *balanced*. When the agent exercises more power than the target's dependence or vice versa, an imbalance in power occurs. As long as power is balanced, the relationship is harmonious. When the balance is lost, there is unrest and disharmony.

Balancing Imbalance

When power is imbalanced, retaliatory action and unrest take place. For example, union-management relations are balanced as long as the power and dependency of both groups are matched. When an imbalance occurs, strikes or lockouts take place. These methods are adopted by the parties concerned to restore the balance of power. In a situation of imbalance, the party which continuously experiences a loss in the relationship tries to balance power. There are several methods the party can adopt to restore balance:

- The party can withdraw from the relationship.
- The party can form an alternative relationship with another party of equal or greater power.
- The party can form a coalition with another weak party to gain group power.
- The party can achieve a balance of power through status valuation. The greater the power need of a person, the higher his dependency on his subordinates. Therefore, a powerful person who wants to maintain his power will avoid antagonizing subordinates out of fear that they shift their loyalty to others thereby causing a reduction in his status.
- The party can equalize power through regular and continuous interaction. For instance, although labor unions and management have different degrees of power, constant interaction makes them dependent on each other, thus bringing about equalization of power.

Maintaining Imbalance

In some situations however, it is desirable to maintain an imbalance in power. Balanced power has the tendency to undermine authority, which may affect the achievement of organizational goals. Therefore, some organizations make a conscious effort to maintain an imbalance. This is usually done by creating a psychological distance between people. For example, a person with legitimate power can be provided with a separate office, a separate wash room or other additional facilities. This allows the superior to maintain a distance from subordinates and thus exercise power effectively.

Exhibit 11.1**Power Sharing**

Power plays a very important role in the running of organizations. People who 'run' the organization use power over people who 'work for' the organization to get things done by them. Power is obtained through the control of resources like money, physical assets, and knowledge. In order to use power to control the behavior of others, the power holder needs to legitimize that power. The legitimization process involves taking up certain duties and responsibilities towards the people over whom power is to be exercised. This ensures that the use of power is acceptable to the subjects.

Traditionally, authoritarian organizations used economic power more than any other kind of power. The relationship between the management (power holder) and the workers (subject of power) was based on economic necessity. Workers obeyed the management because it had the right to impose economic sanctions on them. Power was mostly of the coercive or reward type.

In recent times, however, a lot of importance is being given to the development of democratic values in organizations. Workers are no longer seen as a means to an end. Management has also recognized that much more can be achieved when motivation goes beyond economic need. As a result, many organizations now try to create a feeling of involvement, self worth and achievement in workers. The natural consequence of this increased emphasis on workers has been 'power sharing.' Power sharing is a practice through which management relinquishes monopoly rights over power and the resources that confer it. The result of power sharing is worker empowerment.

Power sharing between unions and management changes the power dynamics in an organization in basic ways. Both the parties experience gains and reductions in power. However, the reductions are offset by the benefits that accrue from a more democratic style of management. Given below are the dynamics of power sharing between unions and management.

Management Perspective**Reductions in Power**

- Loss of power in taking unilateral operational decisions
- Loss of the capacity to react immediately in some situations
- Loss of the ability to dominate negotiations through the use of economic power
- Reduction in the ability to arbitrarily control discipline and grievance procedures
- Reduction in the power and position of plant management positions

Increases in Power

- Increase in the commitment of the workforce
- Increase in the capacity to respond to change and external contingencies
- Increase in the effectiveness of organizational communication
- Increase in the benefits derived from the use of the knowledge, application and motivation of the workforce

Union Perspective**Reductions in power**

- Loss of the ability to react negatively to certain management initiatives
- Having to accept joint responsibility for the wrong acts of the management
- Loss of political power as the union can no longer capitalize on the mistakes of the management (due to their joint responsibility)

Increases in Power

- Increased ability to bargain for the security of the workforce
- Increased role in operational decision making
- Increased access to information
- Increased ability to influence the levels of performance
- The ability to conduct professional and objective negotiations which help secure mutually acceptable agreements
- Improvement in working conditions through participation in QWL programs and organization design
- Increase in union affiliation by the employees

Adapted from Robert. W. Ahern, "Power Sharing in Unionized Organizations", www.nlma.org, August 18, 1998, National Labor-Management Association, August 12, 2003, < www.nlma.org/pwrshare.htm>

Reacting to Power

People also react to power in different ways. These reactions are conditioned by a person's background and experiences. The reaction to power determines the achievement of balance in the relationship. For example, when a salesman approaches a prospective customer for a sale, the customer exercises power. The salesman may behave in a very friendly manner to overcome the barrier of power and persuade the customer to purchase the product. In this case, the power is imbalanced, as the customer exercises more power than the salesman's dependence. The dependency may not be very high because there may be other prospective customers. The interactions between the two will therefore proceed through a series of balances and imbalances, until a level of balance is reached where a mutually satisfying deal is struck.

Using Power Plays

Power plays are the techniques that a person uses to attain and retain power. Power plays move in three directions – upward, downward and lateral.

Upward strategies

Upward power plays are used by a person to impress his superiors and move up in the organization. He tries to adopt a strategy and style which he knows his superiors will approve of. He may also try to achieve power by impressing them with his knowledge and experience in certain areas. In addition, he may try to make his superiors dependent on him by showing some extraordinary ability or skill.

Downward strategies

Downward strategies are used to gain power over subordinates. An agent can exercise power over subordinates by forming groups of supporters among the subordinates by impressing them with his knowledge or personality. The leader can also impress subordinates and gain their support by empathizing with them, showing consideration for their needs, and helping them when they have some problems. By so doing, he makes them feel obliged to him.

Lateral strategies

People use lateral strategies to gain power over peers. A person can gain power over his peers by impressing them with his knowledge and personality. However, many OB scholars consider that the best way to gain power over peers is by creating a relationship of obligation. When a person does another a favor, the recipient of the favor becomes obligated to the person doing the favor. This obligation gives the former power over the latter. Power can also be gained by establishing links and relations with superiors. Having power over peers enables a person to garner support to further his interests with the top management.

CONTINGENCY APPROACHES TO POWER

Contingency approaches to various theories in management are beginning to gain importance. Theorists have developed a contingency approach to the theory of power as well. According to Pfeffer, a behavioral scientist, a person can attain power by being in the “right place.” He describes the “right place” as one where a manager has or can gain access to and control over resources like budgets, physical facilities or people and positions that can be useful in the long run; or where he can attain access to or control over critical organizational information; or a position or department which confers formal authority on him.

Further research in the area supports Pfeffer’s conclusions and gives greater insights into the topic. For instance, a finding suggested that when the professional orientation of group members is very high, there is a high amount of referent power influencing them. Also, where higher ranking organizational members do not give sufficient importance to a task, the lower ranking members are more likely to assume additional power over that task.

Interdependence and Influencability

The level of interdependency between the various departments of an organization and the critical importance of a certain department also have a moderating effect on the extent of power. Another important factor affecting the strength of the power exercised is the influencability of the target. Influencability refers to the degree to which a target is influenced by a powerful person. This assumes greater importance because of the two-way reciprocal nature of power relationships. Influencability depends on factors like degree of dependency, uncertainty, personality traits, intelligence, age and culture. These factors are discussed below:

Degree of dependency

The greater the degree of dependency of the target on the person wielding the power, the greater is the influence on the target.

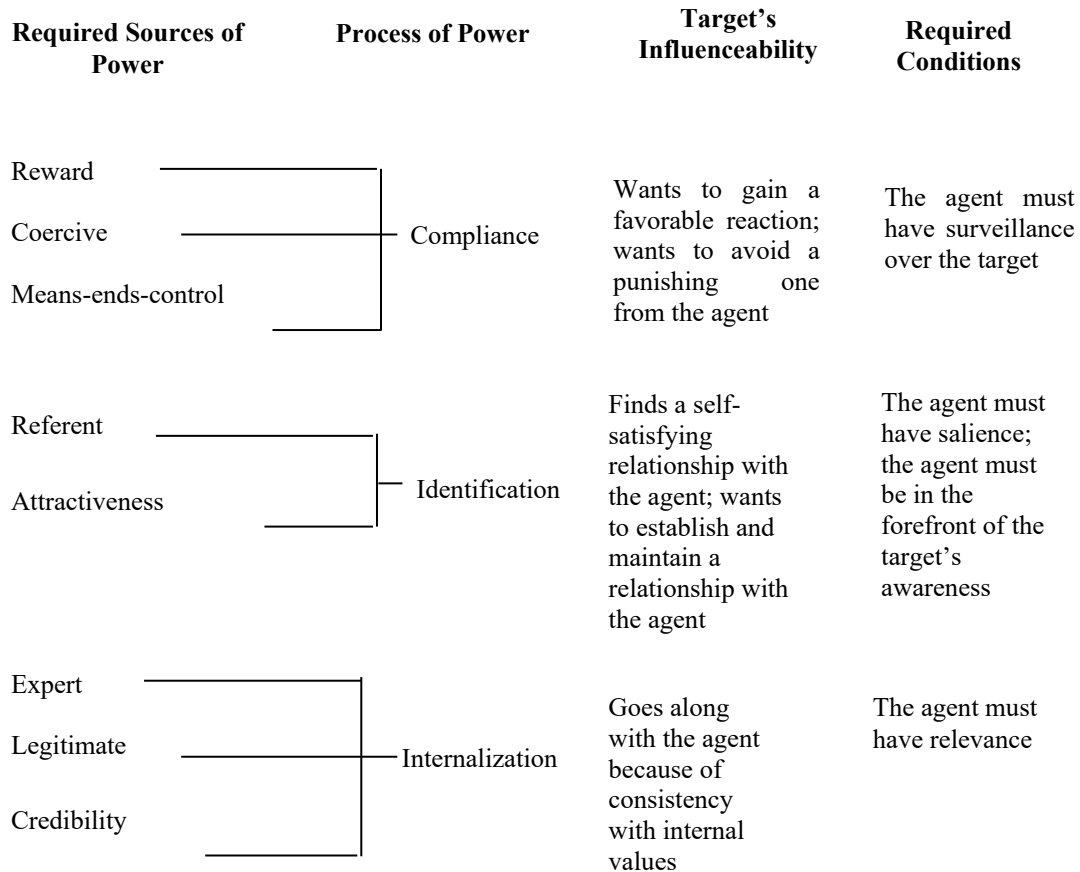
Uncertainty

The greater a person’s uncertainty in attaining a certain outcome, the greater the likelihood of that person being influenced by the agent who controls the outcome.

Personality Traits

The personality traits of the target also determine the extent to which he is likely to be influenced by another person. For instance, a target who has low self esteem or intolerance for uncertainty is likely to be more influenced by a powerful person than a target who is confident and certain.

Figure 11.3: An Overall Contingency Model of Power



Source: <http://unix.cc.wmich.edu/~mallakl/courses/ime600/ime600-2.pdf>

Intelligence

Research in the field of psychology suggests that intelligent people are likely to have greater self esteem and confidence than those with lower intelligence. Therefore, intelligent people are unlikely to be influenced by other people.

Age

Age has been acknowledged as one of the most important factors determining the susceptibility to influence. Social psychologists have proved that children up to the age of eight or nine are most susceptible to influence. Susceptibility then tapered off till adolescence, after which it leveled off.

Culture

Research has also proved that culture plays a very important role in determining influencability. People brought up in cultures which uphold values like individuality, diversity and independence are less likely to be influenced than people who have been brought up in cultures which emphasize uniformity and conformity.

It is important to account for the influence of these factors on a person when analyzing power relationships.

Overall Contingency Model for Power

An overall contingency model can be developed on the basis of the work done by Herbert Kelman, a social psychologist, and is as shown in Figure 11.3. Using French and Raven's sources of power as a basis, Kelman stated that there are three main processes of power:

Compliance

The target complies with power because he wants to obtain a favorable response from the agent or because he wants to avoid a negative response. For this condition to exist, an agent must have it in his power to reward or punish a target for compliance or non-compliance, as the case may be. He must also be able to monitor the target's work regularly. If the agent does not possess this power, compliance will not take place.

Identification

Identification is usually associated with referent power. People identify with and imitate another person, thus giving him power over them. In identification, there is no wish for a favorable consequence or fear of an adverse one. The target finds the agent attractive and seeks to emulate his behavior. Therefore, for an agent to have referent power, he must be attractive to the people whom he has to influence. As long as he is attractive, he holds power. The moment he loses his attraction, the target stops looking up to him and the agent's power is diluted.

Internalization

When a target internalizes the control of the agent over his actions, he usually does so because the values of the agent match the internal value system of the target. By internalizing the control, the target finds it easier to accept the agent's control. According to Kelman, internalization is the most effective and long lasting process of power. In order to attain this kind of power over the target, the agent must have expert or legitimate power. Most importantly, the agent's power must have relevance.

The contingency model of power has made considerable contribution to the study of power, leadership and interpersonal behavior. For instance, it shows that leadership is not just about making people comply with instructions and that effective leadership involves identification with the leader and the internalization of the leader's values and objectives.

POWER IN GROUPS: COALITIONS

Most people seek power to increase the scope of their influence over other people or to attain their own ends easily. However, it is not always easy to attain power. Even more difficult than attaining power is the attempt to retain power in one's hands. Therefore, when a person seeks power (or tries to regain it), he first tries to develop individual power. That is, he tries to better his personal position by acquiring certain resources or developing some skills. If he is unsuccessful in consolidating his personal position, he tries to form a 'coalition' with some other people who have similar interests and seek common goals.

Exhibit 11.2

Whistle Blowing – An Important Aspect of Organizational Politics

The early 21st century will go down in history as the era of corporate scandals. A number of major companies in the US and elsewhere collapsed under pressure of controversy. This period also saw several instances of whistle blowing in the corporate world.

The scandals associated with major events such as the Enron accounting scandal, the attacks on the twin towers of the World Trade Center and the WorldCom scandal, were all brought to light by people from within the organization. The three women who first blew the whistle on these scandals are regarded as the heroines of the nation for putting everything at stake – their careers, their privacy and even their lives – to report wrongdoing.

In the summer of 2001, Sherron Watkins, who was the vice president of Enron, wrote a letter to Kenneth Lay, the chairman, warning him that the accounting methods used by the company were improper. This letter was used as evidence by the congressional committee investigating Enron, and Watkins became a public figure.

In early 2002, Colleen Rowley, an FBI staff attorney, sent a memo to the director of the Bureau, Robert Mueller, about how the FBI ignored her pleas in early 2001 that Zacarias Moussaoui (who was later indicted in the September 11 attacks) should be investigated more closely.

That same year, Cynthia Cooper of WorldCom informed the board that the company covered up losses to the tune of \$3.8 billion through improper book keeping.

There have been cases of whistle blowing in India as well. Take the case of Kellogg Company. The year 2002 was one of the best years for the company in India. A new product launched by it that year received good initial reports and the company's figures also improved. Two senior executives who played an important role in the company's success were rewarded. Therefore, it came as a surprise, when, within a few months, both the executives left the company. Later it was realized that another executive had reported that the two of them had dumped stocks and given extra benefits to distributors to show enhanced performance. Although they had not benefited financially through this deed, they had violated the norms of the company to show more success than there really was.

Whistle blowing has become one of the most important occurrences in organizations. Although people are reluctant to talk about it, companies have recognized the role it plays in organizational politics. In light of the frequency of corporate scandals, the U S legislature passed an Act called the Sarbanes-Oxley Act in 2002. The Act ruled that the final responsibility for corporate accounts lay with the CEO/CFO of the company. It sought to bring about more transparency in audit procedures. Recognizing the importance of internal whistle blowing in preventing public scandals, major companies like Xerox, Johnson and Johnson, and Heinz have also installed hotlines, toll free numbers and other systems through which employees can report wrongdoing within the company to higher authorities. They have realized that it is better to detect and correct wrongdoing when it is still restricted to the organization rather than have it become public.

People who blew the whistle will tell you that it takes a lot guts. While people recognize that it is important to stand up to and expose wrongdoing, most of those who actually do it say they would not do it again. Life suddenly becomes difficult for whistleblowers. Many of them are fired by their organizations on some pretext or the other. Even if they are not fired, they are ostracized by their colleagues and doomed to lead isolated lives. If the company is big enough to merit newspaper coverage, they also lost their privacy. Sometimes, even their lives are at a risk. "There is a price to be paid," said Cynthia Cooper. "There have been times that I could not stop crying."

Time, December 22, 2002, < www.time.com/time/personoftheyear/2002/poyintro.html> and Seema Shukla, "Indians can Blow the Whistle too", *The Economic Times*, August 1, 2003, < www.ge.com/in/659.htm>

A coalition essentially consists of a group of people who come together to combine their resources, with the aim of increasing their bargaining power or bringing about a

balance in power. Trade unions are a good example of power exercised by a group of people. Unions are primarily formed to represent the interests of the workers, who do not have any individual power. As a group, they are in a position to negotiate with the management (which holds legitimate power in organizations).

A number of OB experts have studied coalitions to predict their formation and working in organizations. Their views are summarized in the following points:

- Although coalitions have their origin in politics and political science, the coalitions formed in organizations differ from political coalitions in some basic ways. In politics, the smaller the coalition, the greater the power. This is because a smaller membership allows power to be concentrated. In organizations, however, it pays to have a coalition with a large membership. This difference arises from the fact that political coalitions in legislatures usually restrict themselves to taking a decision, whereas coalitions in organizations not only take a decision they also implement it. Therefore, it is beneficial to have greater support in coalitions in organizations. Consequently, organizational coalitions aim to represent as many interests as possible.
- Some of the experts are of the opinion that there is a greater likelihood of coalitions being formed when there is a high degree of interdependence between the different departments or sub units of an organization. This interdependence could be in terms of tasks or shared resources. Where different departments are more or less self contained, there is very little coalition formation activity.
- The formation of coalitions is also influenced by the nature of the work done by a group. If tasks are more routine and predictable, people become substitutable for one another and, as a result, become replaceable. Therefore, to protect their interests and obtain more security, they are likely to form coalitions. But when people perform specialized tasks, their dependency is low and, therefore, they are unlikely to form coalition.

ORGANIZATIONAL POLITICS

Organizational politics is a reality in most organizations of reasonable size. Researchers and practitioners of OB have also acknowledged the role played by politics in organizational dynamics. It has been recognized that a certain amount of political behavior is necessary on the part of managers to succeed in their work and that politics is sometimes vital to the achievement of organizational goals. Politics has been defined by a number of scholars of OB.

Definition and Nature of Politics

Organizational politics has often been called 'power in action.' Stephen Robbins has defined politics in organizations as "those activities that are not required as part of one's formal role in the organization, but that influence, or attempt to influence, the distribution of advantages and disadvantages within the organization." This definition suggests that political behavior is outside the practitioner's sphere of work and that it involves some effort on the part of the practitioner to use the power at his disposal to influence decision making. According to Bronston. T. Mayes and Robert W. Allen, organizational politics can be defined as the deliberate "management of influence to

obtain ends not sanctioned by the organization or to obtain sanctioned ends through non sanctioned influence means.” This definition also suggests that politics is outside the regular scope of an employee’s sphere of work. Politics therefore, is essentially concerned with the acquisition and *use* of power within the organization to serve one’s own ends. This use of power to serve one’s own ends is known as *politicking*.

Robbins has also differentiated between legitimate and illegitimate political behavior. Legitimate political behavior is that which forms a part of the day-to-day work in an organization. This includes forming organizational coalitions, networking and developing contacts within and outside the organization, complaining to superiors on routine matters, ignoring rules and procedures, adhering to rules strictly, etc.

Illegitimate political behavior, however, is extreme in nature and does not keep to the accepted level of politicking. Protesting violently against rules, deliberately breaking rules, not conforming to the accepted procedures, absconding from work, sabotaging organizational activities, and whistle blowing, are examples of illegitimate political behavior.

Legitimate political behavior is part of every organization and most of the members indulge in it at sometime or the other. Illegitimate political behavior, however, is not indulged in other than in exceptional cases. Excessive indulgence in illegitimate political behavior usually leads to extreme sanctions and severe punishment. Involvement in illegitimate political behavior largely depends on the amount of power a person has. Only a person who has the power to ensure that his behavior will escape punishment can indulge in it.

Experts in OB feel that politicking can have beneficial effects on an organization. For instance, when an employee develops a new tool to improve productivity, he may do politicking to enlist the support of his superiors. If the new tool gets adopted by the organization, the benefits accruing to the organization may be more than those to the employee.

Factors Relating to Political Behavior

Political behavior is subjective, i.e., it differs from person to person and organization to organization. Studies have shown that individuals differ in their orientation towards politicking. Some tend to be more interested and capable of politicking than others. Similarly organizations differ in their political orientation. Individual differences in political behavior are based on environmental difference and personality, whereas organizational differences are based on the culture and the environment of the organization.

Individual Factors

Individual politicking is a function of a person’s personality traits, his background and experiences, and the environment in which he operates. According to researchers, three aspects of individual personality influence political behavior: the level of self-monitoring, the individual’s locus of control, and the strength of the individual’s power motive.

People who are high self-monitors have good social skills and behaviors and are likely to be more skilled at politicking. This is because they are quick in observing and learning social cues and conforming to social behavior. People who have an internal locus of control are also more skilled at controlling the people around them and their environment. They have a proactive attitude and believe in their ability to control situations. People who have a high power motive also try to acquire and use power to their benefit.

Exhibit 11.3

Key Capabilities Required for Effective Politicking

In order to successfully practice organizational politics, managers must cultivate certain abilities. These abilities are listed below.

Conceptual Capabilities

- An understanding of the nature and working of power and politics, the complexity of the influence process, and the role of motives
- An understanding of the dynamics of relationships and the barriers for organizational relationships
- A knowledge of the mechanisms of politicking, such as lobbying, secrecy, etc
- An appreciation of the value of establishing a worthwhile cause for spearheading organizational change

Personal Capabilities

- Clarity about personal and organizational motives
- An attitude which questions the limits of what is possible in formal organizations

General Organizational Awareness

- Information about the agendas and motivations of the key players in the organization
- Knowledge of who makes the key decisions and how they are made
- An understanding of the environment in which the organization works and the issues critical to its working

Interpersonal Skills

- Effective presentation skills and the ability to persuade others
- An ability to challenge others to analyze their assumptions about certain issues
- A capacity to observe and analyze the behaviors and motives of other people.

Adapted from David Butcher and Martin Clarke, "Politicking – The Smart Way of Management", The Economic Times General Management Review, < www.etgmr.com/gmrjan-mar3/art4.html>.

In addition to personality, factors related to the person's work environment affect his political behavior. For instance, when a person has invested a lot in the organization in terms of future expectations, he is unlikely to engage in extreme political behavior that would jeopardize his interests. Political behavior also depends on the alternatives perceived and available to the individual. If a person perceives a large number of alternatives, he is more likely to risk indulging in extreme or illegitimate political behavior to further his interests. The more a person perceives that he is likely to achieve success through the use of illegitimate means, the more he is likely to use them. Therefore, top level employees, who have special skills and considerable experience, are more prone to politicking than lower level, inexperienced employees.

Organizational Factors

Research has proved that organizational factors have a greater influence on politicking in organizations than individual factors. It has been proved that political behavior thrives when organizations exhibit certain characteristics. Some of these characteristics are described below.

- **Scarce resources:** When an organization faces a scarcity of resources, the employees are more likely to engage in politicking. They do so to prevent the loss of resources or to obtain more resources for themselves in the face of competition.
- **Ambiguity of goals:** When an organization does not have clear goals, it provides more opportunity to employees to engage in politics in an attempt to turn outcomes in their favor. Political behavior is also at a high when a non-programmed decision has to be taken, as non-programmed decisions also provide a lot of scope to turn outcomes in one's favor.
- **Role ambiguity:** Like goal ambiguity, role ambiguity also encourages political behavior. When roles are not clear, employees are not aware of the limits to their behavior in the organization. This encourages them to engage in more political activity.
- **Performance appraisals and rewards:** Studies have shown that employees tend to engage in more politicking when organizations are likely to conduct performance appraisals or take decisions regarding promotions. Through politicking, people try to influence outcomes in their favor.
- **Culture of the organization:** The culture of the organization also determines the level of political activity. When the culture emphasizes a win-lose approach to the allocation of rewards (where one party's gain is another party's loss), more politicking is likely to occur to influence the decision in one party's favor.
- **Lack of mutual trust:** When the culture is characterized by a lack of mutual trust and high level of competition, people are likely to do more politicking to protect their own interests and put down competition. When there is a lack of trust, political behavior in the organization is likely to be of the illegitimate kind.
- **Pressure to perform:** When organizations place a lot of importance on performance and when responsibilities are fixed, people are more likely to engage in politicking. This is because the pressure to perform creates a high degree of accountability, which encourages people to disown mistakes.
- **Involvement of top management:** When lower level employees notice that the top management engages in political activity and is rewarded for it, they are more likely to become involved in such activities themselves.

THE ETHICS OF POWER AND POLITICS

Ethics have begun to play a very important role in the study of OB and in the relations between organizations and the environments in which the organizations work. It has been recognized that behaving ethically is as important as behaving efficiently and effectively. A lot of importance has been given to the ethical dimensions of power and politics in organizations. It has been realized that the misuse of power and the illegitimate use of politics not only have adverse effects on organizations, they are also unethical.

It has already been explained that the basic difference between power and politics is that power is confined to formal authority, whereas politics exceeds the authority sanctioned by one's formal role. The use of power is non-political as long as it is used within the boundaries of formal authority, policies, procedures and job descriptions, and is directed towards the accomplishment of sanctioned organizational goals. However, power becomes political when it is used outside the area of established authority, policies, procedures, job description, and organizational goals.

It is not always easy to differentiate between ethical and unethical behavior. The ethical dimensions of an action vary from person to person and situation to situation. What may seem unethical in one scenario may be perfectly acceptable and even desirable in another scenario. Fred Luthans has suggested certain basic guidelines that a person must consider when determining the ethics of a certain decision or action.

- Self interest vs. organizational interest: Is the outcome of an action aimed at benefiting a person's self interest or is it directed towards the benefit of the organization? For instance, if the head of a particular department spreads rumors about the members of another department only to make the other department look inefficient or bad, his behavior is unethical. But if the head of a department exchanges favors with the head of another department to get his work processed faster, then his behavior is not considered unethical as it benefits the organization.
- The rights of other parties: When an action violates the basic rights of another party, it is deemed to be unethical. For example, if a person reads the private correspondence of another organizational member to obtain critical information which may be to his advantage, the act is deemed unethical. By reading private correspondence, that person is violating the other member's right to privacy.
- Conformity to the standards of equity and justice: When behavior conforms to the principles of equity and natural justice, it is deemed to be ethical. However, if it displays qualities like favoritism, misleading others, or deliberately harming another person's interest, it is unethical. For example, if a manager deliberately gives a bad performance review to one of his subordinates and thus harms his chances of promotion, his behavior is unethical.

It is very difficult to lay down standards of organizational ethics and expect people to conform to them. Additionally, the implementation of ethical standards is often difficult due to the ambiguity of standards and the subjective nature of ethical issues. However, it can be concluded that, when power or political behavior is used in an organization to harm the interests of the organization or of the people therein, that behavior is unethical. And, certain actions which may seem unethical at first glance can be justified if they benefit the larger interests of the organization or its employees.

SUMMARY

Power and politics are among the most important concepts in the study of organization behavior. Both power and politics are dynamic concepts and are a function of the interaction between different elements in organizations. Power has been defined as "the ability to influence and control anything that is of value to others." It is the ability to influence the behavior of other people in the organization and to get them to do what they otherwise would not have done.

Although the terms power, authority and influence are often used synonymously, there is a difference between them. Power is the ability to effect a change in an individual or a group in some way. Power may or may not be legitimate. That is, power need not correspond with a person's organizational position. Authority, on the other hand, is legitimate. It is the power which is sanctioned by the organization and is often the 'source' of power. Influence is a much broader concept than both power and authority.

French and Raven, social psychologists, identified five sources of power – coercive, reward, legitimate, expert and referent. Coercive power is based on fear and is the ability to influence another person through threats or fear of punishment. Reward power is a positive power which refers to the ability to get things done through others on the basis of one's power to grant rewards. Legitimate power depends on organizational position and authority. It refers to the power conferred by a person's organizational position. Expert power is derived from a person's expertise or

specialized knowledge of a certain subject that is perceived as important to the organization. And referent power is based on people's identification with a certain individual and their attempt to emulate his behavior. The person who acts as a model for reference has power over the person who emulates his behavior.

The use of power has a cost attached to it. Whenever power is used, the user utilizes certain resources and affects the balance of power. When the balance is upset, the party which is the target of the power tries to retaliate in order to restore the balance of power. This may lead to adverse consequences. Therefore, power should be used judiciously.

Power is dualistic in nature and has two faces – positive and negative. Positive power emphasizes group goals and concern for people. Negative power uses threats and punishments to get things done through others.

Power is related to the contribution of the individual to the organization and the rewards he expects for that contribution. Theorists feel that power should be spread across different levels of the organization instead of being concentrated in certain parts of the organization.

The power structure of an organization also determines the amount of power exercised by a person. A person's power increases when he is a part of a 'power elite.' In addition to power elites, there are also power blocs. People who have very little power individually, but are in a better bargaining position collectively, come together to form a coalition or power bloc.

Power originates due to interaction between people. When dependency is equal to the power exercised, then power is balanced. But when power is greater than dependency, or vice versa, there is an imbalance. The party affected negatively by the imbalance will try to correct it by taking certain actions. In some cases however, it is beneficial to the organization to maintain a power imbalance. People also react to power in different ways and use various ploys to obtain and hold power. Power ploys may be upward, downward or lateral.

Dependency is the most important concept of power. The degree of dependence of the target determines the power exercised by the agent. Dependency is a function of importance, scarcity and non substitutability of the resources controlled by a person.

Contingency approaches to power are also gaining importance. The contingency approach suggests that power depends on being in the 'right place' at the right time and the influencability of the target. The overall contingency model combines the theories of French and Raven with those of Herbert Kelman and identifies the three main processes of power, namely, compliance, identification and internalization.

When people lose power, they try to regain it individually, or by forming a coalition with other less powerful people. Organizational coalitions are different from political coalitions in some basic ways.

Organizational politics is often called 'power in action.' Politics may be legitimate (within sanctioned organizational limits) or illegitimate (exceeding sanctioned organizational limits) in nature. The degree of politicking engaged in depends on individual as well as organizational factors. Individual politicking is a function of the person's power motive, personality factors and background, and current work environment. Organizational politicking is a function of culture, goal and role clarity and the attitude of top management.

Considerable importance has also been given to the ethical aspects of power and politics. It is not always easy to develop ethical standards because of the ambiguous and subjective nature of certain actions.

Chapter 12

Leadership

In this chapter we will discuss:

- Definition of Leadership
- Traits of Effective Leaders
- Leadership Behavior vs Traits
- Leadership Skills
- Leadership Theories
- Leadership Styles
- Roles and Activities of Managers
- Determinants of Leadership
- Task of a Supervisor
- Effective Supervisory Practices

Leadership is probably the most widely researched area of organizational behavior. This could be because of the crucial role it plays in influencing organizational dynamics. According to Warren G. Bennis, the founding Chairman of the Leadership Institute at the University of Southern California, "Failing organizations are usually over-managed and under-led." Even if an organization is bestowed with sufficient resources, in the absence of effective leadership, it will not be able to function smoothly. Inefficient leadership lowers employee morale, promotes dissatisfaction among employees and affects organizational productivity and efficiency. This fact was recognized as early as in the nineteenth century when industrialization was fast taking place. Therefore, when organizational behavior evolved as an exclusive field of study, leadership became an integral part of it. In this chapter, we will discuss various established and emerging theories of leadership that deal with a leader's traits and behaviors.

DEFINITION OF LEADERSHIP

Several theorists have attempted to define leaders and leadership. A leader may be defined as a person who establishes vision, sets goals, motivates people and obtains their commitment to achieve the goals and realize the vision. All theorists do agree that leaders influence people and that leadership involves influencing people to work toward desired goals. However, they do not agree on the ways and means adopted by leaders to influence people. Some experts believe that leaders use coercion to make people share their vision while others believe that they do not resort to coercion but because of their knowledge and care for people (followers) they are able to influence people. Another issue of contention is whether management is different from leadership.

Most OB experts believe that leadership and management are quite different. They have pointed many differences between the two, in the support of this argument. Leaders take a personal and active interest in achieving goals whereas managers tend to play a relatively passive role in accomplishing goals. Managers need power to be entrusted to them by the organization to deal with people. Leaders have power within themselves and the required drive to lead people and motivate them to work enthusiastically toward achieving objectives. If managers are required to work alone without assistance from people they become anxious and tense. However, leaders can act confidently even if they need to work independently. Managers limit their interaction with people to the minimum extent required to carry out their managerial responsibilities. Leaders interact with people frequently and in a more natural way. In the process, they inspire people, motivate them and lead them.

Further, according to some experts, management is concerned with coping with complexity while leadership is about coping with change. Managers concentrate on developing plans, organizational structures and controlling the deviations from plans. Leaders focus on developing a vision for the future, communicating the vision to people, integrating their efforts, helping them overcome hurdles and developing their abilities to realize the vision.

The source of power can be formal or informal. Most of the managers derive their power from their position in the organization and the formal authority that comes with this position. Leaders often arise from a group without any formal appointment and outside the purview of the organization structure. Moreover, all leaders are not managers and all managers are not leaders.

TRAITS OF EFFECTIVE LEADERS

Since the beginning of the history, people have been interested in studying the nature of leadership. They wanted to find the 'traits' that distinguished leaders from non-

leaders and successful leaders from unsuccessful leaders. Some researchers believed that cognitive and psychological factors like intelligence, ambition and aggressiveness are the traits commonly found in leaders. However, others believed that physical characteristics like height (more than average), large body structure and personal attractiveness are important traits of leaders.

Most research studies on leadership suggest that there are certain factors that differentiate leaders from non-leaders. Some of these include initiative, desire to lead, integrity, self-confidence, analytical ability, and knowledge of the specific company, industry or technology. If these factors are supplemented with traits such as charisma, creativity and flexibility, an individual is likely to be an effective leader. However, this is not an exhaustive list of the characteristics displayed by effective leaders. The presence of these characteristics in an individual does not guarantee that he will be an effective leader. Even if a person possesses these traits, he may not get an opportunity to use them, or when given an opportunity, choose not to use them.

LEADERSHIP BEHAVIOR VS TRAITS

The type of leadership behavior exhibited by successful leaders was another area of interest for researchers. According to one school of thought, successful leadership depends more on appropriate behavior and actions, and less on personality traits. They believe that though a person may have the traits required to be a leader, unless he learns to use them effectively (i.e., behave appropriately) to serve a specific purpose, he cannot be a successful leader. Behavior can be learned and changed whereas traits remain more or less fixed. Thus, this school of thought suggests that leaders are not born but they have to be developed.

LEADERSHIP SKILLS

Organizations are increasingly focusing on improving the knowledge and skills of employees because of the continuous advancement in the technology and changes in the business environment. Therefore, the researchers studying leadership also changed their emphasis from personality traits and behaviors to job related skills. A behavioral expert, Robert Katz, had identified that the leaders primarily use three skills – *technical*, *human* and *conceptual* skills. Though there is a degree of inter relationship among these skills, they are discussed separately below:

Technical Skills

A person's knowledge and ability to make effective use of any process or technique constitutes his technical skills. The employees at operational and professional levels are required to have certain technical skills. The performance of an engineer, an accountant, a data entry operator or an assembly worker would greatly depend on his or her technical skills. However, as employees are promoted to managerial positions, these technical skills become less relevant, while other skills become more important (See Figure 12.1).

Human Skills

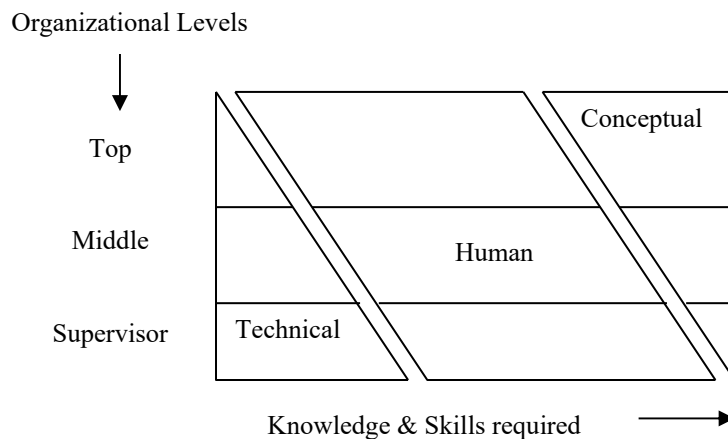
An individual's ability to cooperate with other members of the organization and work effectively in teams is referred to as human skills. Human skills also involve developing positive interpersonal relationships, solving people's problems and gaining acceptance of other employees. Effective human skills are an essential requirement at all levels of the organizational hierarchy and especially for people in leadership positions.

Conceptual Skills

Conceptual skills refer to the ability of an individual to analyze complex situations and to rationally process and interpret available information. It also encompasses an ability to foresee the future consequences of his present-day actions from the organizational point of view. Further, managers have to define proper organizational structure and establish long-term plans and goals. Conceptual skills are of least importance to the employees at the operational level and are of utmost importance to managers at higher levels.

In essence, technical skills involve handling machines, tools and tasks; human skills involve dealing with people; and conceptual skills relate to idea generation and analytical processing of information. From Figure 12.1, we can see that all levels of management require similar level of human skills whereas the need for technical skills decreases and the need for conceptual skills increases as we move up the organizational hierarchy.

Figure 12.1: Leadership Skills Required at Different Organizational Levels



Source: George R. Terry, Stephen G. Franklin, *Principles of Management*, 8th edition (USA: Richard D Irwin Inc., 1994) 7.

LEADERSHIP THEORIES

There are many theories that have attempted to explain the characteristics required by individuals to be effective leaders. Not all these theories are in agreement with each other, leading to confusion. There are three important theories that attempt to explain leadership – personality traits theories, behavior theories and contingency theories. According to trait theories, leaders possess some personality traits that non-leaders do not possess at all, or possess only to a small extent. The behavioral theories explain the behavioral characteristics of leaders.

Though both the trait and behavior theories attempted to explain leadership in simple terms, they were severely criticized for their unsupported and oversimplified assumptions regarding the concept of leadership. Further research on leadership led to the development of *contingency* theories. These theories tried to overcome the inadequacies of the trait and behavior theories and eliminate the contradictions involved in them.

The three important theories of leadership are described below:

Trait Theories

Initial research into leadership concentrated on the traits of leaders. It was believed that there was something unique about an individual that enabled him to emerge as a leader. Early researchers studied the personality characteristics that make a person a leader and concluded that leaders are born, not made. For example, the famous personalities in history like Napoleon and Alexander, were natural leaders and would have become leaders even if they were made to face situations different from what they actually faced. They also suggested that leaders possess some personality traits that are unique and essential for effective leadership.

One trait theory is the “great person” theory of leadership. According to this theory, leadership traits can be acquired with training and experience. They may not be inborn. Unlike the earlier view that leaders are born, the “great person theory” led to a more pragmatic approach to leadership because it stated that leaders might not be born with the desired traits. The theory was probably the result of the influence of behavioral psychologists, who believed that leadership traits could be acquired through learning and experience.

Research to identify universal traits applicable to all leaders has not yielded significant results. The only trait that was found to be common among all leaders was intelligent. Research to identify the physical traits associated with leadership was also equally fruitless. Researchers were unable to find a link between physical traits such as height and strength, and leadership. In fact, some researchers found that many followers are taller, stronger and even brighter than their leaders.

Application of trait theory to organizational leadership yielded even more confusing results. Researchers could not support the theory with the traits observed in successful leaders. Therefore, modern researchers have now begun to emphasize on multiple intelligences of leaders rather than trying to isolate a single most important characteristic leading to their success. For instance, some researchers who studied the emotional intelligence of leaders have suggested that empathy, graciousness, optimism and ability to read non-verbal cues in a social situation are important characteristics of successful leaders. Some general characteristics found in leaders are ambition, high levels of energy, desire to lead, honesty, integrity, self-confidence, intelligence, and job-relevant knowledge.

However, trait approaches only provide a description of leaders; they have little analytical or predictive value. Though some researchers still embrace the trait approach to leadership, their emphasis has shifted from personality traits to job related skills.

Behavioral Theories

Since the trait theories failed to establish the relationship between traits and effective leadership, researchers turned their attention to the behavioral aspects of successful leaders. They attempted to identify the behaviors that were unique to leaders, and which distinguished them from non-leaders. This was difficult, because it involved finding answers to questions such as – “If most of the leaders they study are found to be autocratic, and distant from their followers, would it mean that this kind of behavior is a characteristic of all successful leaders?”

There are four important behavioral theories – the Ohio State Studies, the University of Michigan Studies, the Managerial Grid and the Scandinavian Studies – that have sought to identify the behaviors of leaders. All the four studies sought to identify the specific behaviors exhibited by effective leaders. These studies are briefly discussed in the following section:

The Ohio state studies

In 1945, researchers from different streams such as psychology, sociology and economics carried out the studies of leadership at Ohio State University. They used a specially developed questionnaire called the Leader Behavior Description Questionnaire to analyze the differences in the behavior of leaders across various groups (e.g. supervisors on the shop floor, teachers, college administrators, students and Air Force commanders) and situations. They wanted to identify the different independent dimensions along which an individual's leadership behavior could be studied. Initially, they defined about thousand dimensions, which were later consolidated into two dimensions – initiating structure and consideration.

Initiating Structure

It refers to an individual's ability to define his own as well as the subordinates' tasks and get these tasks accomplished on time. The people who score high on this dimension will put pressure on their subordinates to meet deadlines and maintain certain standards of performance.

Consideration

This refers to the extent to which a leader cares for his subordinates, respects their ideas and feelings and establishes work relations which are characterized by mutual trust and respect. Individuals who score high on this dimension are open and friendly with subordinates, help them solve both personal and work-related problems and treat all the subordinates as equals at workplace.

The studies revealed that the people who scored high on both the dimensions – initiating structure and consideration – were able to achieve higher levels of performance as well as job satisfaction compared to those who scored low on either one of the dimensions or both the dimensions. Leaders high on initiating structure but low on consideration faced problems like high absenteeism, high turnover and more employee grievances. On the other hand, leaders high on consideration but low on initiating structure faced problems such as poor performance and negative performance ratings and warnings from superiors.

Consequently, the researchers concluded that a “high-high” type of leadership yielded the best results. However, they also found some exceptional situations in which this kind of leadership was not successful.

University of Michigan studies

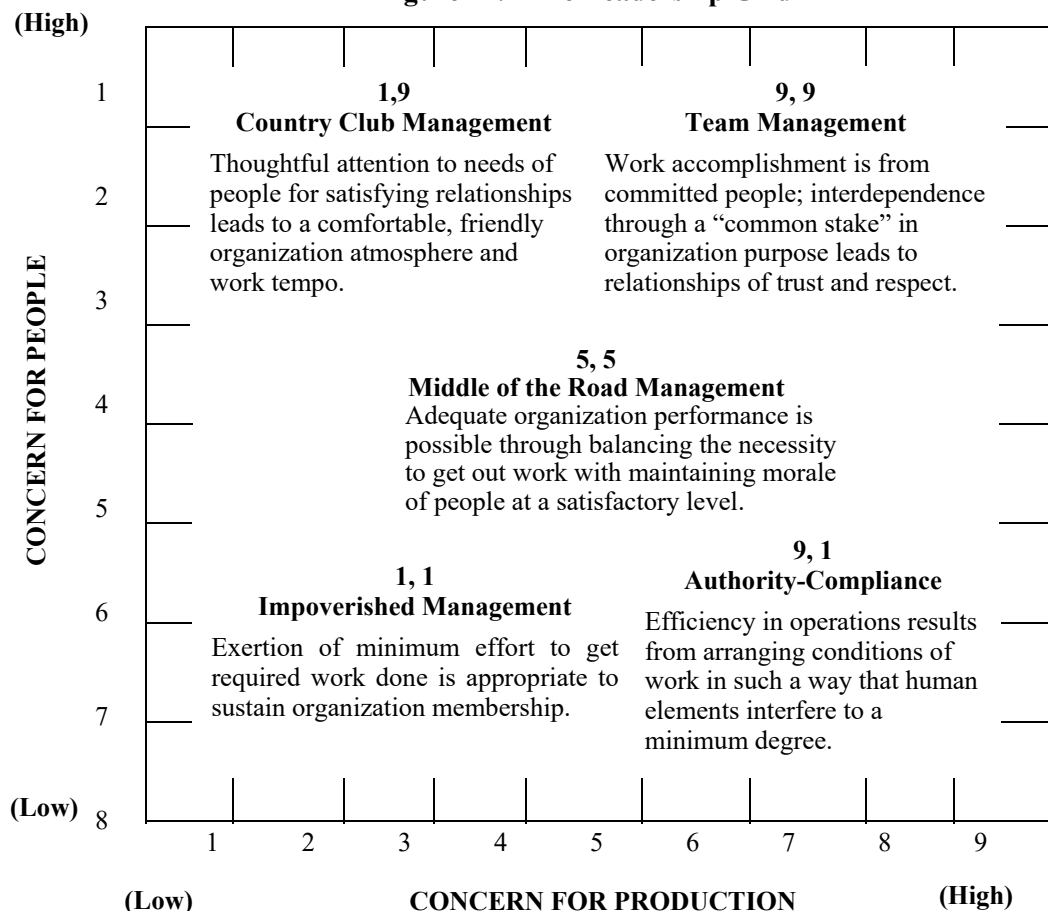
Research along lines similar to the Ohio State Studies was carried out at the Survey Research Center at the University of Michigan during the same period. As a part of this study, twelve high-low productivity pairs of sections were selected and kept under observation at the Prudential Insurance Company. Each pair consisted of one high producing section and another low producing section with all other factors such as type of work, working conditions and work methods remaining the same. During the course of the study, the researchers interviewed 24 supervisors and more than 400 workers.

The findings of the study were similar to conclusions of the Ohio State Studies. Here too, the researchers found that leadership behaviors could be categorized along two dimensions: *employee-oriented* and *production-oriented*.

The *Employee-oriented* dimension emphasizes the importance of inter-personal relations. Leaders who score high on this dimension take a personal interest in their subordinates' needs and accept individual differences among members. It was observed that the more productive groups had employee oriented supervisors.

Leaders who are high on the *Production-oriented* dimension are more concerned with tasks and goals. They consider employees to be means to achieve goals and pay little or no attention to any problems the employees may face. For them, employees are no

Figure 12.2 The Leadership Grid



Source: R. R. Blake, J. S. Mouton, L. B. Barnes, and L.E. Greiner, "Breakthrough in Organization Development," *Harvard Business Review*, (November-December 1964) / James A.F. Stoner, R. Edward Freeman and Daniel R. Gilbert, Jr., *Management* (New Delhi: Prentice-Hall of India Private Limited, Seventeenth Indian Reprint, 1998) 478.

different from machines. It was found that such a leadership style resulted in lower motivation levels among employees and lower productivity. Groups which exhibited low productivity tended to have production-oriented supervisors.

The researchers, therefore, concluded that employee-oriented leaders achieve higher job satisfaction and higher group productivity. Production-oriented leaders achieve lower job satisfaction and group productivity.

The Managerial grid

Blake and Mouton developed a two-dimensional matrix model of leadership styles based on their own research and the results of the earlier Ohio Studies and Michigan Studies. The model consists of nine rows and columns. The rows represent the leader's concern for production, while the columns represent the concern for people. With nine possible positions on each side, leaders can be located at any one of a total of 81 positions on this grid. (Refer Figure 12.2). Blake and Mouton found five intersection points in this model – 1,9; 1,1; 9,1, 5,5 and 9,9. People whose behavior falls into the 1,1 cell on the grid, called the impoverished style of leadership, exhibit no concern for

people or for work. Hence, they often fail as leaders. People who follow the 1,9 style of leadership have high concern for people but low concern for production. This is referred to as the country club style of leadership. People who exhibit the 9,1 style of leadership have high concern for production and low concern for people. This is referred to as authoritarian style of leadership. People whose leadership style fall into the 9,9 cell show high concern for both people and production. This position on the grid is referred to as team management style of leadership.

Blake and Mouton suggested that managers who practice a 9,9 style (team management) of leadership are more effective compared to the 9,1 style (authoritarian), or the 1,9 style (country club type). Leaders whose behavior falls into the 5,5 style are also considered to be fairly effective.

One critic of the model is that it provides a framework for conceptualizing leadership styles but fails to reveal any new facts or establish any new relationships which could clarify the conflicting views on leadership.

Scandinavian studies

The three behavioral theories discussed above were developed between 1945 and 1965. This was a period characterized by relative economic and business stability. There is a school of thought that believes that these studies are not universally applicable, because they do not consider the dynamic, or even chaotic, environments in which modern organizations operate. Consequently some Finnish and Swedish researchers began reviewing the earlier literature in the modern context. Their main purpose was to verify whether the existing two dimensions could successfully explain leadership or more dimensions need to be added to factor in the realities of today's business.

Their research resulted in the emergence of a new dimension called *development-oriented* behavior. According to the researchers, development oriented leaders experiment with new ideas and practices and embrace change. The Ohio State Studies had recognized aspects like 'coming up with new ways of doing things' and 'encouraging members to start new activities,' but had not given them much importance. But in today's fast changing world, the researchers believe that the aspect of *development-orientation* is a significant aspect of effective leadership. The study also found subordinates consider development-oriented leaders to be more competent than non-development oriented leaders. The subordinates of development oriented leaders also showed higher levels of job satisfaction.

The four theories discussed above attempted to explain leadership in terms of behavior. They succeeded to some extent in identifying the relationships between the behavior of leaders and the performance of their subordinates. However, these theories did not take into account one important aspect of leadership, i.e, the situational factors which have a great impact on the success or failure of leaders. When the context, or situation, in which leadership is exhibited changes, in order to be effective, leaders need to be capable of adapting their behaviors to meet the demands of the changed situation..

Contingency Approaches to Leadership

Although the behavioral approaches state that a positive, participative and considerate style of leadership is the most effective, there is evidence that such a style may not be successful in some situations. This implies that there is not one style of leadership that is appropriate for all situations. Contingency theories of leadership postulate that leaders have to change their style depending on the situation they face. The theories also suggest that a leader should carefully analyze the nature of the situation before deciding on the appropriate style of leadership to be adopted. Five contingency models are discussed below.

Fiedler's contingency model

One of the earliest models of contingency leadership was developed by Fred Fiedler and his associates. Their model was an extension of some of the existing theories relating to task and employee orientation. According to this model, leadership requirements depend on the situation facing the leader; and the choice of the most appropriate style of leadership depends on whether the overall situation is favorable or unfavorable to the leader. The favorability or unfavorability of a particular situation to a leader is analyzed based on the following parameters:

Leader-Member relationships

This indicates the extent to which a leader is accepted by his subordinates. If a leader has friction with majority of his subordinates, then he scores low on this dimension.

Degree of task structure

This refers to the degree to which the task on hand can be performed efficiently by following a particular method.

The leader's position

It refers to the power, (or formal authority) that the leader is bestowed within the organization. For instance, a leader has more power if he is in a position to decide the rewards and incentives for his followers.

A situation is considered to be favorable to the leader if the scores on all the three dimensions are high. Fiedler proposed that a task-oriented, tough-natured leadership style is most effective in highly favorable or highly unfavorable situations and a people-oriented, lenient type of leadership style is most appropriate in moderately favorable or unfavorable situations. Figure 12.3 describes the model's findings in the form of chart.

Figure 12.3: Fiedler's Contingency Theory of Leadership

Nature of the Situation		
Highly Favorable	Moderately Favorable	Highly Unfavorable
<p><i>Task motivated leaders perform better when the situation is highly favorable.</i></p> <ul style="list-style-type: none"> Group members and leader enjoy working together. Group members work on clearly defined tasks. Leader has formal authority to control promotions and other rewards. 	<p><i>Relationship-motivated leaders perform better when the situation is moderately favorable</i></p> <ul style="list-style-type: none"> A combination of favorable and unfavorable factors. 	<p><i>Task-motivated leaders perform better when the situation is highly unfavorable.</i></p> <ul style="list-style-type: none"> Group members and leader do not enjoy working together. Group members work on vaguely defined tasks. Leader lacks formal authority to control promotions and other rewards.
Rationale	Rationale	Rationale
<p><i>Working from a base of mutual trust and relative certainty among followers about task and rewards, leader can devote primary attention to getting the job done.</i></p>	<p><i>Followers need support from leader to help them cope with uncertainties about trust, task, and/or rewards.</i></p>	<p><i>In the face of mutual mistrust and high uncertainty among followers, leader needs to devote primary attention to close supervision.</i></p>

Source: Robert Kreitner, *Management*, 6th edition (USA: Houghton Mifflin Company, 1996) 477.

Fiedler's model suggests that managers must examine the situation in which they operate in terms of people, task, and organization; they must adapt their style of leadership to suit the situation. If this is not possible, they must attempt to change the elements of job to suit their style.

The model has been criticized for its conceptual deficiencies such as its narrow focus on a single leadership trait and ambiguity in what is actually measured. However, the model paved the way for subsequent studies on leadership.

Hersey and Blanchard's situational theory

According to the situational leadership or 'Life-cycle' model developed by Hersey and Blanchard, the maturity level of the subordinate plays a major role in influencing the leadership style of the superior. The ability of an employee to carry out a particular task and the extent to which he is motivated to perform the task constitutes the maturity of an individual. If the manager gives appropriate guidance to an employee, he is likely to develop the necessary job related abilities in a short time. However, all employees will not have the same level of *competence* and *commitment* to do the assigned tasks. Therefore, leaders have to adopt different leadership styles to deal with different subordinates.

According to Hersey and Blanchard, leadership styles can be categorized into four types – *telling*, *selling*, *participating* and *delegating* - which vary in the kind of guidance and support offered by the superior to his subordinate. The leadership style selected by an effective manager depends on the development level of employee. If an employee is low in his ability to perform as well as willingness to perform, the manager needs to adopt the telling style, i.e., he must constantly give directions to the employee. If an employee is low in ability but high in willingness to perform, the manager has to use selling style of leadership. He has to give directions as well as the required support to the employee to perform the task. If an employee is capable of performing but not willing to perform the task, the manager has to apply participating style of leadership (Refer Exhibit 12.1). He has to give less direction and more responsibilities but extend support to the employee in carrying out his responsibilities. If an employee is capable, and is also willing to carry out the task then the manager can simply delegate the tasks and responsibilities to the employee. The employee does not need detailed instructions and extensive support to accomplish the tasks.

The strength of the Hersey Blanchard model lies in its simplicity and intuitive appeal. Moreover, the model emphasizes on an individual's capabilities and willingness to undertake a specific task. This is an important contingency factor which was always ignored by researchers. However, the model ignores several other critical factors (such as the leader's attitude) that determine leadership behavior. Therefore, it is not widely accepted among researchers.

Leader-Member Exchange theory

Most of the traditional theories of leadership assume that leaders treat all subordinates alike. But George Green and his associates observed that leaders often act very differently towards different subordinates. This observation led to the development of the Leader-Member Exchange (LMX) theory of leadership.

According to the LMX theory, leaders establish a special relationship with a small group of subordinates, usually early in their interaction. This usually happens due to the time constraints the leader faces in interacting with all the subordinates. This small group of subordinates is referred to as the in-group while the rest are referred to as the out-group. The leaders trust the subordinates, who belong to in groups, give them more attention, interact with them frequently and offer them special privileges. The out-group people get less of the leader's time and attention. Also, the interactions between the leader and the out-group are less frequent and purely formal.

Exhibit 12.1**Leadership Style of Michael Dell**

Michael Dell, the CEO of Dell, always tried to surround himself with the best talent he could find. He was aware that the leader of a company could not do everything himself. He always believed in his team and assigned responsibility and accountability to the managers of DELL's various businesses. He communicated with managers about the future of the company, employees, customers and shareholders

Michael believed that for any company to succeed, top management must share power. He believed that an organization could achieve its goals only by sharing and not accumulating power. He also emphasized implementation instead of mere planning. He believed that planning helped a company identify what is necessary for ensuring success and also rallied employees around a few common goals. He believed that it is critical to know and understand the customers and respond to their needs and wants. Because of this belief, he developed a system that permitted customers to specify and design their own systems to meet their needs.

Dell also exhibited some other leadership qualities that are emphasized by many leadership theories. Dell had a vision. He wanted to change the way business was conducted. He embraced a direct model of business. The direct model was based on direct selling – with no retail channel or reseller. The telephone operator takes the order from the customer and his requirements for the system; sometimes, he even helps the customer select a system that would meet his requirements. Then the order is passed on to the manufacturing people. When the system is assembled, the PC is delivered to the customer. Thus, the people at DELL benefitted from real-time input from customers regarding products and services.

Dell's 'direct model' was criticized from the very beginning. When Dell entered foreign markets with the same model, critics said that it would not work in those markets because of certain cultural differences. Though Michael Dell was warned that he would fail badly, he believed that customers would set their own rules and that the direct model would work cross-culturally. Michael Dell's assessment of the situation was correct. By the end of 2001, DELL earned most of its revenues from global markets.

Michael Dell can be regarded as a development-oriented leader because he did not hesitate to experiment with new ideas and practices. Though no one else in the PC industry dared to adopt the direct model of business, Dell firmly believed that it represented the future of the industry and went ahead with that model and succeeded. The success did not come with ease. Dell had to deal with some financial problems in the early 1990s. During this time, Dell communicated the company's goals to employees in simple terms – liquidity, profitability and growth. Due to his able leadership, he was able to lead his team and put the company back on the path of success.

Source: ICFAI Center for Management Research.

Although the theory does not explain the basis on which a leader chooses his in-group members, research has indicated that generally, leaders favor the people who have attitudes and personality characteristics that are similar to their own, and tend to select such people as in-group members. The other factors that form the basis of selection into the in-group include a higher level of competence (than out-group members) and extroversion. The LMX theory suggests that the in-group people receive high performance ratings and thus obtain rewards and promotions quickly. As a result, there is greater satisfaction with the leader and lower turnover among in-group members when compared to out-group members. Further research in this area has supported the LMX theory by proving that leaders do differentiate among subordinates not randomly but on the basis of their competence and performance.

Leadership-participation model

In 1973, Victor Vroom and Philip Yetton conducted extensive research on leadership behavior to establish the relationship between leadership behavior and decision making style. Different situations demand different activities – routine and non-routine - to be carried out by leaders and thus, according to Vroom and Yetton, leaders have to adjust their behavior depending on the situation. The leadership-participation model proposed by Vroom and Yetton is normative in that it provides a sequential set of rules that can be followed for ascertaining the type and amount of participation required in decision making in different situations. Initially, the model consisted of a decision tree with seven contingencies and five alternative leadership styles. Later Vroom worked with another academician, Arthur Jago and came up with a revised model. The new model included twelve contingencies instead of seven as in the original model, which are also called problem attributes.

Problem Attributes

According to the model, the leader should assess a situation in terms of its problem attributes. The twelve problem attributes can be broadly categorized into two classes– *decision-quality* and *employee-acceptance*. Decision-quality dimensions include cost considerations, information availability, and nature of problem structure (structured or unstructured). Employee-acceptance can have dimensions like need for commitment, their prior approval, congruence of their goals with that of the organization, and conflict among the employees. Other factors considered in the model are level of subordinate information, time constraints, geographical distance between subordinates, leader's motivation to conserve time, and, finally, the leader's motivation to develop subordinates. Even complex and apparently unique problems can be identified and categorized into known classes, if the problems are analyzed using the above (decision tree) format.

Leadership Styles: Once the leader identifies the nature of the problem, he can adopt one of the following five styles of leadership:

- a) *Autocratic I (A-I)* – Using the information available, the leader takes a decision on his own.
- b) *Autocratic II (A-II)* – The leader obtains relevant information from subordinates and then attempts to find the solution to the problem. However, he does not reveal the problem or seek the advice of subordinates in finding a solution or making a decision.
- c) *Consultive I (C-I)* – The leader explains the problem to concerned subordinates individually and invites their ideas and suggestions to solve the problem. However, he takes the final decision.
- d) *Consultive II (C-II)* – The leader meets a group of subordinates, discusses the problem with them and listens to their ideas and suggestions. Later, he may take a decision that may or may not be in accordance with his subordinates' suggestions.
- e) *Group II (G-II)* – After sharing the problem with the subordinates, the leader initiates a group discussion on alternative solutions, and moderates the discussion till the group reaches a consensus on the solution to be adopted. In this case, the leader accepts the solution offered by his subordinates (some other types of leaders and their characteristic are defined in Exhibit 12.2).

The leader-participation model is based on three important assumptions which are yet to be proved: Leaders can precisely classify problems by following the decision tree format; leaders are willing to and capable of adapting their styles to suit the situation; employees accept the leader's classification of the situation and changing his leadership style from situation to situation. If the above assumptions can be proved to be true then the model would be a very effective tool in selecting a leadership style appropriate to the situation.

Exhibit 12.2**Transactional Leaders and Transformational Leaders****TRANSACTIONAL LEADER**

The different leadership styles of transactional leaders are:

Management by Exception (active): A transactional leader constantly monitors organizational activities. If there is any deviation from the established rules and standards, he takes the necessary action to bring conditions back to normal.

Management by Exception (passive): A passive transactional leader intervenes in the day-to-day operations only if the required standards are not being met.

Laissez-faire: As far as possible, a transactional leader tries to escape responsibilities and avoids making decisions.

Preference for contingent rewards: A transactional leader believes that people can be motivated by recognizing their accomplishments and designing rewards appropriate for their level of efforts and performance.

TRANSFORMATIONAL LEADER

The characteristics of a transformational leader are:

Charisma: They have a vision which they are able to clearly communicate to others. They establish a mission for their followers and make them take pride in working towards that mission. They gain the respect and trust of their followers.

Inspiration: They inspire their followers by communicating to them the high expectations the organization has of them and assure them of their capacity to meet those expectations. They are good at expressing complicated goals and objectives in simple terms. They may even use non-verbal communication to communicate with their subordinates.

Intellectual stimulation: They appreciate and encourage rationality and careful problem solving among their followers.

Adapted from B. M. Bass, "From Transactional to Transformational Leadership: Learning to Share the Vision," Organizational Dynamics (winter 1990), p. 22

Path-goal theory

The path-goal theory is a contingency model of leadership developed by Robert House. It borrows some important elements from the Ohio State Studies and the expectancy theory of motivation. According to the path-goal theory, the leader should provide required support and guidance to his followers and help them achieve organizational goals. He should also establish individual (or group) goals for employees that are compatible with the broad organizational goals. Thus, the leader defines the path to achieve goals; he also removes any obstructions that come in the way of employees achieving these goals.

Further, according to the path-goal theory, the behavior of a leader is acceptable to subordinates as long as:

- i) The subordinates find that the satisfaction of their needs (such as promotion and rewards) depends on their effective performance, and
- ii) They are provided with guidance, support and rewards that are needed for effective performance.

Robert House suggested four types of leadership with the help of the path-goal theory. They are

- a) *Directive leadership*: The leader clearly tells his subordinates what is expected from them, gives them work schedules and instructs them on 'how' to do the task. This is similar to the *initiating structure* defined in the Ohio State Studies.
- b) *Supportive leadership*: The leader attempts to address the needs and problems of his subordinates. This is similar to the *consideration* dimension identified in the Ohio States Studies.
- c) *Participative leadership*: The leader discusses problems with subordinates and seeks their suggestions before making a decision.
- d) *Achievement-oriented leadership*: The leader attempts to develop his subordinates by giving them challenging tasks and higher responsibilities, and encouraging them to perform at their best.

As opposed to Fiedler's view that a particular leader consistently exhibits a particular behavior which does not change over time or with the situation, House assumes that a leader behaves in a flexible manner. He suggests that a leader can exhibit any of the above types of behaviors, based on the situation at hand.

The path-goal theory suggests that the leader's behavior depends on two contingency variables – environmental factors (like the formal authority system or the nature of task), and personal characteristics of the subordinates (experience, capabilities and locus of control). Job satisfaction and employee performance are likely to be influenced positively when the leader compensates for things lacking in the work-environment or in the employee. The theory also proposes that the leader's behavior will be ineffective if it is not consistent with the environment and subordinate's characteristics. For example, directive leadership, if used with highly capable or highly experienced subordinates, may prove to be counter productive and lead to employee dissatisfaction.

Subsequent research in the area has provided empirical support for the path-goal theory. However, the acceptance and applicability of the theory could be improved by carrying out further research and incorporating more contingency variables.

LEADERSHIP STYLES

The way in which leaders influence their followers is referred to as leadership style. The leadership style of an individual is determined by the extent of control he exercises over his followers and the way he behaves towards them. It also depends on the types of duties the leader performs and the types of duties and responsibilities he gives his followers. Sometimes, it becomes difficult to accurately predict the style of a leader because he may change his style to suit the situation. Behavioral approaches to management have direct or indirect implications for leadership styles.

The Hawthorne studies indicate the importance of the supervisory style on employee productivity. Theory X (by McGregor) represents the authoritarian style and Theory Y represents the participative style. The impact of autocratic, participative and laissez-faire styles of leadership on followers was analyzed by the Iowa studies. The Michigan studies found that employee-centered supervision was more effective than production-centered supervision.

According to the Ohio State studies, extending support to subordinates (consideration) and directing them in their tasks (initiation) are important functions of leaders.

According to Fiedler's contingency theory, the style of leadership adopted depends on the situation in which the leader and his subordinates are placed. The path-goal theory examines many aspects of leadership-like initiation, consideration, achievement orientation and empowerment of subordinates.

Autocratic Leadership

Leaders who adopt this style retain all the authority and decision making power. They do not consider employees' suggestions, opinions or views. They believe that they are more competent and intelligent than their subordinates. They instruct the subordinates on 'what to do' as well as 'how to do' a job. The subordinates are expected to carry out all the tasks they are given, be obedient, and abide by the leader's decisions.

Communication flows only from the leader to the followers and the amount of information that flows through the channel is controlled by the leader.

The autocratic leadership style is useful when employees are new and inexperienced and need to be guided. It is also useful when a decision has to be made immediately and the time and situation does not permit consultation and discussion.

Consultative Leadership

Consultative (or participative) leaders encourage employees to participate in decision making. The leader listens to subordinates' ideas and opinions, but takes the final decision himself. The leader delegates some of his responsibilities to his subordinates and believes that they are capable of carrying out those responsibilities. Generally, the leader assigns the task to be performed to his subordinates, but doesn't impose any particular procedure for carrying out the task. The consultative leader allows both upward and downward communication. He encourages his subordinates to express their suggestions, ideas and feelings.

Consultative (or participative) leadership style is useful when subordinates are competent and capable of working independently with little or no supervision by the leader.

Laissez Faire or - Subordinate-centered Leadership

In this style, the leader completely delegates the responsibilities, and decision making power to the subordinates. The leader simply presents the task to the subordinates. The subordinates discuss the work among themselves and determine the way in which the task is to be accomplished.

The laissez faire leader shows respect for subordinates and encourages them to express their views and opinions freely.

The Laissez Faire style is useful when subordinates need a high degree of independence to perform well and when the leader has complete confidence in the subordinates' capabilities.

Bureaucratic Leadership

In this style of leadership, leaders set certain rigid rules and regulations and procedures. Both leaders and their subordinates obey these rules. The subordinates are thus obliged to carry out their tasks in a particular way alone. They carry out their tasks in a mechanical way, without a sense of commitment towards the organization. The rules indirectly indicate the minimum level of performance to be exhibited by the employees to remain in the organization. Therefore, employees put in only the minimum amount of effort required to secure their jobs. They identify the loopholes in the rules so that they can defy a rule under the pretext of conforming to another rule. The employees constantly look for ways to express their resentment towards the rules laid down by the organization. If a mistake occurs, they pass on the blame to other employees.

Manipulative Leadership

In this style of leadership, leaders believe that employees should be manipulated to get them to behave in the way the leader wants them to behave. The leaders identify the needs and desires of employees and use this information against them to achieve their goals. The leader may promise rewards for good performance. The employees, lured by the rewards, are motivated to put in their best efforts and achieve the set goals. However, the leader may offer very few or no rewards at all for their performance. This leads to a high level of dissatisfaction and resentment among employees.

This style of leadership is used to motivate employees to perform on projects of short duration. But it is highly ineffective in creating a long-lasting relationship between subordinates and the leader.

Expert Leadership

In this leadership style, a person with a high level of knowledge and abilities leads the group. To maintain his leadership position, the leader should continuously demonstrate his expertise. However, if the situation changes and the current leader's skills are no longer relevant, he will be replaced by another person with knowledge and expertise in the desired area.

This style is useful when the survival of a group is in question or the group members feel that they need to be guided by an expert.

Likert's Four Systems of Management

Professor Rensis Likert and his associates at the University of Michigan studied the patterns and styles of leaders and managers over three decades and developed certain ideas and approaches for understanding leadership behavior. According to Likert, an effective manager is one who is strongly oriented towards subordinates and relies on communication (to a great extent) to keep all the departments or individuals working in unison. He suggested four systems of management.

System 1 Management: This style is called the "exploitive-authoritative" style. It represents dictatorial leadership behavior. All the decisions are made by the managers, and there is little employee participation. These autocratic managers do not trust subordinates, use negative motivation tactics like fear and punishment, and retain all decision-making powers.

System 2 Management: This management style is called the "benevolent-authoritative" style. Though the managers behave in a patronizing manner, they have confidence and trust in their subordinates. They permit upward communication to a certain degree and ask for participation from subordinates. Managers in this system use both rewards and punishment to motivate employees. They allow subordinates to participate to some extent in decision-making, but retain control over policy matters.

System 3 Management: This style is referred to as the "consultative" style. Managers in this system do not have complete confidence and trust in their subordinates. Though they seek advice from subordinates, they retain the right to take the final decision. In this management style, managers (i) motivate employees through rewards and occasionally punishment (ii) make broad policy and general decisions but leave specific decisions to the lower levels, (iii) Use both upward and downward communication flow, and (iv) act as consultants in order to resolve various problems.

System 4 Management: This style of management is called the 'participative leadership' style. In this system, managers trust their subordinates completely and have confidence in their abilities. They always ask the opinions of their subordinates and make use of their ideas. They encourage the participation of employees at all levels in decision-making and use both upward and downward communication. The managers in

this system work with their subordinates and other managers as a group. The involvement of employees in setting objectives and achieving goals is financially rewarded.

Likert found that those managers who adopted the system 4 approach had the greatest success as leaders: they were most effective in setting goals and achieving them, and were generally more productive. Likert and his research team concluded that high productivity is associated with systems 3 and 4, while systems 1 and 2 are characterized by relatively lower output.

ROLES AND ACTIVITIES OF MANAGERS

Henry Mintzberg conducted observational studies (a process in which researchers observe the activities of the group under study by themselves instead of relying on the responses given by participants to a questionnaire) on the roles of managers in organizations. They concluded that managers performed three roles – Interpersonal, Informational and Decisional roles.

Interpersonal role

In this role, the manager acts as a figurehead for the organization. He conducts talks with important clients and suppliers and makes formal announcements to the public on behalf of the organization. He motivates and encourages his subordinates to accomplish work-related goals as a part of his leader role. In another interpersonal role called liaison role, he interacts with people outside his unit or outside the organization and tries to improve his relations with them.

Informational role

This role of managers consists of three other roles – the monitor, the disseminator and the spokesperson. The manager constantly examines the environment (internal and external) to keep himself updated on the latest information. He also attempts to gather information from his superiors, subordinates and other contacts. He disseminates information to employees who need it and also to people outside the organization (suppliers, partners, stakeholders and customers).

Decisional role

In this role, the manager has to play a number of different roles. The manager initiates a change program or a project in the organization and acquires the resources needed for their implementation in his entrepreneur role. In his role as a disturbance handler, the manager handles crisis situations and prevents them from affecting the functioning of the organization. For example, if a major supplier of a particular material/component fails to deliver the goods on time, the manager will try to locate an alternative supplier.

The manager allocates resources to his subordinates according to their requirements in his role as resource allocator. The manager also assumes the role of negotiator as he is constantly in the process of negotiation with superiors, subordinates, clients and suppliers.

Mintzberg thus classified the functions that are actually performed by managers/leaders in organizations apart from the ones that are formally laid down. However, he did not identify the fundamental functions performed by managers and the challenges and dilemmas faced by them.

Some recent research studies have suggested that managers/leaders also play the roles of vision setter, motivator, analyzer, task master, mobilizer, ambassador, driver, auditor, etc.

The activities performed by managers can be placed under the following categories:

Communication

Managers are constantly in the process of exchanging information. They receive information from various sources and distribute information to people who need it. They have to process a variety of reports (like results of meeting, financial reports, etc) and discuss them with superiors and subordinates.

Traditional Management

Managers have to develop future plans, make important decisions and take corrective measures in case of deviation from planned performance. They set goals and objectives for employees, determine the tasks needed to achieve those goals, and assign different tasks to different employees, depending on their capabilities. They provide guidance to employees in carrying out the tasks, listen to their problems, suggest solutions, address operational problems, initiate preventive maintenance and also monitor employee performance.

Human Resource Management

Managers recruit people, train them, motivate them, manage conflicts and maintain discipline. They also monitor the performance of employees, give them feedback on their performance and reward high performers. They initiate changes in job descriptions and act as a coach or mentor for employees. They also socialize with employees to provide them an informal and friendly work environment.

Networking

Managers interact with business partners, suppliers and customers and to develop a good working relationship with them. They attempt to leverage these relationships in achieve the goals of the organization.

Mintzberg found that *successful* managers devoted more time and effort to networking than the other activities mentioned above. Success was measured in terms of the time taken by a manager to obtain subsequent promotions and go up the ladder.

Mintzberg also found that *effective* managers gave more importance to communication and human resources management than networking and traditional management activities. The effectiveness of a manager was defined in terms of the performance of his unit and his subordinates' satisfaction and commitment to work. Effective managers keep their work-groups updated on latest happenings in the organization, obtain their feedback on major policy decisions, provide feedback on their performance, and recognize their good work. In other words, effective managers motivate employees to perform better and help the organization meet the challenges of global competition.

Hence, organizations should establish reward systems that make effective managers successful and discourage managers from relying on networking to move up the corporate ladder.

DETERMINANTS OF LEADERSHIP

The effectiveness of an individual as a leader can be determined by two variables:

- The quality of subordinates/followers
- The nature of the situation

Exhibit 12.3**What it Takes to be an Effective Leader**

Effective leaders influence people to do things the way they want them done. Relationships play a major role in having the desired level of influence over people. Therefore leaders constantly attempt to build, maintain and expand their network of relationships. They take the following measures to enhance their relationships and thus their ability to influence people:

- They invest time in building and maintaining relationships with people. They consider the time spent in maintaining relations an investment for the future.
- They try to strengthen their relationships with people by helping them achieve their personal goals.
- They ignore the negative aspects of a person if these aspects are less than his positive aspects.
- They do not look for immediate results from relationships. They patiently maintain relationships with people (without expecting anything in return for their favors) for as long as 15-20 years in order to accomplish long-term goals.
- They recognize that individuals differ in their needs, goals and wishes, and therefore modify their behavior from one relationship to another accordingly.
- They encourage people to recognize their hidden talents and capabilities.
- They ignore criticism by opponents on their emphasis on relationships.
- To maintain a relationship, both parties have to extend cooperation. If the leader finds that the other person is not willing to cooperate, he puts an end to the relationship with that person, because the relationship is not worth maintaining.
- They strive to maintain enthusiasm and energy in all their relationships. Their high energy levels motivate other people.

Adapted from Nelson Searcy, "Key to Influence," March 1, 2000 (An excerpt from Tom Peters, "The circle of innovation," pp. 86-87) <http://www.smartleadership.com/magazine/view.asp?i>

Quality of Subordinates

The contingency theory (or followership theory) states that the quality of subordinates is a primary indicator of effective leadership. An effective leader always builds a strong team consisting of people who are independent and self-motivated (Refer Exhibit 12.3). Lack of initiative on the part of subordinates and overdependence on their leader indicates that the leader is ineffective.

The Nature of the Situation

According to the situationist viewpoint, different individuals are effective in different situations. The situationist theory proposes that an individual who has the background and knowledge relevant to a given situation will come forward by himself to lead the group when that situation arises.

Suppose that management observes that the company's sales figures are falling year after year. And suppose, a task force consisting of a production manager, a marketing manager and a sales manager is formed to find a solution to the problem of low sales. If they discover that a defect in the company's product is responsible for the decline in sales, the production manager will play the lead role in finding the solution. He may note down suggestions from customers, redesign the product based on the basis of those suggestions, obtain the approval of the top management for the new design, get the product manufactured and introduce it into the market.

Consider another example: Suppose a corporate airplane carrying some employees and managers from one business unit to another crashes and survivors find themselves on an island. The survivors may include pilot, a production manager, a computer engineer, a lawyer and a shop floor worker (who has expertise in making boats). The necessity of the situation will make the worker to come forward to lead the group.

Researchers are exploring the possibility of training individuals to adapt their behavior to suit different situations and become effective leaders in all situations.

In addition to the situationist viewpoint, leadership style has also been explained by Fiedler's contingency model which suggests that organizations should analyze the situation and select leaders having an appropriate style of leadership rather than attempting to modify their behavior to suit organizational requirements.

TASK OF A SUPERVISOR

Supervisors are lower level managers who manage workers on the shop floor. In large organizations, there may be different levels of supervisors, i.e., first line supervisors, second line supervisors and third line supervisors. The first line supervisors supervise the work being done by workers. Their other responsibilities include developing work schedules, communicating them to workers, and making decisions regarding day-to-day operations. Supervisors are given different designations like foreman, chief clerk and section engineer. Supervisors give training to new employees, plan production schedules, provide employees with necessary equipment and tools to carry out their tasks, create a proper work environment and ensure that workers achieve the targets set by management.

Second line and third line supervisors also perform more or less the same activities. They may resolve the problems referred to them by their subordinates, interpret the rules and policies of the organization, and act as a link between their subordinates and management.

Supervisors play a crucial role in organizations because they are responsible for implementing the management's plans on the shopfloor and achieving the desired results. Therefore, the performance of an organization depends on the effectiveness of its supervisors.

EFFECTIVE SUPERVISORY PRACTICES

Research conducted by the University of Michigan indicated that the following four supervisory practices were effective:

- *Devote more time to planning and supportive functions:* It was observed that the work groups in which supervisors spent more time on planning and other supportive functions were more productive than the groups in which supervisors performed the same work as their subordinates. The supervisors of highly productive groups gave on-the-job training to employees, helped them interpret organizational policies and procedures, and recommended incentives and promotions for high performers.
- *Avoid close supervision:* It was observed that in productive groups, supervisors provided necessary instructions and then allowed workers to perform the work in the way they wanted. This boosted the morale of employees and improved their productivity.
- *Concern for employees:* The groups led by employee-oriented supervisors were more productive than the groups led by task-oriented supervisors. Employee-

oriented supervisors empathize with employees' feelings, give them emotional support, use punishment less frequently, train them in new skills, and prepare them for promotion.

- *Promote Group Cohesiveness*: The productive groups were led by supervisors who promoted cooperation and coordination among group members.

SUMMARY

There is no agreement among management theorists on the definition of leadership. Though most of them do agree that leadership involves influencing others, the disagreement arises on the issue of how this takes place. Another issue of contention among experts is whether managing and leading are equivalent. According to some experts, managers and leaders are different. Managers generally devote their time to developing plans, organizational structures and controlling deviations from the plans. Leaders focus on developing a vision for the future, communicating the vision to people, integrating the efforts of their followers, helping them overcome hurdles and developing their abilities to realize the vision. Managers derive their power from their position in the organization. Leaders do not need any formal authority but derive power from people who follow them because of their abilities.

Leadership is the ability to influence people and drive them toward the achievement of goals. The research on leadership has led to the development of three types of theories – Trait, behavioral and contingency theories. According to trait theories, some traits such as extroversion, aggressiveness, self-confidence, honesty and integrity and intelligence differentiate leaders from non-leaders. According to the behavioristic school, successful leadership depends more on appropriate behavior and skills, and less on personality traits. The three broad types of skills used by leaders, as identified by Robert Katz, are technical, human and conceptual skills.

Four different behavioral theories – the Ohio State Studies, the University of Michigan Studies, the Managerial Grid and the Scandinavian Studies – sought to identify the different behaviors adopted by leaders. The Ohio State Studies concluded that leaders who score high on the dimensions of *initiating structure* (task orientation) and *consideration* (concern for people) achieve superior subordinate performance and satisfaction, compared to those who score low on either one of them or both. The Michigan Studies found that an *employee-centered* style of leadership is more effective than a *production-centered* style of leadership. The Managerial Grid proposed by Blake and Mouton suggested that leaders who have equal concern for people and production are most effective. The Scandinavian studies resulted in the emergence of a new dimension called 'development-oriented' behavior. According to these studies, leaders who embrace change and encourage new ideas and practices are successful.

The contingency theories deal with the situational aspects of leadership styles. Some of the well known contingency theories are Fiedler's contingency model, Hersey and Blanchard's situational theory, Leader-Member exchange theory, Leader Participation model and the Path-Goal theory. Fiedler's model suggests that the leader should choose his style of leadership depending on the favorability or unfavorability of the overall situation. Hersey and Blanchard's situational theory states that the most critical factor that influences the selection of a leader's style is the maturity level of his subordinates. The Leader-Member exchange theory suggests that leaders try and establish a special relationship with a small group of subordinates; this small group would constitute an in-group, with all the rest of subordinates being in an out-group. The in-group members get more attention from the leader and enjoy special privileges.

The Leader participation approach provides a sequential set of rules that can be followed for identifying the type of situation and determining the amount of participation that should be demanded from subordinates for decision making. According to the Path-Goal theory, the leader should guide his followers in achieving the organizational goals, and also establish individual and group goals that are compatible with the broad organizational goals.

Chapter 13

Managing Communication

In this chapter we will discuss:

- Definition of Communication
- Historical Background of the Role of Communication
- Importance of Communication
- The Two-way Communication Process
- Problems Associated with Two-way Communication
- Nonverbal Communication
- Downward Communication
- Upward Communication
- Lateral Communication
- Interactive Communication
- Barriers to Effective Communication
- Communication Technology

In all organizations, individuals and groups attempt to exchange ideas, feelings and emotions. This communication is essential for sharing information and coordinating action.

Communication is essential for achieving managerial and organizational effectiveness. Without communication, employees will not be aware of what their co-workers are doing, will not have any idea about what their goals are, and will not be able to assess their performance. In the absence of channels of communication, supervisors will not be able to give instructions to their subordinates and management will not receive the information it requires to develop plans and take decisions. In other words, the basic management functions of planning, organizing, directing and controlling cannot be carried out without communication.

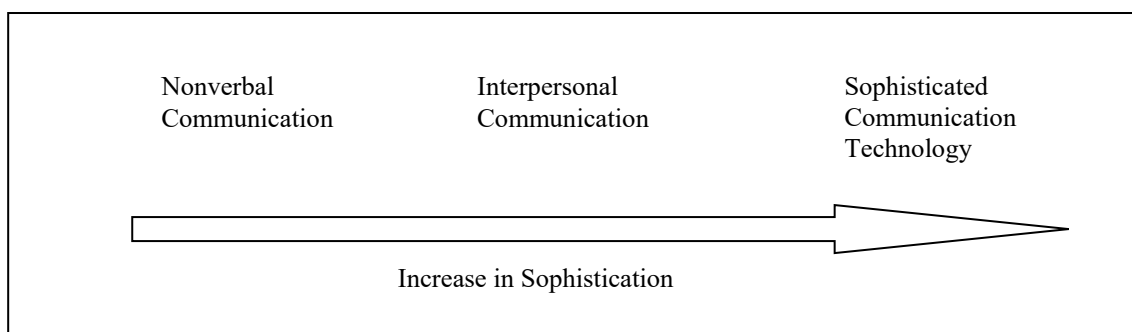
Good communication helps employees become more involved in their work and helps them develop a better understanding of their jobs. Clear, precise and timely communication of information also prevents the occurrence of organizational problems. Effective communication is essential for achieving organizational goals, but ensuring such communication has been a major problem for most organizations.

DEFINITION OF COMMUNICATION

Although the word “communication” is often used, there has been no consensus among communication experts regarding the definition of communication. In general, communication may be defined as the process by which information is exchanged between individuals. The process includes the use of written messages, spoken words and gestures. The field of organizational behavior seeks to examine the impact of communication on the behavior of employees within organizations.

Figure 13.1 depicts a continuum showing the increase in sophistication of communication. Simple nonverbal communication falls at one end of the continuum while sophisticated communication technology falls at the other end of the continuum. Interpersonal communication occupies the middle ground. This increasing degree of sophistication in the communication process makes it possible to study communication under three categories: nonverbal communication, interpersonal communication and communication technology.

Figure 13.1: The Continuum of Communication in OB



HISTORICAL BACKGROUND OF THE ROLE OF COMMUNICATION

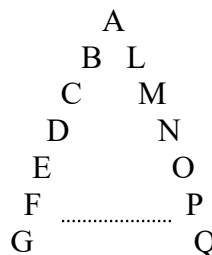
Classical management theorists did not completely integrate communication with management theory. They examined only formal one-to-one communication between the superior and the subordinate based on the principle of ‘chain of command.’ Communication along the chain of command can, however, lead to restricted

communication. In addition, if an organization strictly adhered to this approach to communication, the message may not reach its intended audience. Take the case of an organization, that has a general manager at the top level of management; a production manager, a marketing manager and a personnel manager at the second level of management; a deputy production manager, a deputy marketing manager and a deputy personnel manager at the third level of management; a production executive, a marketing executive and a personnel executive at the fourth level of management; and, finally, supervisors and the workers at the lowest level of the organization. According to the principle of chain of command, the superior must pass on information to his subordinate. If the general manager conveys a piece of information (e.g. regarding an increase in the price of raw material) to the production manager, he will pass it on to the deputy production manager, who will, in turn, pass it on to the production executive. From the production executive, the information will pass to the supervisor and the production employees. Thus, even if the GM wanted the information to be conveyed to the marketing executive (so that he does not give heavy price discounts), the information would not reach the marketing executive until the GM conveyed it to the marketing manager. Henri Fayol, one of the famous management theorists, attempted to provide a solution to the problem of such restricted communication.

Henri Fayol's Contribution to Communication

In formal organizations, the design of communication channels is based on the assumption that all the divisions and departments are self-contained and do not facilitate communication among employees at the same level (horizontal communication). This poses a serious problem when circumstances demand such communication. If an individual wants to convey some message to an individual from another department, the message has to be passed up to the highest managerial level and then down to the individual. The reply from that individual is also received in a similar way, leading to huge delays. As can be seen from Figure 13.2, if F wants to communicate with P, the communication has to pass through E-D-C-B-A-L-M-N-O-P and back. Fayol proposed a 'gangplank' mechanism (horizontal communication system) to bridge the communication gap between individuals and departments (see the line joining F and P in Figure 13.2). This requires the managers of these individuals to

Figure 13.2: Fayol's Gangplank Concept



Source:

<http://www.bdk.rug.nl/medewerkers/h.w.m.gazendam/WebBDK/Documents/1993/Conceptual%20Analysis%20and%20Specification%20of%20Fayol's%20Management%20Principles.pdf>

authorize them to communicate with each other. The employees would then report the results of their discussion to their respective managers. The gangplank mechanism would thus simplify the process of communication in organizations.

Chester Barnard's Contribution to Communication

Chester Barnard felt that communication played an important role in shaping organizations. According to Barnard, communication forms one of the three primary elements of an organization, the common goals and willingness to serve customers being the other two elements. Communication links the members of an organization with the organization's goals and facilitates and enhances cooperative action among the individuals and departments of the organization. Communication, whether written or oral, helps an organization attain its goals, but it can also give rise to problems. For instance, if a particular message is misinterpreted, an inappropriate decision may be taken. This decision may result in losses to the organization in the long-run.

Barnard related communication to the concept of authority. According to Barnard, for authority to be delegated from a manager to a subordinate, all communication originating from the manager must be clearly understood by the subordinate. He believed that a manager should try to understand the meaning of the message before communicating it to his subordinates. Barnard identified seven communication factors that help establish and maintain objective authority in an organization:

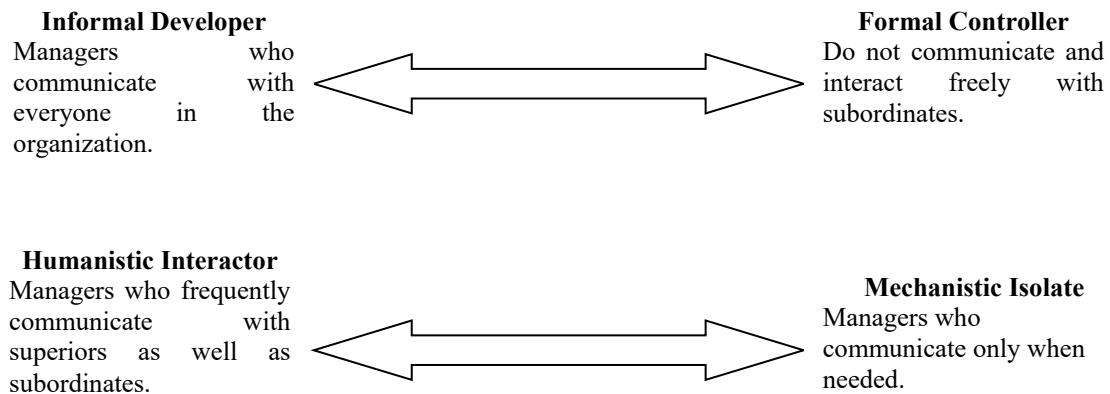
- i. The members of an organization should be aware of all the available channels of communication.
- ii. Every member of an organization must have access to a specific formal channel of communication.
- iii. Communication with an organization must follow the shortest and most direct path.
- iv. All communication should involve the use of the entire, formal line of communication.
- v. Competent persons should serve as communication centers.
- vi. There should be no interruption in the line of communication during the functioning of an organization, and
- vii. All communication should be authenticated.

The Modern Perspective

Although many articles and books have dealt with interpersonal and organizational communication, most of them are not based on any systematic research findings. However, the "Real Managers Study" (conducted by Fred Luthans, Richard M. Hodgetts and Stuart A. Rosenkrantz) is based on original research in communication. The researchers observed managers at work in various organizational settings and also studied the self-reports submitted by them to understand the process of communication in organizations. Then, with the help of managers, they prepared reports on the ways in which they tried to communicate in various situations. They developed a managerial communication model (depicted in Figure 13.3), which shows the different styles of communication used by managers and provides a framework for understanding how managers communicate in organizations.

The first dimension of the managerial communication model shows a continuum extending from the humanistic interactor to the mechanistic isolate. Humanistic interactors are managers who frequently communicate with superiors as well as subordinates (i.e., both upwards and downwards in the organizational hierarchy). They

Figure 13.3 Managerial Communication Model



involve themselves in people-oriented activities and help employees solve work related problems. Mechanistic isolates represent managers who communicate only when needed, and limit their communication only to people whom they need to interact with. The other dimension of the managerial communication model is also a continuum extending from the informal developer to the formal controller. Informal developers are managers who communicate with everyone in the organization. They act as a coach or mentor to their subordinates and try to develop their skills. Formal controllers adhere strictly to their official schedules, do not communicate and interact freely with subordinates, and restrict themselves to monitoring and controlling activities or other activities that form a part of their job duties and responsibilities.

IMPORTANCE OF COMMUNICATION

Communication is vital for the functioning of organizations. In the absence of channels of communication, supervisors will not be able to give instructions to employees and employees will not be able to understand what the management expects of them. Employees can perform well and be involved in their work only when they understand their job duties and responsibilities. The absence of communication can threaten the very survival of organizations. When software companies reduced the salaries of their employees to cope with the slowdown in the IT industry, their managements had to communicate to employees that the reduction was temporary and that salary cuts had been made to avoid layoffs. If this had not been communicated to the employees, they would have become hostile towards management. In the absence of such communication, management would not have been able to carry out its basic functions of planning, organizing directing and controlling.

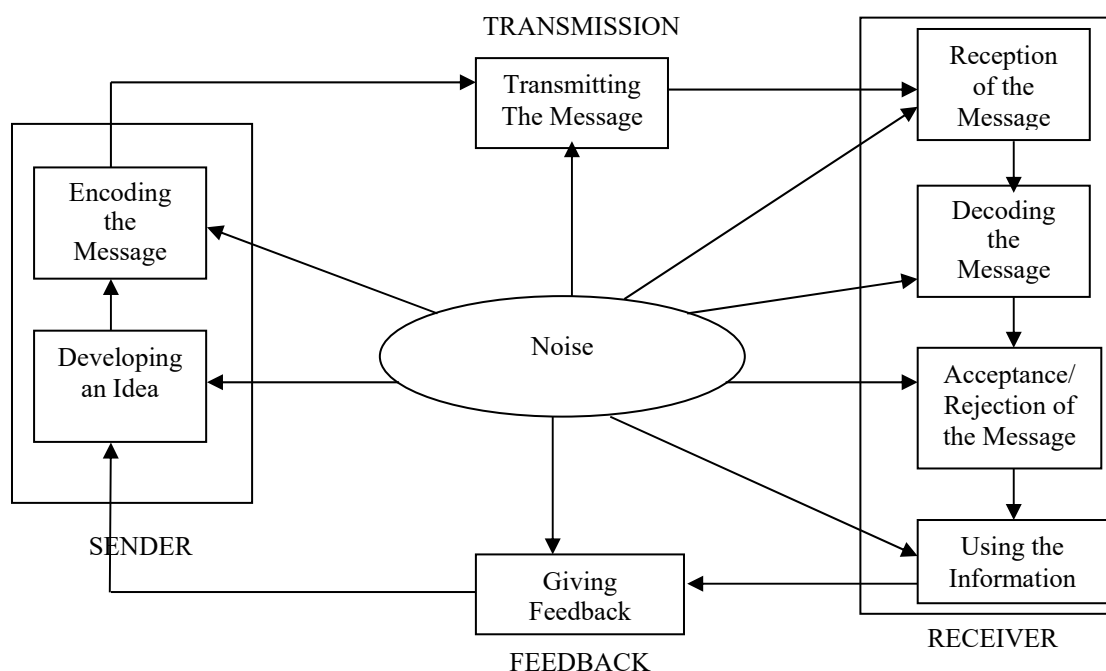
In the early stages of the industrial evolution, information was tightly controlled by top level managers in organizations. However, the managers of modern organizations have realized that it is more beneficial to have open communication than restricted communication within organizations. Unless the organization's key goals, values and

strategies are communicated to employees, they will not work in that direction. Some managers hold back negative feedback because they fear it will have a negative impact on employee morale. However, withholding such feedback prevents employees from improving themselves and harms their personal development as well as organizational development in the long-run. Some managers try to hide organizational problems from employees because they do not want to demoralize their workforce. But if they shared information and discussed problems with employees, the employees would be motivated to extend their cooperation and help the organization solve the problems and overcome the threats. Open communication of problems and difficulties can help organizations muster the support of employees.

Managers have to interpret the information they receive and communicate the same to employees. To do so, managers should have good communication and interpretation skills. Consider the case of the manager of a department who receives a lengthy report on certain changes that have been implemented in the organization by the top management. Instead of circulating the report among all the employees of the organization, the manager could prepare a one or two-page summary of the report and circulate the same among the employees. However, doing so has its drawbacks. The employees' interpretation of the report depends on how correctly the manager has been able to understand and interpret the original report and how well he has been able to communicate it.

Managers often need to take decisions that have a major impact on the organization and its employees. The availability of accurate and timely information helps them make sound decisions. The presence of several links in the chain of communication increases the time it takes for information to reach managers. And the distortion of information at any of these links affects the accuracy of the information being communicated. The probability of distortion increases with the length of the communication chain. Many organizations have reduced the number of managerial levels in the organizational hierarchy (due to economic recession and for competitive pressures), especially at the middle management level. This reduction in levels has decreased the number of links in the communication chain, thus improving communication within organizations.

Figure 13.4: The Communication Process



THE TWO-WAY COMMUNICATION PROCESS

The two-way communication process involves the transmission of a message from a sender to a receiver and back. Communication may take place through speech, hand signals or other form. All communication involves eight steps (as shown in Figure 13.4), regardless of the form used.

Developing an Idea

The sender should perceive that he has some important message to be conveyed to the receiver. The sender should have a clear idea of what he wants to communicate to the receiver.

Encoding the Message

The sender codifies the message. He selects appropriate words, charts or other symbols in this step, to convey his idea as clearly as possible. He also decides on the medium of transmission so that the words and symbols constituting the message can be arranged in a suitable manner.

Transmitting the Message

This step involves the transmission of the message using an appropriate medium of communication such as memo, phone call or personal interaction. While transmitting the messages, the sender tries to ensure that the timing of the message is right. The sender also takes care that the transmission of the message doesn't encounter any barriers or interference which may impede the flow of communication. Ensuring that the communication channel is free from barriers or interference increases the chances of the message reaching the target audience and holding its attention.

Reception of the Message

In this step, the receiver, the person for whom the message is intended, receives the message. If the message is communicated orally, the receiver has to be a good listener to avoid loss of information during the transmission of the message.

Decoding the Message

In this step, the message is decoded and understood by the receiver. The receiver has to understand the message exactly as intended by the sender. The communicator of a message can make the receiver listen to him, but understanding has to be achieved by the receiver alone. This aspect of understanding is referred to as "getting through" to a person.

Acceptance or Rejection of the Message

The receiver is free to accept or reject a decoded message. The receiver can not only choose whether to accept a message, he can also choose whether to access the message in toto or in part. The acceptance decision of the receiver is influenced by factors such as his perception regarding the accuracy of the message, the authority of the sender, and the implication of accepting the information.

Using the Information

This step involves the use of information by the receiver. The receiver may use the information, discard it, or store it for future.

Giving Feedback

Feedback occurs when the receiver sends back some response to the sender or acknowledges the receipt of the message. The communication loop is complete only after feedback has been provided.

Feedback is essential for finding out whether the message has been properly received, decoded, accepted and used by the receiver. The two-way communication process can be compared to the back-and-forth pattern of play in tennis and badminton. The players adjust their shots depending on the response of the opponent. Similarly, as communication progresses, the sender adjusts his or her message according to the previous response of the receiver. Two-way communication leads to the accurate transmission of information and improves the quality of the decisions and actions dependent on that information.

PROBLEMS ASSOCIATED WITH TWO-WAY COMMUNICATION

Two-way communication may result in friction, especially when two people hold different views on the same subject. At the same time, two-way communication can help people understand each other's viewpoints.

This type of communication can also lead to cognitive dissonance (discussed in Chapter 6). When people receive information that questions their value systems, decisions, or judgments or contradicts other information they received earlier, they experience internal conflict and anxiety. This is referred to as cognitive dissonance. People try to eliminate or minimize the discomfort caused by dissonance by obtaining new information, interpreting the information in a different way, reversing their earlier decision, or by compromising their values.

The sender should be very careful when communicating a message since communication is a form of self-revelation. When a person speaks, people not only try to understand the content of the speech but also try to assess his personality. A person unable to deliver his message in an appropriate way loses credibility. Therefore, a person involved in the communication process always seeks to preserve his self-image. While communicating, people try to preserve their self-image. The self-image of a person is threatened when he receives communication that may be verbally abusive. Although the sender may have unintentionally conveyed such a message, such communication usually generates bad feelings towards the sender. These negative feelings strain the relationship between the sender and the recipient and cause it to deteriorate.

NONVERBAL COMMUNICATION

A message need not always be conveyed in the verbal forms; it can be sometimes expressed without the help of words. Nonverbal communication is the process of communicating without the use of words. According to Don Hellriegel, John Slocum, Jr. and Richard W. Woodman, nonverbal communication can be defined as “non-word human responses like facial expressions and gestures and the perceived characteristics of the environment through which the human verbal and nonverbal messages are transmitted.” Nonverbal communication is also known as ‘silent language.’ It involves

Exhibit 13.1

Nonverbal Communication in Japan

“If speech is silver, silence is golden.” – the Japanese strongly believe in this saying. During business meetings, a Japanese executive may suddenly stop talking and fall silent. The other people at the meeting are expected to wait patiently till he resumes talking. It is considered rude behavior if a person attempts to break the silence and starts talking. Japanese use silence to think and develop a proper response. They do not talk at length about any particular issue, but instead expect the listener to understand the implicit meaning of what they have said. They do not even consider it necessary to specify the subject (like who or what) in every sentence they speak. The listener is expected to understand this in the context of their conversation.

Nonverbal communication in Japan also includes the following expressions and behaviors:

Uncommitted Face: The Japanese prefer not to explicitly express their emotions in public. They try to conceal their emotions, particularly, negative emotions, from others and present a blank face, making it difficult for others to understand their feelings.

Smile: The Japanese attempt to conceal their emotions by smiling even in situations of embarrassment, pain or anxiety.

Eye-contact: Japanese executives do not make direct eye contact with their counterparts because such behavior suggests that they are challenging the other party. Looking down rather than making eye-contact while talking to a person is considered a sign of respect.

Touching: The Japanese maintain some physical distance between themselves and their business counterparts. They do not appreciate physical contact such as patting on the back, hugging or kissing in public.

Showing respect: When a business executive hands over his business card, the Japanese do not fold it or write over it. When they receive gifts, the wrapper is not crushed but handled gently and neatly folded back. The guests’ coats are not thrown on tables and chairs, but are hung neatly. And guests are expected to use the furniture appropriately. They should not sit on a table or lean on a desk.

Adapted from Time Square Travels, “A Guide to Japan,” <http://www.shinnova.com/part/99-japa/abj17-e.htm>

the use of cues, gestures, vocal characteristics, facial expressions, and spatial relationship between the sender and the receiver to convey a message (Refer Exhibit 13.1). For instance, a smile, glance, stare or a frown convey different meanings.

Body Language and Paralanguage

Nonverbal communication takes many forms. The most common form of nonverbal communication is the use of *body language* (Refer Exhibit 13.2). The study of body movement is known as kinesics. Body movements include gestures, facial expressions and other physical movements. Every body movement conveys a certain meaning. For

example, raising an eyebrow conveys disbelief, rubbing the nose indicates puzzlement and shrugging shoulders shows indifference. When a person is eager to hear something, he sits with his feet under the chair, toes pressed to the ground, and leans forward on the desk; when a person is listening carefully, he maintains eye contact and frequently nods his head and so on. Body language coupled with verbal communication gives more meaning to a message.

Dress and physical appearance are other important forms of nonverbal communication. It is believed that physical appearance determines the success a person will attain at every stage of his life.

Other important forms of nonverbal communication include the attitude toward time and the spatial relationship maintained between people.

Exhibit 13.2

Body Language

While speaking, people tend to use some body movements, without even knowing that they are doing so. Their facial expressions and the way they stand (posture), make gestures with their hands, and move their eyes and eyebrows send visual signals to the listener. It is important for everyone, whether he is a sales executive, a top manager or a politician, to be aware of their body language and to control their body movements to be successful in their respective careers.

Posture: When a person is presenting his ideas, his posture forms an important part of the presentation. He needs to look relaxed and comfortable to the audience.

Some people have the habit of rocking while talking. They should try to get rid of this habit as it is distracting to the speaker as well as the audience. Rocking can be prevented by standing with feet spread apart and putting the body weight on the heels. The other postures that speakers should avoid when making a presentation are:

- i. Keeping hands crossed in front of oneself: This makes the person look weak and timid.
- ii. Keeping hands behind oneself: This makes the person appear too relaxed.
- iii. Keeping hands on hips: This gives the impression that the person is doing the audience a favor by making the presentation.
- iv. Keeping arms crossed: It makes the person seem uninterested in the presentation.
- v. Keeping feet crossed: This makes the person look diffident.
- vi. Putting hands in pockets: This gives an impression that the person is nervous.
- vii. Leaning back in the chair (if seated): This gives the impression that the person is ready to make a judgement.

A speaker should relax both his hands, keep his chin raised, and stand straight so that he looks and feels relaxed and is able to make the right gestures and convey the right message.

Gestures: These include the movement of hands, arms and head. A person should not repeat the same movement again and again because if he does so, the audience will focus on that movement rather than his speech.

Eye-contact: One should not keep looking at the same person for a long time (when addressing a group) because he/she may begin to feel uncomfortable. Instead, one should make eye contact with people in a 'Z' pattern and not look at any person for more than a few seconds.

In cultures where eye-contact is not considered appropriate, one should avoid it altogether.

Facial expression: One should attempt to give a light smile and appear pleasant. In addition, one should avoid making negative expressions such as raising eyebrows, frowning or looking grim. Negative expressions discourage communication from taking place between individuals.

As body language speaks louder than words, one should be very cautious when making body movements.

Adapted from Marjorie Brody, "Does Your Body Language Stop A Sales Presentation Before It Starts?," <http://www.powerpointers.com/printarticle.asp?articleid=18>

Cultural norms affect nonverbal communication. In some cultures, it is considered rude to arrive ahead of time while in other cultures it indicates politeness and a positive attitude. In some countries, close physical distance may mean aggressiveness or sexual interest, while in some countries maintaining a close distance may be essential to appear business-like.

Paralanguage refers to the voice quality, volume, pitch, speed and nonfluencies (like ‘ah’, ‘um’, or ‘uh’) used to convey a message. It helps to convey information about the attitude of the speaker. Sometimes there may be a contradiction between what a person says and what his actions indicate. In such cases, the person’s actions can be regarded as a truer picture of his feelings and ideas.

Understanding Nonverbal Communication

The following guidelines can help individuals understand nonverbal communication in a better way:

- *Observe keenly what is happening* – When nonverbal behavior involves an emotional response (for example, tears rolling down the cheeks or eyes becoming red), it clearly conveys the message to the other person.
- *Consider the differences between verbal statements and nonverbal behavior* – If there is any discrepancy between what a person says and what his body language indicates, then the situation should be studied closely. It is believed that actions are more accurate than words. For instance, a slight hesitation before saying “yes” may mean coercive acceptance.
- *Look for subtleties in nonverbal behavior* – Through careful observation, one can differentiate between a fake action and a genuine action. For instance, a sarcastic smile can be differentiated from a genuine one.

Culture has an enormous impact on nonverbal communication. Physical proximity is acceptable in Latin America, but it does not constitute acceptable behavior in South Asian countries. The ‘thumbs up’ gesture is widely used in western countries, but in Australia, the gesture is disapproved. In Japan, keeping the gesture is disapproved. In Japan, keeping hands in one’s pockets while talking (to a superior or elderly person) is considered a sign of disrespect, while in the US, it is not considered so.

DOWNWARD COMMUNICATION

Downward communication is one of the important processes of organizational communication. The downward communication process establishes linkages between people (interpersonal linkage) by facilitating the flow of information between them.

Purposes of Downward Communication

There are five purposes of downward or top-to-bottom communication in an organization.

- i. To give instructions to employees regarding their jobs and specific tasks.
- ii. To provide information about the procedures and practices followed in an organization (to new employees).
- iii. To explain the rationale for a job to a new employee.
- iv. To provide feedback to subordinates about their performance on the job.
- v. To give information required by different teams and departments for the achievement of goals.

In the past, organizations gave attention to only the first two purposes, but modern organizations emphasize all five purposes. If the communication process fails to achieve these purposes, the employees will not receive all the information they require about their jobs and will not be aware of the importance of their work. They may consider their job to be of little significance in the organization and may not show

interest in them. They may carry out their tasks only because they have been asked to do so by their boss. This kind of attitude on the part of the employees will have a negative impact on organizational performance. It will promote an authoritative atmosphere which will adversely affect the upward and horizontal flow of information. It is therefore important to communicate to all employees how their jobs will contribute to the achievement of organizational goals and how their poor/excellent work performance will affect the other jobs in the organization. Thus, the objective of downward communication should be to help employees understand their jobs better and align their goals with organizational goals.

The downward communication system generally depends on different types of print and oral media to disseminate information. Handbooks, manuals, magazines, newspapers, bulletin-boards, notices, posters, reports and memos are the different kinds of written media used by organizations. Organizations like GE, HP and United Airlines bring out monthly employee newsletters to convey information. Direct orders or instructions from top executives, speeches, meetings, public address systems, telephones and closed-circuit television programs are examples of the oral media used for downward communication.

In downward communication, the quality of information suffers if the sender attempts to communicate the maximum amount of information to the receiver. Experiments in social psychology have revealed that people tend to ignore useful information and retain irrelevant information. In order to overcome this information optimization problem, many organizations have begun to use communication technologies (discussed later in the chapter).

The biggest drawback in downward communication is the lack of importance given to the receiver. Research has shown that lower level employees can improve their performance provided they obtain the right information at the right time. Managers should therefore understand the impact of communication on subordinates and take appropriate measures to make their communication effective.

UPWARD COMMUNICATION

Upward communication is also an interpersonal process like downward communication. The classical organization structure provides for both upward and downward flow of information. The upward communication process is non-directive in nature, unlike the downward process which is directive. Effective upward communication is possible only when organizations empower their employees and allow them to participate freely in decision-making.

In the past, when the bureaucratic approach was more prevalent than the participative approach, upward communication was discouraged. Employees feared to communicate information to their superiors, especially unpleasant information.

Methods of Making Upward Communication More Effective

The techniques described below are used to promote upward communication in organizations.

The grievance redressal procedure

The grievance redressal procedure enables employees to appeal to management and seek redressal of their grievances. It enables employees to bring their work-related problems to the notice of top management and protest against the arbitrary actions of

their immediate superior. Companies such as General Electric and Federal Express have set up peer review boards to address the grievances of employees. These peer review boards consist of three representatives from employees and two representatives from management. Peer review boards accept grievances from employees, hear the arguments of both parties, and then arrive at a decision. The parties concerned are then bound by these decisions.

Open-door policy

This is an organizational policy that allows employees to approach managers at any time and discuss their problems with them. Most of the times, this policy is not actually implemented in organizations.

Counseling, attitude questionnaires and exit interviews

The personnel department can conduct nondirective counseling programs to help employees deal with their work-related problems as well as work and family conflicts. Attitude questionnaires may be administered periodically to find out employees' attitudes towards the workplace and the work-load. Exit interviews may be held for the employees quitting the organization to find out their reasons for leaving and their suggestions for improving the workplace. Valuable information can be obtained through these methods.

Participative techniques

Participative decision-making techniques enable employers to obtain inputs from employees. This can be achieved through formal participation programs like union-management committees, suggestion boxes, junior boards and quality circles or through the informal involvement of employees. Research has shown that the employees who participate in these programs are more satisfied with their job, show greater commitment towards the job, and perform better than non-participating employees.

The ombudsperson

The position of an ombudsperson is created to receive and respond to inquiries, complaints, requests for policy clarifications, or allegations of injustice by employees. Through an ombudsperson, employees can have their problems resolved quickly without going through lengthy channels (eg. approaching the supervisor, then the shift in-charge, then the HOD, then the personnel manager, and so on). This position had been initially created in Scandinavia as an outlet for people who felt that they had been treated unfairly by the government bureaucracy. Ombudpersons are now being used in government organizations and universities in the US. They can also be used in business organizations to help management improve upward communication. The ombudsperson technique can be an effective substitute for the open-door policy since the manager may not always have the time to meet employees and solve their problems.

Managers can improve upward communication by developing good listening habits. Some of the ways in which they can improve their listening skills are described below:

- **Maintaining attention:** The speaker should be assured that the listener is paying due attention to what he is saying. If possible, one should switch off the mobile phone and sit far away from land phones to avoid distractions.
- **Using restatement:** The listener can repeat the speaker's words and ideas to ensure that he has accurately understood what the speaker wants to convey to him.
- **Empathizing:** The listener should attempt to understand the feelings and emotions of the listener.

- **Probing:** The listener should ask the speaker further questions and attempt to find out the finer details of the speaker's message.
- **Encouraging:** The listener should encourage the speaker to express his opinions fully.
- **Understanding when to speak and when to let the other person speak:** The listener should not interfere when the speaker is describing something. However, when the listener finds that the speaker wants to tell something but is unable to put it in words, the listener may help him express himself. If the speaker wants to convey something but hesitates to express himself, the listener could say something to put him at ease.

LATERAL COMMUNICATION

Lateral communication is also known as cross-communication. In lateral communication, managers communicate with people in other departments outside their own chain of command (across the chain of command). This form of communication is often practiced by managers in organizations, perhaps because they prefer the informality of lateral communication to the formality of the vertical communication process. They also perhaps prefer to use lateral communication because it facilitates coordination of work among departments.

Employees who are actively involved in lateral communication are known as boundary spanners. They have strong communication links within as well as outside their department. This gives them access to large amounts of information, which they filter and communicate to others. Therefore, boundary spanners command greater status and power in organizations. Managers working in Research and Development, quality control and legal departments need to engage in lateral communication to obtain the required help from other departments (for eg. an R&D manager may require the cooperation of the production manager to experiment with a new production procedure) and be informed of the latest developments in the organization and the industry.

INTERACTIVE COMMUNICATION

Many classical theorists have felt the need to supplement vertical communication with some form of horizontal communication (Fayol suggested the gangplank concept). Horizontal communication is necessary to ensure that all the departments in an organization act in a coordinated manner to achieve organizational goals. The need for such communication is more obvious in complex organizations with hundreds of departments and sub-divisions. This type of communication is also necessary in organizations that have downsized and flattened their structures. Modern organizations are thus adopting project and matrix organizational designs and formally incorporating horizontal communication into their organization structure. Companies like General Electric, DuPont, Xerox, and Motorola have adopted horizontal communication a part of their organization structures.

Even when horizontal communication is formally permitted, the key to its effectiveness lies in people and their behavior. In other words, organizations should emphasize interactive communication rather than vertical or horizontal communication. In interactive communication, there is no restriction on the flow of information unless it is against organizational interests. In most organizations, where only vertical or

horizontal communication exists, the flow of information is confined to a specified path. But in organizations where interactive communication is allowed, the flow of information takes place spontaneously among people, irrespective of their levels, and does not follow a specified path. The horizontal and vertical flow of information constitute formal channels of communication, which form only a small part of the communication process in an organization. In contrast, interactive communication constitutes an informal channel of communication and has a central role to play in organizations. The interactive process has many behavioral implications. Communicating with peers provides social support for an employee. An employee feels more comfortable discussing his problems with a peer than with a superior or a subordinate.

Interactive communication may prove to be beneficial or harmful for an organization. It is beneficial when communication is necessary between peers involved in tasks that require coordinated efforts. However, interactive communication between peers who are not involved in tasks requiring coordination among them only results in reducing the productivity of the personnel, thus harming the organizational interests. Moreover, at times, interactive communication among peers may also affect vertical communication in a negative way. Employees at each level may communicate freely among themselves but fail to communicate upward and downward.

The main aims of interactive communication in an organization are:

- i. **Task coordination** – The heads of various departments can meet at regular intervals to discuss how each department can contribute to organizational goals.
- ii. **Problem solving** – The members of a department may get together to brainstorm and solve a common problem.
- iii. **Information sharing** – Employees from different departments may interact with each other to share information.
- iv. **Conflict resolution** – Members of a department may meet to resolve differences within the department or with other departments.

In the past, only departmental or interdepartmental meetings served each of the above purposes, but now teams also serve these purposes. Teams may consist of individuals from a certain department or from several departments. Teams enhance co-ordination among employees in organizations. Effective teams deliver a performance that is greater than the sum of the individual performances of its members. Interactive communication among team members is crucial for achieving such results. Departmental and interdepartmental meetings and teams are thus methods of interactive communication.

Computer technology, has had a major impact on interactive communication. Companies like Hewlett-Packard, Satyam Computers and Dr. Reddy's Labs use computers to communicate with employees working at different geographical location. Videoconferencing technology is used to conduct meetings with participants from different locations. Technology thus not only facilitates interactive communication, it also saves organizations time and money (required to bringing together all participants at one place).

Role of Interactive Communication

When individuals from different departments (not having any formal relationship) meet, they tend to exchange a lot of organizational information. Thus, *informal contacts* form an important means of interactive communication. This informal system

of communication can be effectively used to supplement the formal channels of communication. In this system, information passes quickly from one individual to another so that all the organizational members obtain the information in a short time. The management may use this system to convey information regarding a particular decision (such as the decision to cancel the annual bonus), and observe the immediate response of the employees before actually implementing the decision. This approach helps management handle employee reactions to their decisions in a better manner.

One drawback of the informal system of communication is its strong personal orientation. Individuals pass on only that information which serves their personal interest and ignore the rest. Another drawback of the informal system of communication is that it may result in the spread of rumors and other negative information about the organization which may threaten and demotivate people across the organization. Hence, the managements of organizations should be cautious in their use of the informal system of communication.

Types of Interactive Communication

The two main forms of interactive communication are networks and grapevine communication.

Networks

A network is a group of people who develop and maintain contact with each other to exchange information of common interest in an informal manner. A person who is actively involved in information exchange is said to be networking. Networks can be both internal and external to a company. Internal networks consist of employees from different departments and business units. Networks that extend beyond the company to business partners, customers and sometimes even competitors are external networks. External networks are formed when employees attend social clubs, professional groups and other similar associations.

Networks enable employees to widen their interests and get information relating to recent developments in their field. A good networker can get access to powerful and influential people if they have certain interests in common. For instance, if an employee is good at tennis and plays for a city club, he will get to know many corporate executives who come to the club. An active networker will try to develop a friendship with them and will leverage the relationship to obtain valuable information that will help him perform his job better and also contribute to organizational performance. Effective networks can thus help develop productive working relationships that may result in enhanced job performance.

Grapevine communication

Grapevine communication supplements the formal channels of communication and provides information which is not communicated through the latter. It provides information on the unwritten rules of the organization and important management decisions (well before they are implemented). Managers generally do not use the grapevine as a source of information. However, they try to keep track of the information passing through grapevine through their loyal subordinates. This helps managers identify the issues that cause anxiety to employees. They can then send a message that alleviates their fears and reduces their anxiety. Managers thus use the grapevine as a filter and feedback mechanism to eliminate rumors and prevent their negative impact on organizational performance.

The important characteristics of a grapevine are:

- It is beyond the control of management

- It is considered more reliable by the employees than the formal communication channels, and
- It is mostly used by employees to serve their personal and social interests.

BARRIERS TO EFFECTIVE COMMUNICATION

A number of obstacles may restrict the receiver's understanding of a message. These interruptions act as barriers to communication, which may totally prevent communication, or delete a part of the message, or convey the wrong meaning. Some of the barriers to effective communication are discussed below:

Filtering

This refers to the manipulation of information by the sender so as to obtain a favorable opinion from the receiver. An employee is said to have filtered information when he updates his superior about the projects in which there is significant progress but does not inform him of the projects that are lagging behind. Information is condensed and synthesized at different levels in an organization before it reaches senior executives. This is done to ensure that the top personnel are not overburdened with information. The process of filtering information takes place at each level in the organization and may sometimes affect the quantity as well as the quality of information that reaches the top management. The amount of information that gets filtered increases with the number of vertical levels in the organizational hierarchy. Filtering may lead to problems in the long-term. As only pleasant information is allowed to pass up (unpleasant information is withheld at lower levels), the top management may not come to know about a problem till it assumes serious proportions.

Selective Perception

A person perceives information on the basis of his needs, values, experience, and background. His personal interests and expectations influence the way he decodes information. For instance, if an interviewer believes that women give more priority to their family than their professional career, he is likely to perceive this characteristic in all female applicants, regardless of whether the applicants feel that way or not.

Defensiveness

People intentionally attempt to block communication when they feel that the other person is threatening their self-image and prestige. They react in a defensive manner by making sarcastic comments, by passing judgement on others, or by questioning the motives of the other party. This type of defensive behavior impedes effective communication. Take the case of a meeting being held between workers and managers to negotiate a wage-hike. At the negotiation table, the workers may threaten to go on an indefinite strike if their demands for a pay-hike and reduction in daily production targets are not met. The manager may become defensive and attribute the workers' demands to their laziness and their desire to get more pay for less work. Such comments by the manager could disrupt the communication and hence affect the negotiation.

Exhibit 13.3**Improving Cross-cultural Communication Skills**

Managers in multinational companies need to acquire cross-cultural communication skills to perform successfully in overseas assignments. They may improve their knowledge of other cultures by reading books and travelling to other countries during holidays. They should always seek to find out what their culture has in common with the culture of foreign countries. This will help them adapt quickly to new cultures. Before going to a foreign country, they should read books describing the culture of that country and the communication methods used there. They should also read news pertaining to that country to learn more about it and avoid sounding ignorant. In addition, they should try to learn the language of the country they are assigned to or at least become familiar with commonly used words. Communication assumes great importance when there are major differences between cultures. On entering a foreign country, managers should try to interact with the local people, attend social gatherings and understand their culture. This will help them adapt to the local culture.

International managers should never react to a situation or a person's remarks/response by comparing it with their own values and feelings until they consider the situation and interpret the meaning of the response in the context of the cultural background to which the person belongs. Suppose a manager is a direct communicator (telling facts irrespective of the other person's feelings like "good work" or "bad work" or "possible" or "impossible") who expects his employees to give an honest and accurate response to his questions. However, the employee may have come from a culture which believes in indirect communication (avoid saying things that do not appeal to the other person). He may expect the manager to read between the lines and pick up nonverbal clues. When the manager asks the employee whether he can complete his task before the deadline, the employee may nod his head politely. But his facial expression may indicate that he cannot actually complete the task. If the manager fails to understand the employee's culture, he may misinterpret his behavior and consider him insincere, and undependable. In fact, the employee may be honest and hardworking, but may have missed the deadline because of some technical difficulties. Such misunderstandings can lead to workplace conflicts. In this case, the manager could have avoided conflict by attempting to understand the employees' culture. Cultural differences can also lead to conflicts among employees. Managers can adopt the following methods to resolve conflicts among employees:

- Initiate training programs for employees to create awareness among them about various cultures and their differences and teach them the various approaches that can be used to resolve conflicts. Employees should also be encouraged to learn each other's conflict resolution styles and use them to solve problems on their own.
- Ask a senior employee to act as an intermediary and help employees resolve their conflicts if the employees do not wish to resolve their conflicts themselves.
- Inculcate the culture of give-and-take among employees in order to resolve a conflict.
- Attempt to find solutions which meet the objectives of both the employee and the organization.

An international manager is one who respects cultural differences, attempts to learn about the culture of a country where he is posted, mingles easily with locals, and has little difficulty in dealing with employees in a foreign country. He is not only a Roman in Rome but a universal citizen who understands and appreciates the cultures of the world. Only such managers can deal with the growing diversity of employees in organizations.

Adapted from Lee Gardenswartz, "Cross-Cultural Awareness," HR Magazine, March 2001 and Professional Manager, September 1999.

Language

Words convey different meanings to different people. Age, education and cultural background (Refer Exhibit 13.3) are the major factors that influence the use of language by people and the meanings they associate with words. For example, the language of an illiterate person will differ from that of a sophisticated businessperson. Again, the language spoken by a scientist differs from that of a manager in an organization. The words used by a poet and a newspaper reporter to describe the same situation (such as drought) will be entirely different.

Organizations consist of employees from varying backgrounds. Each employee may have a different meaning or pronunciation for the same word. The business units of a company operating in different geographical territories may also use terms and phrases in a unique way. Language problems may also arise due to the presence of different levels in the organizational hierarchy. People at one level in the organization may develop a common jargon which may be totally unfamiliar to people at a different level. For example, the shopfloor workers may not understand the management jargon of the top executives. Hence, the sender has to modify the style of communication depending on the people he is addressing (workers, clients or business partners).

COMMUNICATION TECHNOLOGY

The application of information technology to the communication process has increased the effectiveness of communication in organizations. Some of the advances in technology and their impact on organizational communication are discussed below:

Management Information Systems (MIS)

A management information system is a system that gathers, organizes and summarizes data and then presents it in a format customized to the situation and the individual using the information. In other words, MIS generates, processes and transmits information to the right person in the right format at the right time. In most organizations, management information system is computerized. A manager can use MIS to obtain information on certain technological developments in the organization or the industry or to obtain expert advice to solve organizational problems. To enable managers to interact with experts located across the globe, MIS extends beyond the intranet to the extranet and Internet. MIS can also be used to improve customer service and to develop strategic plans.

Two applications of communication technology, namely, electronic mail and telecommuting have revolutionized the way organizations manage the process of communication.

Electronic Mail

This is a computer-based communication system which allows people to exchange messages across the world within a few minutes. Messages are stored in a mail box till the recipients open them and read them on their computer screens. The recipients can send their responses later at any time, according to their convenience. Some electronic mail systems can also translate a message from one language into another language.

Electronic conferencing is very popular with business organizations and governments. In this type of conferencing, one party (eg. an organization or government) initiates a discussion on some topic (such as environmental pollution) and requests comments from customers or the general public. People located at various places can send their comments to the initiator and share their views with other participants. This enables “the initiator of the discussion” to build on the ideas of others and come up with

innovative ideas for new products and processes. Speed and convenience are the main advantages of electronic mail. Its main disadvantage is the absence of face-to-face communication.

Telecommuting

Telecommuting is also known as teleworking, the electronic cottage, or worksteading. It involves the accomplishment of all or part of a person's work at home through computer links to the office.

Studies have revealed that telecommuting increases personal productivity by 10 to 25 percent. It gives a person freedom from the distractions of the workplace, enables him to save time and money, and allows him to devote more time to family and personal work. Organizations also benefit from telecommuting since it reduces their requirement for office space. As commuting decreases, society will benefit from reduced environmental pollution. Telecommuting increases the morale of employees as they feel that the employer trusts them to work from home and increases their commitment towards work and the organization.

However, telecommuting may also cause certain problems. The employees working from home may not be considered for promotion because they do not interact directly with the manager. The employees may also feel isolated as they cannot talk to their fellow employees and share their thoughts, views and opinions. In addition, they do not have access to intellectual stimulation from their peers. In an effort to prove that they are very productive, they may work for extra hours and experience burnout. Though technology has revolutionized communication, it cannot be implemented in organizations without some human cost. Organizations which seek to adopt communication technology should take additional care of their employees, maintain regular contact with them, and extend emotional support to help them overcome problems associated with working in isolation.

Telecommunication Explosion

The convergence of computing and communication equipment is referred to as the telecommunication explosion. It is also referred to as the "second communication revolution." This revolution enabled communication networks to compute and computers to facilitate communication between individuals. The telecommunication explosion has changed the work lives of people. They no longer need to remain at their desks to be accessible to people. Wireless technology allows managers to carry mobile phones so that they can be instantaneously contacted even when they are on the move. A person's desk phone can also be linked with his mobile phone so that all incoming calls to the phone are automatically transferred to the mobile phone.

Voice Messaging

Voice messaging is a form of telephone communication. It differs from normal telephonic conversation in that it allows the receiver to listen to the message long after it has been transmitted. Voice messaging helps the caller avoid the problem of calling the receiver at the wrong time when it is inconvenient for the receiver to receive the call.

Voice mail provides the caller with a user-friendly menu of commands which makes it easy for the caller to edit information before finally sending it across to the receiver. Though voice mail is easy to use, most people feel uncomfortable talking to a machine.

SUMMARY

Communication, in general, may be defined as the process by which information is exchanged between individuals using written messages, spoken words, or gestures. It is a dynamic, interpersonal process in which an individual modifies his response on the basis of the behavior of the recipient of the message. Henri Fayol and Chester Barnard have contributed greatly to the field of communication. The more recently proposed managerial communication model is based on the modern research findings on communication.

Managers need timely and appropriate information to make sound decisions. Therefore, communication is essential for the effective functioning of organizations. In the two-way communication process, a sender or speaker transmits a message to a receiver through a proper medium and gets feedback from him. Downward communication is the primary means of organizational communication and is directive in nature. Upward communication is less frequent and non-directive in nature. Lateral communication or cross-communication involves communication across the chain of command. Interactive communication helps employees coordinate their work to achieve overall organizational objectives.

Communication need not always involve the exchange of words. Nonverbal communication refers to the use of nonword human responses like facial expressions and gestures and the perceived characteristics of the environment through which the human verbal and nonverbal messages are transmitted.

There may be a number of interruptions in the communication process that act as barriers to communication. These barriers may totally prevent communication, filter a part of it, or convey the wrong meaning. Filtering, selective perception, defensiveness and linguistic differences are some of the barriers to effective communication.

A network refers to a group of people who develop and maintain contact with others to exchange information of common interest in an informal manner. The grapevine is an informal network in which information moves freely in all directions, goes beyond the chain of authority and satisfies the social needs of organizational members.

Information technology has, to a great extent, revolutionized the communication process in organizations. A computerized MIS facilitates faster and efficient communication in organizations. Electronic mail is a computer-based communication system which allows messages to be exchanged instantly. Telecommuting involves the accomplishment of all or part of a person's work at home through computer links to the office. Though telecommunication benefits employees, organizations and society in many ways, it can lead to the social isolation of employees working from home.

Chapter 14

Conflict and Collaboration

In this chapter we will discuss:

- Sources of Conflict
- Classification of Conflict
- Organizational Conflict
- The Conflict Process
- Negotiation
- The Negotiation Process
- Issues in the Negotiation Process
- Intergroup Relations
- Approaches to Conflict Management
- Collaboration

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

In this chapter, we discuss the types of conflicts, stages of conflicts and how negotiations can be used to resolve conflicts. The significance of intergroup relations and the ways to manage these relations for effective resolution of conflicts is also explained. Various approaches to conflict management and the concept of collaboration are also discussed.

SOURCES OF CONFLICT

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

A variety of factors can lead to conflicts. Some of these are:

- *Organizational change*: Organizations undergo changes due to new technological, political and social developments that affect them or due to changes in the competitive forces. As people may hold different views about the change and the future direction of an organization, conflicts may arise.
- *Personality clashes*: Individuals' personalities differ widely due to differences in their levels of maturity, emotional stability and their behavior. When they do not recognize or appreciate these differences, conflicts occur.
- *Differences in value sets*: Different people have different opinions, values and beliefs. When people with contradicting values and beliefs interact with each other, conflicts are likely to occur. These conflicts are often irrational and difficult to be resolve.
- *Threats to status*: Most individuals associate their identity with their status in society or the organization. When an individual feels that another person's acts may harm or damage his image, which in turn may affect his status, conflict is likely to arise.
- *Perceptual differences*: People perceive different things, issues and their environment differently. When they act as though their perception is the only reality, without attempting to understand or accept another person's view, conflicts arise.

CLASSIFICATION OF CONFLICTS

Conflicts are common in all organizations and occur when people fail to arrive at a consensus regarding the organizational goals or the means to achieve them. Organizational conflicts can be classified as follows:

Intrapersonal Conflict

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

In organizations, intrapersonal conflict can result from role ambiguity. If an employee's roles and responsibilities are not defined clearly or if he has more than one boss who may issue conflicting orders, he may find it difficult to prioritize his tasks. This may also lead to intrapersonal conflict. Further, sometimes superiors and subordinates may have conflicting expectations from an employee. This is especially true in the case of middle managers. Subordinates expect the manager to present their views and support them before the top management while the top management expects him to support them before the subordinates. Such situations also lead to intrapersonal conflict.

Interpersonal Conflict

People always try to maintain their image and respect. When someone threatens their self-concept¹, they try to retaliate and this leads to interpersonal conflict. Different individuals have different tolerance levels, and this depends on their personalities. Individuals with low tolerance levels get into interpersonal conflicts frequently. Often, interpersonal conflicts are the result of differences in perception and gaps in communication.

Intergroup Conflicts

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

ORGANIZATIONAL CONFLICT

Conflict in an organization is dependent on the extent to which resources are shared and tasks are interdependent in the organization. The chances of organizational conflict arising are low if the organizational goals are consistent, and require employees to perform tasks that are less interdependent and do not involve much sharing of resources. On the other hand, the chances of organizational conflict are high if the organizational goals are inconsistent and require employees to perform tasks that are interdependent and involve a greater sharing of resources.

Organizational conflict can be divided into two categories: institutionalized conflict and emergent conflict.

¹ Self-concept refers to how an individual views himself and his attempts to understand his personality.

Institutionalized Conflict

Institutionalized conflicts arise due to the division of work. When two departments have mutually incompatible goals, conflicts arise between employees in these departments. Similarly, within a department, people compete for rewards, leading to conflicts among them.

Institutionalized conflicts can be divided into five categories: individual versus individual; individual versus organizational; hierarchical; functional; and line versus staff.

Individual versus individual conflict

This type of conflict is very common in all organizations. When two people in an organization are fighting for one post, one will win and the other will lose. This win-lose situation gives rise to conflict between the two individuals. Individual versus individual conflicts arise when people try to get a larger share of organizational resources, or money, power or status.

Individual versus organizational conflict

Such conflicts arise when personal and organizational goals are incongruent. For example, an individual may look for employment and financial security while his organization follows a hire-and-fire policy. Such differences between an individual's expectations and the organization's policies can give rise to conflict between the individual and the organization.

Hierarchical conflict

The roles and responsibilities of personnel at different hierarchical levels in an organization are different. At lower levels, tasks are specialized and responsibilities are fixed, while at higher levels, the tasks are broader in nature. This difference in outlook and focus at different hierarchical levels may result in conflict.

Functional conflict

When an organization has a functional organization structure, conflicts may arise between the different functions. In most manufacturing organizations, conflict between the finance and marketing functions is fairly common. While the finance function would want to minimize the advertising and other marketing expenses, the marketing function would want to spend more on advertising and other marketing expenses. Similarly, the production department usually presses for standardized products, when the marketing department looks for product variants to meet the needs of different customer segments. Such differences in functional objectives can give rise to conflicts between different functions.

Line versus staff conflict

Conflicts are common between the staff function and the line function. The genesis of these conflicts lies in the different perceptions that each function has of the other, and the different ways in which they are evaluated. While line personnel consider staff personnel as over-qualified, impractical and inexperienced, the staff personnel consider the line personnel as inflexible and unimaginative. Further, while staff personnel are evaluated on the basis of profession-orientation, line personnel are evaluated on the basis of the results they achieve.

Emergent Conflict

Emergent conflicts arise due to social and personal reasons in an organizational environment. They have been classified into four categories: individual versus informal group conflict; formal-informal conflict; status conflict; and political conflict.

Individual versus informal group conflict

This type of conflict arises when an individual tries to satisfy his needs through the informal group of which he is a member. Consider a situation in an organization in which the wages of employees are determined on the basis of a piece-rate system. There might be an individual who wants to earn more money by making extra efforts; however, for this, he may have to defy the group norms which set production targets low. The informal group of workers who have fixed the daily production target might not like the individual's attempts to exceed the target.

Formal-informal conflict

Formal and informal systems and cultures exist within an organization. Sometimes, there might be a conflict between the two systems. For example, a formal system in an organization may have certain economic expectations from its employees, such as expecting them to maximize their efforts in return for the monetary remuneration they receive. However, the informal system or culture in the organization may set an acceptable, rather than the maximum achievable, level of output so that the employees can save their energy for leisure activities. The demands of the informal system on the employee are different from the organizational expectations, thereby leading to conflict.

Status conflict

This type of conflict arises when an experienced person has to work under a person with less work experience. This usually happens because of rapid advancements in technology. Seniority and age are no longer the criteria for moving up the organization ladder. Young people with specialized knowledge may move up in the organization faster and supercede senior people. Therefore, senior and aged people may experience conflict while working under younger and less experienced persons.

Political conflict

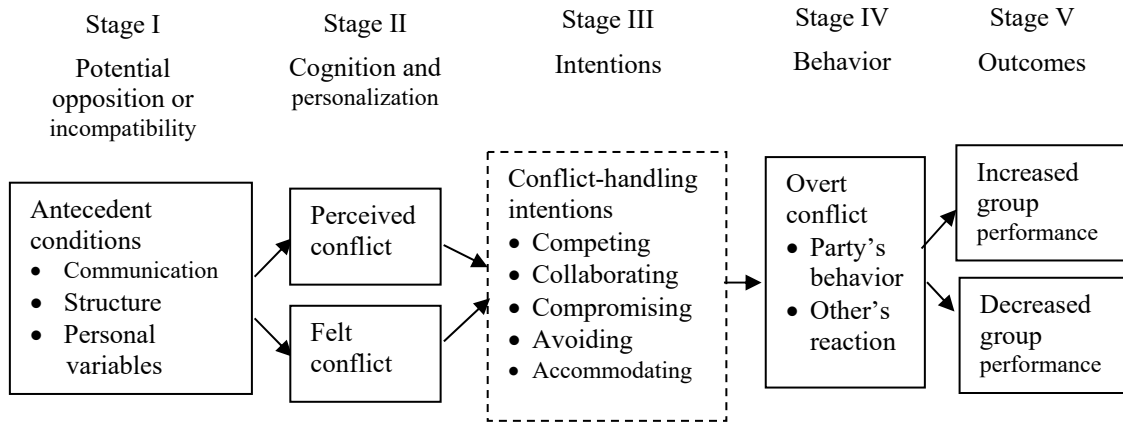
This type of conflict arises when an individual tries to move up in an organization by adopting any means possible. In an organization, when an individual tries to get promoted by adopting measures which depart from the formal system of merit, performance and seniority, he may be eliminating the chances of a more senior or more deserving employee to get promoted. Such an attempt of an individual or a group might give rise to political conflict.

THE CONFLICT PROCESS

The process of conflict consists of the following five stages (see Figure 14.1):

- Potential opposition or incompatibility
- Cognition and personalization
- Intentions
- Behavior
- Outcomes

Figure 14.1 The Conflict Process



Source: Stephen P. Robbins, *Organizational Behavior – Concepts, Controversies, Applications*, 8th edition (New Delhi: Prentice Hall of India Private Limited, 1998) 437

Potential Opposition or Incompatibility

This is the first stage in the conflict process. For a conflict to arise, the conditions that lead to the conflict should be present. Although the presence of these conditions may not always lead to conflicts, conflicts cannot occur in their absence. The conditions (or causes) that lead to conflict may be broadly classified into communication, structure and personal variables. If any one of these conditions is present, it can give rise to a conflict.

Communication

Barriers to communication are one of the major sources of conflicts. Semantic difficulties, noise and disturbances in the communication channel and failure of the sender to convey the required amount of information to the recipient are some of the barriers to communication which can lead to conflicts. Semantic difficulties arise due to differences in interpreting things or different meanings being perceived by different individuals. These result from individual differences in training, a tendency to judge things based on selective perception or due to people having inadequate information about other individuals. Non-availability or excessive availability of information may also lead to conflicts. When surplus information is available, people may differ in their opinions regarding which aspects of the information are critical and which are non-critical. Consequently, there is scope for conflicts to arise.

Structure

The size of the work groups, degree of specialization of employees, role clarity of individuals and departments, leadership style, and diversity of goals and reward systems constitute structural variables. These variables have huge potential to cause conflicts. As the size of work groups increases, possible differences in opinions increase, increasing the possibility of conflict.

In a financial company, in order to maximize sales, the sales manager may approve the applications of most of the customers who request personal loans from the company. But the credit manager, after going through the personal details of the applicants, may reject many of the applications, so as to minimize the losses from bad loans. Here, the differences in the goals of the sales manager and the credit manager lead to conflict between the two. Similarly, if the roles of individuals/groups are not clearly defined and their responsibilities overlap with those of others, conflicts become inevitable.

Personal variables

The differences in personalities of individuals and their value systems are also a source of conflict. People who are highly aggressive and authoritative and people who have low self-esteem are more likely to be involved in conflict. A boss may favor those subordinates whose tastes and preferences and style of thinking are similar to his own. An employee may think that he deserves a higher salary for the work he does, but the opinion of his supervisor may be quite different. Such differences in thinking between the subordinate and his superior can give rise to conflicts.

Cognition and Personalization

This stage occurs only if the conditions discussed in the previous stage have a negative impact on the interests of an individual (or a group) and the individual (or the group) perceives this impact. During this stage, the affected individual (or group) develops a sense of opposition towards the other party responsible for the situation. Though the conflict is perceived, it need not be '*personalized*' at this point. If the perceived conflict is prolonged, the cognition of the individuals regarding the conflict may reach the *felt* level where personalization may begin. The individuals may then become emotionally involved and both the conflicting parties will experience tension, anxiety, frustration and develop hostility towards each other.

There are two important aspects that need to be taken into consideration at this stage – clearly defining the issues of conflict and examining the role of emotions. If the issues of the conflict are clearly identified, it would be easy to determine the outcomes and the means to settle the conflict. For instance, the HR manager in an organization informs everyone in the organization that the team or group that is the most productive would be given double the bonus given to other groups and the least productive group would be given only half the bonus. Some employees may resist the proposal because while their individual productivity may be above average, they fear they will be punished if they belong to a less productive group. Here, the issue of conflict is the reward system. Such a conflict can be resolved if the organization takes appropriate steps to modify the reward system.

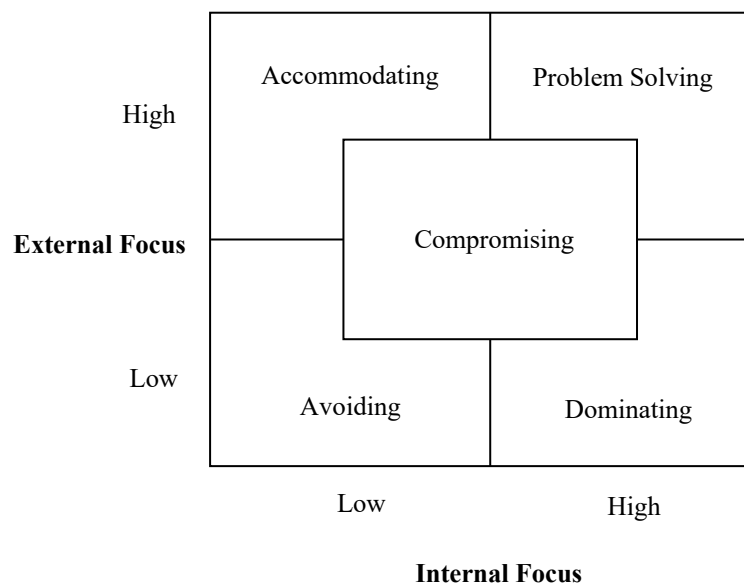
Similarly, emotions influence an individual's perceptions. For example, negative emotions in an individual can lead to a negative interpretation of another person's behavior, reduce trust and increase the seriousness of conflict. But positive emotions enable individuals to analyze problems rationally, explore possible solutions and resolve conflicts quickly.

Intentions

In this stage of the conflict process, individuals decide on the action that is to be taken to deal with the conflict. The individual attempts to discover the intentions of the other person so as to choose an appropriate action in response to that person's behavior. One has to be careful in inferring others' intentions because wrong inferences can intensify conflicts rather than resolve them. The behavior of an individual should not be used as a cue to his intentions because there is often a mismatch between one's intentions and behavior.

Primarily, there are two dimensions that should be considered while attempting to resolve conflicts – assertiveness (satisfaction of one’s own interests) and cooperativeness (satisfaction of other’s interests). Five types of conflict-handling intentions can be applied using these two dimensions as shown in Figure 14.2: *Competing* (assertive and uncooperative); *avoiding* (unassertive and uncooperative), *accommodating* (unassertive and cooperative), *collaborating* (assertive and cooperative), and *compromising* (partial assertiveness and partial cooperativeness).

Figure 14.2 Dimensions of Conflict-Handling Intentions



Source: John M. Ivancevich and Michael T. Matteson, *Organizational Behavior and Management*, 4th Edition (Irwin: USA, 1996) p 334.

Competing occurs when each party tries to satisfy its own interest at the expense of the other party. *Avoiding* takes place when one of parties to a conflict recognizes the existence of a conflicting situation, and tries to avoid the other party. *Accommodating* takes place when one party tries to satisfy the interests of the other party by sacrificing its own interests. *Collaborating* takes place when all parties to the conflict fully cooperate with each other but do not let go of their own interests in doing so. This result in the parties ultimately coming up with a win-win solution which benefits all the parties involved in the conflict. *Compromising* occurs when the parties to the conflict give up some of their demands in order to resolve the problem. The outcome that results from such intentions gives incomplete satisfaction to all the parties involved in the conflict. The above intentions suggest the ways available for individuals to deal with a conflict situation. However, people may or may not have fixed intentions. Some people may initially choose to adopt one intention to deal with a particular conflict and finally end up using another intention to resolve the conflict. The change in intention could be due to their viewing the situation from a different perspective or due to a change in their behavior in response to the behavior of the other party. However, research has shown that individuals develop preferences for one of the intentions described above and consistently use it to resolve conflicts.

Exhibit 14.1

Conflicts Need not Always be Unproductive

Conflict is generally regarded as a destructive process that has to be eliminated from the workplace. There are two views of conflict at the workplace – Dysfunctional view and Functional view.

Dysfunctional view:

This view of organizational conflict assumes that organizations adopt structures that clearly define the duties, responsibilities and authorities involved in each job in order to achieve their goals. According to this view, organizations should give importance to stability, discipline and orderliness. They should prevent members from getting involved in any type of conflict. If any conflict occurs, it should be suppressed.

Conflicts in an organization are regarded as an indication of defects in the design and structure of the organization. Therefore, efforts should be made to define jobs more clearly, clarify authority and responsibilities, intensify disciplinary activities and increase the use of power in order to control conflicts.

However, the attempts to close the ways in which disagreement can be expressed curtail creativity and due to rigid disciplinary rules and structure, the organization loses its agility. This reduces its competitiveness.

Functional view:

The functional view of organizational conflict assumes that organizations need innovation, agility and responsiveness to change in order to achieve their goals-not structure, discipline and orderliness. This modern view suggests that organizations should encourage conflict because it enables employees to express their views, opinions, and ideas freely and enhances their creativity and productivity.

According to this view, conflicts in an organization provide feedback to management about its policies and procedures. Conflicts provide an opportunity for management to identify what is wrong and take appropriate measures to rectify it.

The functional view also holds that organizations should not suppress conflicts, but should learn to manage them effectively. Conflicts can be used as a positive force to stimulate creative thinking and enhance the knowledge and skills of employees.

In order to leverage the positive aspects of conflicts, management should avoid the following approaches:

- Not taking action to minimize or manage conflict. Non-action escalates conflicts to the extent that they become a destructive force.

- Delaying conflict resolution by postponing meetings (between conflicting parties) on the pretext of not having sufficient data or complete documents.

- Maintaining secrecy as long as possible. While this may be useful, the consequences can be disastrous.

- Using power and coercion to suppress conflict.

The above approaches suppress conflict for a short period of time, but increase the intensity of the conflicts and their potential to destroy organizations.

Adapted from Robert Bacal, "Organizational Conflict – The Good, The Bad & The Ugly,"
<http://www.performance-appraisals.org/Bacalsappraisalarticles/articles/orgconflict.htm>

Behavior

This is the fourth stage of conflict. In the initial stages of conflict, the existence of a conflict may not be visible to outsiders. However, as the conflict continues between the parties, they tend to express it in the form of statements, actions and reactions. Because of this explicit behavior, the conflict becomes obvious to outsiders as well. Such behavior may be considered as an attempt by one party to implement its intentions. However, in addition to the intentions, this behavior also acts as a stimulus to the other party, who tries to interpret the intentions of the first party from his behavioral cues. However, if the intentions are misinterpreted, the conflict is likely to escalate.

Behavior is a dynamic process of interaction between individuals. For example, Mr. X (employee) blames Mr. Y (colleague) for the delay of a particular task; Y responds by arguing; X threatens Y; Y retorts; and so on. Conflict behavior can range from minor disagreements and subtle remarks to aggressive physical attacks. If conflict behaviors are displayed on a continuum, disagreements, negative remarks and challenging fall along the lower side of the continuum. Behaviors such as verbal attacks, threats and ultimatums, physical attacks and attempts to destroy the other party come on the upper side of the continuum.

As conflict behavior escalates, the conflict becomes dysfunctional and unproductive (Refer Exhibit 14.1). Efforts should be made to bring down the level of conflict. If the conflict behavior is on the lower side of the continuum, the conflict could be healthy and productive. If the conflict level is too low and insufficient to be resolved, the level of conflict needs to be increased. For instance, some amount of conflict is necessary to induce healthy competition among the employees and improve their performance. Managers use 'conflict management' techniques, such as 'stimulation' and 'resolution' methods to control the level of conflict between individuals and work groups in organizations (see Table 14.1). Conflict management is discussed in greater detail later in the chapter.

Outcomes

Outcomes constitute the last stage of the conflict process. Outcomes are the consequences that result from interaction among conflicting parties. An outcome may have a positive or negative impact on the organization. Accordingly, outcomes are classified as functional and dysfunctional.

Functional outcomes

Functional outcomes are the constructive consequences of a conflict, on the performance of a group or an organization. Functional outcomes thus improve the group or organizational performance and result from constructive conflict. Constructive conflict prevents the group from passively accepting decisions based on inaccurate assumptions, inadequate consideration of attributes and flawed decisions, and thereby helps improve the performance of the overall group. Constructive conflicts improve the quality of decisions by encouraging the group members to be creative and innovative in their ideas and provide a means by which the group members can put forth for consideration even unusual ideas or ideas proposed by a minority section of the group. Intellectual disagreements that characterize constructive conflict facilitate self-assessment among group members and make them responsive to change. Functional outcomes are also possible if the group is characterized by cultural diversity or heterogeneity of its members. Differences in the cultural background of group members facilitate the generation of diverse solutions to problems. Not only does this improve the quality of the solution, but it also enhances the creativity of the group members, thereby improving their productivity and that of the organization.

Table 14.1 Conflict Management Techniques

Conflict Resolution Techniques	
Problem solving	Face-to-face meeting of the conflicting parties for the purpose of identifying the problem and resolving it through open discussion.
Superordinate goals	Creating a shared goal that cannot be attained without the cooperation of each of the conflicting parties.
Expansion of resources	When a conflict is caused by the scarcity of a resource – say, money, promotion opportunities, office space – expansion of the resource can create a win-win solution.
Avoidance	Withdrawal from, or suppression of, the conflict
Smoothing	Playing down differences while emphasizing common interests between the conflicting parties.
Compromise	Each party to the conflict gives up something of value.
Authoritative command	Management uses its formal authority to resolve the conflict and then communicates its desires to the parties involved.
Altering the human variable	Using behavioral change techniques such as human relations training to alter attitudes and behaviors that cause conflict.
Altering the structural variables	Changing the formal organization structure and the interaction patterns of conflicting parties through job redesign, transfers, creation of coordinating positions, and the like.
Conflict Stimulation Techniques	
Communication	Using ambiguous or threatening messages to increase conflict levels.
Bringing in outsiders	Adding employees to a group whose backgrounds, values, attitudes, or managerial styles differ from those of present members.
Restructuring the organization	Realigning work groups, altering rules and regulations, increasing interdependence, and making similar structural changes to disrupt the status quo.
Appointing a devil's advocate	Designating a critic to purposely argue against the majority positions held by the group.

Source: S. P. Robbins, *Managing Organizational Conflict: A Nontraditional Approach* (Upper Saddle River, NJ: Prentice Hall, 1974) pp 59-89

Dysfunctional outcomes

Dysfunctional outcomes are the destructive consequences of a conflict on the performance of a group or an organization. Dysfunctional outcomes thus impede group or organizational performance and result from destructive conflicts. When certain members of a group strongly oppose the views of some of the other members and no one is willing to give way, the situation gets out of control and conflict intensifies. Among the remaining members, some may support one view while the others may support another view. This weakens relations between the members, causes a breakdown in communication and may even threaten the survival of the group. Dysfunctional outcomes thus manifest themselves in the form of reduced communication, lower group cohesion, and the undermining of group objectives by giving precedence to personal interests.

Research suggests that the more routine the tasks performed by a group, the higher the probability of destructive conflict occurring. For example, routine tasks such as assembly line operations do not require the group members to be creative and innovative. In doing such tasks, disagreement among workers on how best to perform the task only results in a slowdown of work (a dysfunctional outcome). In contrast, tasks that are non-routine such as the development of new products, formulation of innovative marketing strategies or launch of unique promotional campaigns increase the chances of constructive conflicts arising. In such a situation, disagreements among the group members on how to accomplish the task generate new ideas that may lead to novel approaches and improvements in the final outcome.

Conflicts are common and sometimes necessary in any organization. Managers should encourage constructive (functional) conflict among the organization's members which will not only increase the productivity levels of individual members but also the overall productivity of the organization. An understanding of the five stage process of conflict helps managers to identify the intensity of conflict and take timely corrective steps.

NEGOTIATION

Negotiation is a process in which one party agrees to exchange a product or service with another party in return for something. Negotiations are common in day-to-day life. In an organizational context, the most common example of negotiations is that of collective bargaining between labor unions and management. Management may agree to increase the wages of the workers by a certain amount on the condition that workers improve their productivity. Stephen Robbins, in his book *Organizational Behavior*, uses the terms 'negotiation' and 'bargaining' interchangeably. Other examples of negotiations include the talks that take place between managers and subordinates, sales people and customers, and purchasing professionals and suppliers. The importance of negotiations has considerably increased in recent times with the emergence of work teams and matrix structures (Refer Exhibit 14.2).

Two widely used approaches to negotiation are *distributive bargaining* and *integrative bargaining*.

Distributive Bargaining

This approach involves dividing a fixed amount of resources among the negotiating parties. The significant feature of this method is that it operates under zero-sum conditions - if one of the parties to the negotiations gains a certain amount in the bargaining process, the other party suffers an equivalent loss. For example, when a purchasing officer of an organization is contacted by a raw material supplier, the supplier may quote a price which is not acceptable to the purchaser. The purchaser will then negotiate with the supplier over the price.

Exhibit 14.2

Negotiation and HR Skills

Negotiations take place frequently in organizations on issues ranging from mergers between two organizations to subcontracting of small components. Though negotiation teams consist of managers from different streams, the HR manager generally plays the lead role. HR professionals are responsible for improving the effectiveness of negotiations and the performance of the organization.

HR managers, in their role as lead negotiators, perform the following functions:

Prevent conflicts from escalating: If disagreement between two parties (especially between employees), increases beyond a certain level and develops into a serious conflict, the managers need to mediate the conflict and take control of the situation. This results in unnecessary waste of their time.

HR managers emphasize the importance of negotiations and encourage and empower employees to resolve conflicts on their own through negotiations. This eliminates the need for mediators and managers in resolving minor conflicts. Moreover, solving their own problems helps employees devote more time to their core activities in the organization, (that is, to develop new products, deliver customer satisfaction and increase profitability of the organization).

Developing the negotiating skills of employees: Negotiating skills are essential at all levels of the organization, whether it is the senior management level, middle managerial level, supervisory level or the junior sales executive level. An effective negotiator should have multiple skills. He should be able to envision the things he wants to accomplish, communicate his views clearly, and persuade the other party to consider his proposals. He should be confident, patient, willing to listen to the other party and empathize with their views. He should be able to bear criticism of his proposals, take bold decisions, and be willing to take risks to a certain extent. When he finds that the other party disapproves of his proposal, he should not lose hope and should continue to explore possibilities for alternative solutions.

The HR manager should analyze the processes and outcomes of various negotiations held in the past and identify strategies used by the conflicting parties to obtain favorable outcomes. He should pass on this knowledge to his employees to prepare them for future negotiations.

Putting into practice what is being taught to other employees: HR professionals are constantly in conflict with employees over inequities in pay, performance appraisals and disciplinary actions. They should therefore possess good negotiation skills to resolve conflicts amicably and set an example for others. By carrying out effective negotiations with union leaders regarding compensation packages and personnel policies and procedures, HR personnel can help the organization hire the right kind of personnel. And by using and demonstrating their skills, HR managers can set an example for other organizational members.

Adapted from "Another Hat for HR: Negotiator-in-Chief," HR magazine, June 2003, Volume 48, Issue 6, p 118.

If the purchasing officer manages to reduce the price by Rs 5 per kilogram, the supplier will have to forgo Rs 5 per kilogram from his profits. Thus, this is a form of a win-lose or zero-sum situation for the purchasing officer and the supplier. Another example of distributive bargaining is that of labor-management negotiations over wages. Since the total resources available to the organization are fixed, every additional rupee bargained for and obtained by the workers reduces the money available to the management for other uses. Therefore, each party bargains aggressively and treats the other party as a rival or competitor.

In the distributive bargaining approach, each party to the negotiation has a target point which it hopes to achieve. Each party also has a resistance point, which represents the lowest outcome that it would be willing to accept. If the outcome appears to fall below its resistance point, the party would prefer to break off negotiations rather than accept the outcome. The area between the target the resistance points represents the aspiration range of each of the negotiating parties.

Table 14.2 Characteristics of Negotiation Styles

Bargaining	Compromise	Win-Win
Controlling orientation exists (us versus them).	Recognition that it is impossible to control other party.	Problem orientation exists (we versus the problem).
One party's gains are viewed as other party's losses.	Recognition of linkage between one's own goal and satisfaction of other party.	Mutual gain is viewed as attainable.
Argument over positions leads to polarization.	Parties accept one another's positions, even though grudgingly.	Seeking various approaches increases chances for agreement.
Each side sees issue only from its own point of view	Partial understanding of other party's position.	Parties understand each other's point of view.
Short-term approach focuses only on immediate problems.	Recognition of need for civil outcome.	Long-term approach seeks good relationship.
Only task issues are usually considered	Focus on task issues.	Both task and relationship issues are considered.

Source: Sheila Udall and Jean-Marie Hiltrop, The Essence of Negotiations (UK: PrenticeHall International Ltd. 1995).

Integrative Bargaining

The integrative bargaining approach is based on the assumption that there exist one or more solutions to a problem that could result in a win-win situation. This is in contrast to the distributive bargaining approach which assumes that there can be no solution that satisfies both parties and if one party has to win, the other has to lose (win-lose situation). An integrative bargaining approach is always preferable to a distributive bargaining approach since it helps develop long-term relationships between the negotiating parties, and eliminates differences between them so as to ensure the cooperation of the other party in the future as well. However, there are certain prerequisites for this type of negotiation to be successful. Some of these are: the parties should be sensitive to each others needs; they should be honest about their concerns and should trust each other; and they should be willing to be flexible. Since these prerequisites are usually never satisfied in most organizations, the distributive bargaining approach is used more widely than integrative bargaining approach. Table 14.2 describes the features of three important negotiating styles.

THE NEGOTIATION PROCESS

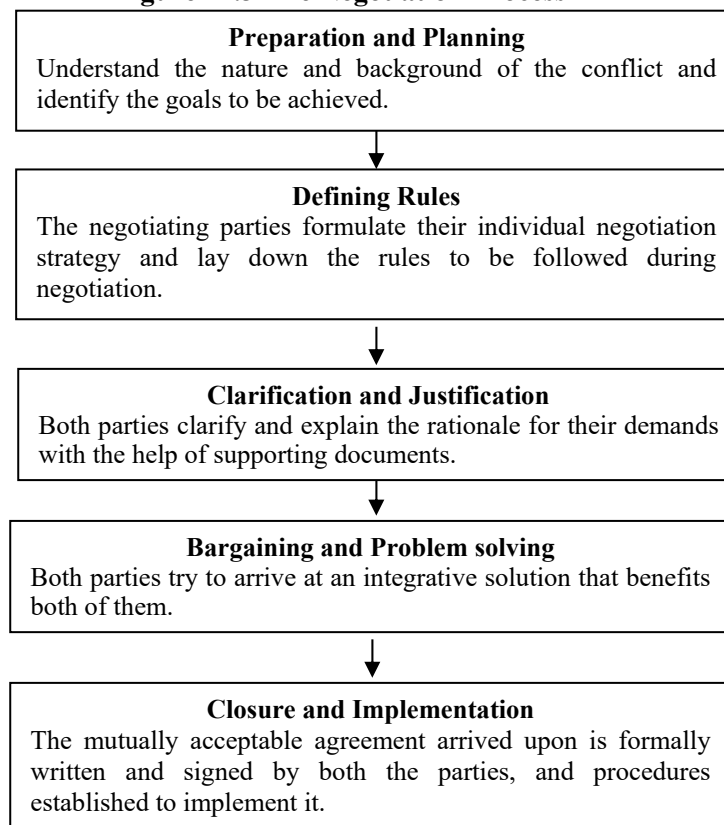
Like the conflict process, the negotiation process too consists of five stages as shown in Figure 14.3. These stages are discussed below:

Preparation and Planning

Before beginning negotiations, the negotiator should understand the nature and background of the conflict and the circumstances that have led up to the negotiation situation. The negotiator should also identify the goals he wants to achieve for his party from the negotiation process. Putting the goals in a written form ensures that the negotiator will not be distracted from his primary objectives during the process of negotiation. Likewise, the negotiator should also attempt to identify the goals that the other party is seeking to achieve through the negotiation process.

By collecting information related to the opponents, their objectives, possible demands and arguments, the negotiator can develop the strategy to be adopted at the negotiation table. Each party to the conflict will have certain high priority objectives. The party will not agree to any negotiation agreement which does not satisfy these objectives. The agreement that satisfies these objectives is referred to as BATNA (Best Alternative To a Negotiated Agreement). If the negotiator wants his BATNA to be accepted by the other party, he should be able to offer a negotiation proposal that is equivalent to or more attractive than the BATNA of the other party.

Figure 14.3 The Negotiation Process



Defining Rules

In this stage, the negotiating parties arrive at the negotiation table, each with its own negotiation strategy. They discuss the basic rules and procedures to be followed in the negotiation process. If there are several members in a negotiating party, the person who will represent the party in the negotiations is identified. The issues that should be discussed, the order in which they should be taken up and the time limit for discussing each issue are also decided. They also determine the strategy to be adopted in case there happens to be a deadlock over any issue. The parties then put forward their list of demands and proposals.

Clarification and Justification

After each party presents its list of demands to the other party, they study each other's demands. Both parties attempt to clarify any doubts that may arise with regard to the demands proposed by their opponents. The parties may then explain the rationale for including certain demands in their list. They may also present documents in support of their position. This stage in the negotiation process which involves the justification of their demands by both the parties is not necessarily confrontational.

Bargaining and Problem Solving

The length of the list of demands submitted by an opponent should not unduly worry a negotiator. The initial list of demands is often intentionally made lengthy and is likely to include both important and unimportant demands, as during negotiations, each party will expect to sacrifice some of its demands in the form of concessions. During this stage of the process, rather than trying to gain at the expense of the other party, both the parties should try to arrive at an integrative solution that benefits both of them.

The negotiator should always be willing to listen to the members of other party and understand their concerns. He should also avoid using words and phrases that can aggravate the situation and make it difficult to resolve the conflict.

When the negotiator finds that a certain issue is critical in nature, requires tough bargaining and takes a long time to settle, he may set that issue aside and take up other issues which can be settled quickly. The more critical issues will then be negotiated later. Also, if it appears that the conflict is getting intensified and the negotiators are beginning to get involved in heated arguments, the negotiating parties should take a break from negotiations so that when they meet again, tensions would have reduced and the climate become more conducive to peaceful negotiations. This will also give the parties time to think over their negotiation strategies and modify them if necessary.

Closure and Implementation

Finally, both the parties arrive at an agreement that is mutually acceptable. The agreement is the result of several rounds of discussions and reciprocal concessions between the parties (Refer Exhibit 14.3). The negotiation agreement is formally written and signed by both the parties. This is often followed by the establishment of procedures to implement and monitor the implementation of the agreement.

ISSUES IN THE NEGOTIATION PROCESS

The negotiation process may progress smoothly in some cases whereas progress may be very difficult in others. The process may be influenced by various factors such as biases in decision-making of individuals participating in the negotiation, their personality traits, cultural backgrounds, and the nature of the mediator (in case of a third party, or mediator, being involved in the negotiations). These issues are discussed below:

Biases in Decision-Making

Often, biases of the individuals involved in the negotiation process affect their decision-making ability and prevent them from arriving at a mutually acceptable agreement. Some examples of these biases are described below:

- a) Assuming that there exists only win-lose solutions
- b) Frustrations arising from the belief that the initial demands made by the opponent are his final demands

Exhibit 14.3

Pre-requisites for Agreements

Negotiations and agreements are a common phenomenon in organizations. Explicit (clear, comprehensive and well written) agreements improve productivity and enhance collaboration among employees. Implicit agreements (unclear and poorly written), however, lead to confusion and chaos in organizations. The following factors can guide managers in framing explicit agreements:

- **Specify goals:** The major goals that have to be accomplished by the team or the department in the organization must be defined clearly. When people have common and clearly defined goals, they are more committed to work in cooperation toward the attainment of the goals.
- **Clarify roles:** The functions, duties and responsibilities of each employee should be specified clearly.

The duties and functions should be determined through an organization-wide discussion, and all the employees should participate in the discussion.

- **Demonstrate commitment to take action:** All agreements made in the organization, should be written ones so that they can be referred to. Written agreements also help identify gaps in activities and give an idea as to 'who' does 'what.' All the tasks agreed on should have clear deadlines. The agreements should clearly state what an employee will get in exchange for the completion of a particular task. The incentives should be appropriate and should be designed in collaboration with employees so that they are acceptable to them. In addition, the agreements can be used later to determine whether the desired results can be achieved using the activities listed in them. More activities can be added if required.
- **Measuring satisfaction:** As far as possible, the goals set for each individual should be specific, measurable, attainable, and timebound. This ensures that there is no disagreement between the superiors and subordinates regarding goal accomplishment. It will also reduce conflicts in the organization.
- **Expressing concerns:** When people discuss various issues, they express their opinions freely. As a result, differences will surface. These differences can then be sorted out and conflicting parties can arrive at a consensus. This will strengthen the relationship between them. If they find that the differences in opinion are too wide to be bridged, they may discontinue their partnership.
- **Reconducting the negotiations:** As environmental factors (economic, political, etc.) change from time to time, it becomes necessary to repeat negotiations and to sign new contracts to suit the prevailing conditions. If a person finds that his partner is not in favor of continuing the relationship, he should allow the partner to exit from the partnership (because an indifferent partner is unlikely to cooperate in achieving the goals of the organization).
- **Specify consequences:** The agreement should not only specify what the partners are required to do but also specify the consequences of 'not doing' the things they are expected to do.
- **Resolve differences:** During the course of negotiations, it is natural for the negotiating parties to have differences. One should learn how to resolve these differences and pave the way to new agreements.
- **Ensure a control system:** An employee should be made responsible for ensuring that the agreement is strictly followed and the desired results are obtained.
- **Finalize the agreement:** Managers should work on the agreement until they are completely satisfied with it and are confident that the outcome of the agreement would benefit the organization.

Adapted from Stewart Levine, "Managing by Agreement – The New "MBA","
<http://www.refresh.com/slmba.html>

- c) Making decisions based on whatever information is available rather than looking for relevant information
- d) A 'Know-it-all' attitude and making commitments without considering their feasibility
- e) Believing that women negotiators are soft and make more concessions than their male counterparts

Personality Traits

It is tempting to assume that the negotiating strategy of an opponent can be predicted if his personality traits are known. For instance, one would assume that people who are risk averse would also be less aggressive in negotiations, and more willing to offer concessions.

However, studies on the personality-negotiation relationship have shown that negotiation strategies as well as the outcomes of negotiations are unaffected by an individual's personality traits. Therefore, while preparing for the negotiation process, one would be better off focusing on the bargaining issues and the situational factors rather than on the opponent's personality traits.

Cultural Differences

Negotiation styles differ from country to country. Research has shown that the French are more combative, and tend to be indifferent to what their opponents think of them, with the result that negotiations with them tend to get prolonged. The Chinese and Japanese also tend to negotiate at length. They believe in building long-term relationships and attempt to work out minute details of the agreement and obtain commitment from the other party to work together. Americans are impatient and attempt to end negotiations as quickly as possible. A research study found that North Americans depended on objective facts and logic to support their arguments and persuade the opponents, while Arabs used subjective feelings and emotions to achieve the same ends. Russians tended to use examples to support their arguments. While North Americans gave utmost importance to time and deadlines, Arabs gave moderate importance to these factors, and Russians did not consider them important.

Third-Party Negotiation

Sometimes, direct negotiations between the parties involved in a conflict fail to result in a satisfactory outcome. In such situations, the two parties turn to a third party to help them arrive at an agreement. The third party plays different roles such as *mediator*, *arbitrator*, *conciliator*, and *consultant* to clear the differences between the conflicting parties and find a feasible solution.

As a *mediator*, the third party uses logical reasoning and persuasion techniques to convince the parties to arrive at an agreement. The mediator also suggests alternative solutions that can be adopted by the parties to resolve the conflict. Mediators are mostly used in union-management negotiations and civil court disputes.

Mediation is effective only when the conflict is at a moderate level. The success of this approach also depends on the extent to which both the parties perceive the mediator to be unbiased and reliable, and mediator's ability to persuade the parties to adopt a solution.

When the third party takes on the role of an *arbitrator*, he has the authority to enforce his decision on the conflicting parties. The arbitration process may be chosen voluntarily by the parties or, in some cases, it may be imposed upon them by law. The advantage of arbitration over mediation is that it always results in a settlement. But the settlement may not be mutually acceptable and may leave one or both the parties dissatisfied. Therefore, the conflict may resurface later.

A *conciliator* serves as an informal communication link between the conflicting parties. He is trusted by both the parties and therefore able to persuade them to arrive at an agreement. He tries to find a solution that is acceptable to both the parties.

A *consultant* is a skilled person who uses conflict management techniques to resolve the differences between the parties in a dispute. He encourages them to understand each other, develop a positive attitude and build long-term relationships. He uses his communication and analytical skills to motivate the parties to find creative solutions to resolve their problems. He does not specify solutions but acts as a facilitator while the two parties attempt to find a solution. Because they arrive at the agreement themselves, the parties are more likely accept and implement it.

INTERGROUP RELATIONS

Just as there are relationships and interactions between people in groups, there are interactions and relationships between groups in organizations. In an organization, different groups specialize in different functions. If the organization is to function efficiently and effectively, the activities of these groups must be properly coordinated. The nature of intergroup relations has a significant impact on the coordination between the groups, which in turn affects the performance of the groups and the organization.

Factors that Affect Intergroup Relations

When different groups are required to work together, the success or failure of their efforts is dependant on the cordial relations and the coordination achieved between them. Some of the factors that influence relations between groups are discussed below:

Interdependence

The extent to which a group is dependent on another group in the organization determines the degree of interaction and the type of relations that exist between them. Interdependence between groups can be classified as pooled, sequential and reciprocal, the classification being characterized by an increasing degree of interaction between the groups.

Pooled interdependence

When two or more groups function independently but their output needs to be combined to achieve the overall objectives of the organization, the groups are said to have pooled interdependence. For example, the product development department and dispatch department of an organization have pooled interdependence. The departments work independently but both are necessary for a company if it has to develop new products and deliver them to consumers.

The degree of interaction and coordination between groups is lower in the case of pooled interdependence than in sequential or reciprocal interdependence.

Sequential interdependence

This kind of interdependence exists when one of the groups is dependent on the other for some input, but the reverse is not true – i.e., when Group B is dependant on Group A for some input, but Group A is not similarly dependant on Group B. For example, in all manufacturing companies, the production department is dependent on the purchase department for its inputs. If the purchase department fails to procure a particular raw material, the production department may have to halt its operations; but a failure in the operations of the production department does not have any impact on the functioning of the purchasing department. The degree of interaction is greater in ‘sequential interdependence’ than in ‘pooled interdependence.’

Reciprocal interdependence

This exists when there is an exchange of inputs and outputs among groups. For example, the marketing and product development departments show reciprocal interdependence in the sense that the former depends on the latter to develop 'marketable' products and the latter depends on the former for information regarding needs and preferences of customers.

This mutual dependence between the groups leads to high degree of interaction and coordination between them, when compared to pooled or sequential interdependence.

Task uncertainty

Group tasks may range from highly routine to highly non-routine. In case of routine tasks, groups will have standardized operating procedures to be followed. For example, the tasks performed by work groups in an automobile assembly unit are highly routine and consequently these groups need little information or suggestions from other groups. On the contrary, the tasks performed in the marketing research or product development divisions are non-routine (or unstructured) tasks. The groups working in these divisions have to follow a customized approach for each task. They need to obtain information from various groups within (engineers, salespersons, etc) and outside the organization (customers, regulatory bodies, etc.). Moreover, they are often faced with unique problems that require unique, one-of-a-kind responses. This compels them to coordinate with other groups for information and advice. Therefore, groups performing non-routine tasks tend to interact more frequently with other groups when compared to groups performing routine tasks.

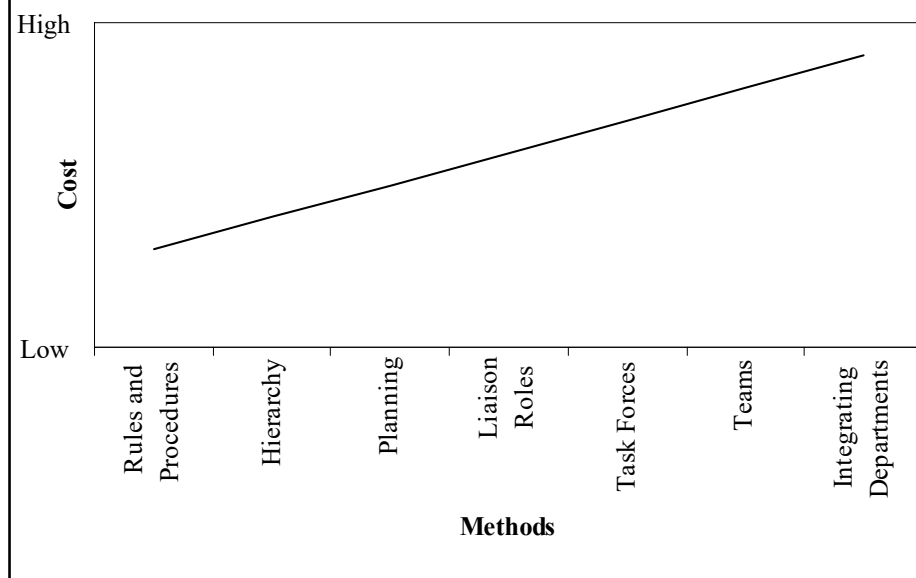
Orientation of time and goal

In organizations, due to increasing specialization and differentiation of tasks, the nature of the tasks performed differs greatly from one work group to another. Thus, the time and goal orientations also differ from group to group. For example, manufacturing is concerned with daily production schedules, whereas the design and development group is unconcerned with daily or even weekly schedules. Since it often takes more than a year to develop new products, the product development group will have a much longer-term focus in comparison to the manufacturing group. Similarly, the objective of the sales team is to achieve sales targets and hence they seek to sell as much volume as possible regardless of the paying capacity of customers. The sales team's objective clashes with that of the credit department which would like sales to be made only to creditworthy customers. Thus, differing goals and objectives of the groups within an organization create problems in coordination between them.

Managing Intergroup Relations

Intergroup relations can be managed using various coordination methods. Figure 14.4 displays seven such methods, arranged in order of increasing cost. The methods at the higher end of the continuum do not substitute, but rather supplement the methods at lower end. Therefore, managers generally use a combination of higher order and lower order methods. The seven methods for managing intergroup relations are briefly discussed below.

Figure 14.4: Methods to Manage Intergroup Relations



Rules and procedures

In this method, organizations formally establish rules and procedures that specify the way members of different groups should interact with each other. This is the simplest and least expensive method for managing intergroup relations. In large organizations, when a specific material is required for manufacturing a product, a 'material requisition form' specifying the type and quantity of material required is sent to the stores department. If the material is available, it is issued to the indenter; if it is unavailable, stores will send a 'purchase request' to the purchase department to buy the material. Thus, the interactions among these departments are largely controlled by predetermined rules and procedures. This method minimizes the need for interaction and verbal communication among the employees in different departments.

However, this method works only when all the possible interactions among the groups can be anticipated. Also, the type of interaction must occur frequently enough, to make it worth the organization's time and effort to frame rules and procedures. In situations where the likely interactions among the groups are not known beforehand or are subject to frequent changes, rules and procedures alone cannot bring about effective coordination.

Hierarchy

Sometimes, rules and procedures may not help in resolving differences among the groups. In such cases, the problem may be resolved by a common superior. For example, a financial firm's rules and procedures may specify that all loans must be approved by the credit department. The sales manager and the credit manager may disagree about the creditworthiness of some clients. They may then approach a higher authority such as the Vice-President, Finance, to resolve the issue.

This method is effective in resolving intergroup differences but it consumes valuable time of the top management, distracting them from issues of strategic importance. Further, the conflicting parties have no choice but to abide by the decision taken by the common superior.

Planning

In this method, the goals of each group are clearly specified so that members of all the groups know what is expected of them. For example, in a hotel, the work groups in reception, housekeeping and food & beverages clearly know their objectives and work towards achieving them. Reception has to ensure that customers are received well and all their queries are answered; housekeeping has to keep the hotel clean and tidy; and the food & beverages department has to ensure that the food is served to suit customers' tastes and preferences. As each group carries out its responsibilities, intergroup conflicts decrease and coordination increases. However, this method will fail if the goals for each group cannot be clearly defined.

Liaison roles

In this method, a capable person is assigned a liaison role and has to ensure effective communication and coordination between two interdependent work groups. For example, a finance manager with an engineering background is likely to understand the problems of accounts as well as production groups. Therefore, such a person is appointed as a liaison officer to resolve conflicts and improve relations between the accounts and the production teams. The success of this method depends on the ability of the person chosen for the liaison role to skillfully resolve disputes, promote communication and establish amicable relations between the conflicting groups. This method is likely to fail when the information flow between the departments is too high and the interaction between the groups is too frequent to be handled by the person in the liaison role.

Task forces

To solve complex problems that demand multiple perspectives in order to arrive at a proper solution, task forces may be formed by selecting representatives from different departments. A task force is generally a temporary group that exists only till the problem is solved. The task force method is useful when a project requires coordination among many groups, for a short duration. Task forces are commonly used to solve political disputes. Once an effective solution is formulated, the task force is disbanded. Task forces will be not effective when the problems to be solved keep getting bigger or cannot be solved within a short time.

Teams

Increasing complexity of tasks, delays in decision making and extended lines of communication create their own complexities which often make the coordination methods discussed above ineffective. If the top management were to address these day-to-day operational issues, it would prevent them from concentrating on the strategic issues facing the organization. Permanent teams are set up to deal with such problems. Teams are cross-functional in nature and consist of members from various departments of the organization. Team members have dual responsibilities, towards their own departments and towards the team. Whenever the problem for which a team has been formed occurs, the team members attend to the problem, leaving aside the primary responsibilities to their departments. Once the team is successful in resolving the problem, the members return to their respective departments.

Integrating departments

Integrating departments are used in situations where the relationships between groups are too complex for the above methods to be successful. These are permanent departments which seek to integrate the various groups in the organization. These

departments are especially useful when groups have conflicting goals, face non-routine problems and when inter-group decisions have a considerable impact on organizational performance. Integrating departments are commonly used when organizations are downsizing. At such times, organizations have to allocate the available resources equitably among the departments which remain after the downsizing. Since conflicts usually arise in such situations, integrating departments are set up to ensure coordination among the groups.

APPROACHES TO CONFLICT MANAGEMENT

As explained earlier, conflicts are inevitable in organizations and arise from different sources. While several techniques to manage conflict are available, these are often classified and explained differently by different management theorists and writers. In addition to the approaches described earlier in this chapter, we consider one more perspective on managing interpersonal and intergroup conflict. The techniques for conflict management, according to this viewpoint, are described below.

Dominance

If one party dominates, or even eliminates the other party, the conflict can be resolved easily. In this technique, an individual can demonstrate his strength by inflicting damage on the other party. In such a case, the party which loses withdraws from the conflict. For example, a manager can show his dominance by dismissing an unruly subordinate. This technique is suitable for people-oriented conflicts rather than organization-oriented conflicts.

Another way of acquiring dominance is through coalition between two or more individuals. The coalition can consolidate power and force the other party to withdraw. Similarly, a majority consensus can also be used to show dominance. When the majority of people reach a consensus on an issue, the nonconforming party will have to withdraw.

Avoidance

In this approach to conflict management, the conflicting parties attempt to resolve the conflict either by withdrawal or by disguising the incompatibilities between their goals. Either one or both the parties may withdraw from the conflict situation. When only one of the conflicting parties withdraws from the conflict, the other party wins by virtue of becoming the sole contender for the goal. On the other hand, the withdrawal of both the conflicting parties involves a mutual redefining of goals, and the establishment of non-overlapping goals. When withdrawal is unsuccessful in resolving the conflict, the parties resort to disguising the incompatibilities between their goals by withholding information that could lead to an escalation in the conflict. However, both withdrawal and disguising of incompatibilities are only techniques to avoid conflict; they do not help in resolving the conflict.

Smoothing

In this technique, differences between both the parties are ignored or played down, while similarities are highlighted. This helps both the parties understand that there is a way for them to work together towards achieving a common goal. However, this serves only as a temporary measure to resolve conflicts. The conflicts may resurface later.

Compromise

In this technique, an attempt is made to reach an amicable solution, which is acceptable to both the parties. Both the parties make offers and counter-offers to reach a solution which is acceptable to both. The success of this technique depends on the relative strength of both the parties. It is appropriate when both the parties have equal power.

Hierarchical Decision-Making

In this technique, both the parties in conflict ask a formal superior to make a decision for them to resolve the conflict. Both the parties are likely to accept the decision made by the superior, even if it does not result in an agreement between them. To a certain extent, the effectiveness of this technique depends on the capability of the superior to understand the issue and the extent to which the conflicting parties respect the opinion of the superior. This technique is also only a temporary measure to resolve conflicts.

Appeal Procedure

This technique is usually used when an individual feels that his problem has not been adequately addressed by his immediate superior. Therefore, he makes an appeal to the higher-ups in the management. This step may worsen his relationship with the immediate superior. A grievance committee or an independent arbitrator may be appointed by the management to resolve his problem.

System Restructuring

Structure has a great impact on the way in which human relationships and patterns of interaction are established in the organization. Managements can restructure organizations so that organizational stress is minimized. The following techniques may be used for system restructuring:

- Avoiding role conflict by clearly defining the roles and responsibilities of individuals.
- Job rotation for people from interdependent departments so that they can understand the differences that arise from perceptual distortions. By working for a time in departments other than their own, people will be in a better position to understand others' values, beliefs and criteria for performance evaluation.
- Wherever resources are shared, management can minimize the interdependence by creating a buffer inventory of shared resources. Each department will be given control over the resources that it needs. This will reduce the dependence of one department on another for the resources and thus minimize conflict. However, this technique has serious cost implications.
- A buffer can also be created by creating a position of integrator or coordinator. He can facilitate communication between conflicting groups. The role of the integrator is stressful and he should be a person who is able to withstand pressure.
- Developing duplicate facilities can help decrease the dependence of one department on other departments. For example, a research department can set up a small pilot manufacturing facility to manufacture prototypes, thus reducing its dependence on the production department. However, this technique can lead to wastage of resources.
- A matrix type of organization structure can also help resolve conflict through recognition and conciliation. A matrix structure creates an environment in which knowledge and skills of specialized staff can be applied in interdisciplinary programs and people can freely express their opinions.

Altering Human Variables

If the perceptions, values and beliefs of employees can be changed, the sources of conflicts can be reduced. OD interventions such as sensitivity training can alter these human variables. Through sensitivity training, employees develop empathy and interpersonal skills.

Problem-solving

In this technique, both the conflicting parties come together to solve the problem. They discuss their doubts and misunderstandings, analyze the problem and try to understand each other's viewpoints. This technique is effective in resolving conflicts arising from semantic misunderstandings, i.e., conflicts due to differences in interpretation and perceived meaning, but fails miserably in resolving conflicts due to differences in value systems.

Bargaining

In this technique, both the parties understand their dependence on each other and work together to resolve the conflict. As explained earlier, bargaining can be of two types – integrative and distributive. In integrative bargaining, the two parties assume that both can gain by resolving the conflict, but both need to be honest in their dealings and claims. In distributive bargaining, both the parties assume that the gain of one party will be the other's loss.

Another bargaining technique to resolve conflict is mediation. This has been described earlier in the chapter.

COLLABORATION

Collaboration refers to social behavior in which two or more individuals or groups come together for the achievement of common goals. Collaboration is a win-win condition for all the parties involved and they are all benefited.

Mutual trust between the parties is essential for collaboration to be effective. Collaboration may be functional or dysfunctional. Functional collaboration is the tendency to willingly collaborate in a joint effort for the attainment of common goals. In dysfunctional collaboration, one party acquiesces to or conforms to another party's demands, to please the other party, or to avoid stressful or demanding tasks. In some organizations, dysfunctional collaboration can be seen in the efforts of lower level staff to please their superiors in order to seek their favor and to lessen their workload.

Bases of Collaboration

Collaboration, as discussed in the previous paragraphs, refers to a social behavior in which a group of individuals or teams work together to accomplish a common objective. It facilitates a collective, cooperative effort among various people working towards achieving a common, pre-identified goal. It not only leads to mutual trust, concern and respect but also enhances self-worth among the individuals of the organization as well.

We will now discuss the factors contributing to the development of collaboration.

Collaborative motivation

Human beings have the basic tendency to be of help and support to the people around them. This common human urge forms the basis for collaborative motivation.

Individuals in a team or in society, help others whenever required. This tendency is also known as “extension motivation,” and forms the basis for collaboration among individuals and teams. However, if collaboration motivation is to be sustained, other individuals too must reciprocate in the same manner.

Norms of the group

Group norms are standards of behavior that all group members are expected to follow. These norms therefore shape the behavior of the group. They can either facilitate or hinder effective collaborative and cooperative efforts. For example, if high collaboration is a group norm, group members will try to increase collaborative motivation in members whose motivation levels are low. The reverse is also possible. Group norms therefore form a basis of collaboration within the organization.

Rewards for collaboration

Attractive rewards and high pay-offs encourage collaboration within the team and between different teams in an organization. Rewards for active participation in a team have the power to motivate and stimulate effective collaborative efforts. Rewards may range from simple gestures of appreciation to promotions. Other rewards could be monetary benefits, more challenging and satisfying work, or better opportunities for growth and development. The importance of rewards in creating and sustaining a collaborative environment cannot be ignored.

Imposition of superordinate goals

Goals that are perceived as achievable only through the collective participation of two or more parties are called superordinate goals. These goals cannot be achieved by a single individual or a single team. These goals should be attractive and appealing to all the members of the team. The development of superordinate goals reinforces collaborative efforts.

Perception of power

Perception of the power held by organizational members also plays an important role in creating a collaborative environment. The power of each member of a team should be clear and explicit to all group members. Such mutual awareness of individual power domains will allow even highly competitive and non-cooperative individuals to work together.

Mutual trust

Since groups and individuals differ from one another, effective collaboration can be sustained only if they trust each other. They must also believe that the group or team members will not use their powers against each other. In addition, they must also believe that the final goal or reward can be shared by all the collaborators.

Effective communication

With open channels of communication between individuals or groups, chances of collaborative efforts increase. This is because free communication among the members builds trust and allows them to share opinions and ideas. Communication is therefore an important prerequisite for successful collaboration.

Fait accompli

This term refers to the process by which individuals or groups working together develop a better understanding and appreciation of each other's strengths. This leads to a further evolution of desirable group norms, and better working relationships between members.

Risk taking

Individuals working a group are often forced to forgo one or more of their personal values or beliefs, in order to conform to the group norms and beliefs. When an individual collaborates with others, he risks losing his power. Such risk-taking requires mutual trust among the members and an understanding of mutual powers. By exhibiting such risk-taking behavior, the individual helps initiate a process of change within the organization towards collaboration. Such initiatives towards increasing the flexibility of the organization form a basis for effective collaboration.

Interventions for Collaborations

An understanding of the bases for collaboration gives us an insight into the various interventions that can promote collaboration in organizations. Such interventions would aim at improving and enhancing the effectiveness of collaborative efforts in organizations.

Interventions or approaches to promote collaboration can be broadly classified into two categories – process interventions and structural interventions. While process interventions demonstrate the effect of collaboration through experiments or demonstrations in simulated work environments, structural interventions actually reinforce and sustain collaborative efforts in the workplace.

The basic purpose of process interventions is to make people appreciate the effect of collaboration in real work situations by experimenting with collaboration in simulated conditions. Once they are able to understand the benefits of cooperative work, it is believed that they would be motivated to implement them in real work environments. In other words, the employees are educated about the advantages of collective team work in comparison to individual effort. On the other hand, structural interventions bring about a positive change in the behavior of an individual by reinforcing his collaborative efforts in the actual workplace.

A few other interventions for collaboration from the standpoint of bases of collaboration are discussed in the following section:

Intervention by development of motivation

This is a variation of process intervention. The technique involves educating the organizational members about the advantages of collaboration by means of experimentation in laboratories and simulation exercises. During the process, an attempt is made to help people realize their levels of extension motivation and also analyze whether they are satisfied with that degree of extension motivation. In other words, they are made to understand their propensity to help others while at work. They are also given an opportunity to discuss the extent to which their job enables or discourages extension motivation, and their own fears about collaborating. They are shown explicitly, the various aspects of collaborative effort and are thereby encouraged to adopt and adapt to a collaborative workplace.

Norm building interventions

These interventions aim at sustaining collaboration in organizations by introducing new norms or by modifying existing norms. In such cases, people are made to discuss the problems they face in their workplace and come out with solutions. Accordingly, new norms are developed or the existing norms are reset so as to encourage a collaborative environment. Some times, task groups are formed in order to establish norms of collaboration.

Intervention by reinforcement

Appraisal and reward systems have the potential to foster a spirit of collaboration within an organization. Reinforcing interventions include modifying the appraisal system to include criteria to measure an individual's team-building and collaborative efforts, his ability to facilitate the development of a collaborative environment in the organization, and his contribution to the growth of his subordinates. Such behaviors are to be adequately rewarded so that cooperative actions are encouraged in the work culture.

Interventions in power related issues

Power related interventions are measures which increase perceived and actual power of the people in an organization. These include: power laboratories which enable participants to analyze their sense of power or the lack of it in the organization; role negotiation which allows participants to mutually negotiate the power associated with their roles and to assess the extent of their empowerment; role substantiation to help people who feel they are powerless in the organization; and role efficacy laboratories which aim at inculcating a sense of self-control (in terms of exercise of power) among the participants so as to define the limitations of the various roles in the organization.

Intervention for creating superordinate goals

Such interventions involve joint-goal setting, and work or organizational redesign, so as to facilitate the development or clarification of superordinate goals which are important in creating and sustaining collaboration.

Trust building interventions

Mutual trust among members of a team is essential to enable them to effectively participate in a collaborative effort. The assumption underlying trust building interventions is that once an individual understands why he trusts or does not trust people, he will be able to trust others more easily and in turn generate trust in himself. Interventions like T-groups, non-verbal exercises and simulation techniques fall into this category. While T-groups help identify the various dimensions of trust building, simulation exercises make people understand the consequences of not trusting others. All these interventions aim at generating mutual trust among the people in an organization, thereby developing a collaborative atmosphere within teams as well as the organization.

Intervention by communication

Open communication systems facilitate collaborative efforts in an organization. Communication interventions involve the introduction of feedback systems wherein people give and receive feedback on a variety of aspects pertaining to their work. This form of intervention not only aids in knowing the shortcomings in one's own performance but also helps people empathize with each other, thus nurturing the habit of collaboration.

Team building interventions

Team-building exercises can play an important role in developing a collaborative workplace since teamwork is the ultimate result of collaboration. Team-building laboratories, data feedback, process review, image sharing and role-linkage are examples of team building interventions. Team building laboratories involve programs in which the participants together engage in simulation exercises, work on various tasks and receive theoretical inputs. In the data feedback process of team building, the data obtained from interviews conducted by an external consultant is used as a basis for team building. In process review, the participants express and share their feelings and build on the emerging insights. The aim of image sharing is to attempt to learn and share information about the image that each individual or team has about other individuals or teams.

Collaboration, thus, is a highly complex process in itself and the interventions discussed above attempt to initiate and sustain a highly collaborative workplace, thereby enhancing organizational effectiveness.

SUMMARY

Conflicts are common in all organizations. They may arise as a result of a disagreement over goals or on the means to be adopted to attain them. Conflict is also a perceptual issue. Individuals or groups may have differences of opinion, but if either of the parties is unaware of these differences, conflict will not arise. Once the parties involved recognize the differences, conflict surfaces and the parties look for ways to resolve the differences.

Conflicts may be classified into intrapersonal, interpersonal and intergroup conflicts. The conflicts that take place within an individual are referred to as intrapersonal conflict. Incompatibility between needs of the individual and the goals of the organization, and the absence of role clarity lead to intrapersonal conflict. If two individuals get into conflict over an issue, such conflict is called interpersonal conflict. Such conflicts may arise because of incompatibility between individuals or when an individual perceives that his image is under threat because of the actions of another individual. The conflicts between groups are referred to as intergroup conflicts. They may arise because of differences in viewpoints or competition for scarce resources.

The conflict that takes place in organizational settings is known as organizational conflict and can be classified into institutionalized conflict and emergent conflict. The division of work in organizations forms the basis for institutionalized conflict and it is further categorized into individual versus individual, individual versus organizational, hierarchical, functional and line versus staff conflict. Emergent conflicts in an organizational environment are caused due to social and personal reasons and are categorized into individual versus informal group, formal-informal, status and political conflict.

The process of conflict has five stages – potential opposition (incompatibility), cognition and personalization, intentions, behavior and outcomes. In the first stage, the presence of certain conditions like barriers to communication, the size and structure of work groups, or differences in personalities stimulate conflict. If the conditions have a negative impact on the interests of an individual, he will develop hostility towards the individual or group responsible for the situation and the conflict reaches the second stage (cognition and personalization). In the third stage (intentions), the parties to the conflict decide upon the action to be taken to deal with the conflict. The conflict may or may not be evident to outsiders at all these stages. In the fourth stage (behavior), the conflict becomes obvious because of the behavior of the conflicting individuals. In the fifth stage (outcomes), the parties interact with each other and the outcome may have either positive or negative impact on the organization.

The best way to resolve conflicts is through negotiations. The two negotiating approaches that are generally practiced in organizations are *distributive bargaining* and *integrative bargaining*. Distributive bargaining leads to win-lose situations whereas integrative bargaining leads to win-win situations. The negotiation process consists of five stages: preparation and planning, defining ground rules, classification and justification, bargaining and problem solving, and closure and implementation. In the first stage, the negotiator prepares the strategy to be adopted at the negotiation table. In the second stage, both parties arrive at the negotiation table and establish the basic rules and procedures that will guide the negotiation process. In the third stage, both parties exchange their demands and justify them. In the fourth stage, the parties start bargaining with each other, and each party gives some concessions to the other. In the fifth stage, the bargaining process is complete and the final agreement is written and signed. Some common issues that interrupt the negotiation process are: biases in decision-making, role of personality traits, gender differences, and cultural differences.

Effective management of intergroup relations is essential to avoid dysfunctional conflict and improve organizational performance. Interdependence, task uncertainty and time-goal orientation are the three important issues that influence intergroup relations. Coordination methods that are widely used for managing intergroup relations, in decreasing order of complexity, are: integrating departments; teams; task forces; liaison roles; planning; hierarchy; and rules and procedures.

There are various approaches to conflict management such as dominance, avoidance, smoothing, compromise, hierarchical decision-making, appeal procedure, system restructuring, altering human variables, problem solving and bargaining.

Collaboration is a form of social behavior in which two or more individuals or groups work together to achieve a common goal. Collaborations can be functional or dysfunctional, depending upon whether they are effective or ineffective. Factors that influence the development of collaborative efforts include collaborative motivation, norms of the group, rewards for collaboration, imposition of superordinate goals, perception of power, mutual trust, effective communication, *fait accompli* and flexibility.

Interventions for collaboration aim at improving and enhancing the effectiveness of collaborative efforts in organizations. Interventions for collaboration can be broadly classified into process and structural interventions. These include intervention by development of motivation, norm building interventions, intervention by reinforcement, interventions in power related issues, trust building interventions, intervention by communication and team building interventions.

Chapter 15

Organizational Structure

In this chapter we will discuss:

- Understanding Organization Structure
- Classical Organization Theory
- Modifications of Bureaucratic Structure
- Modern Organization Theory
- Modern Organization Designs

An organization is defined as a group of people working together to achieve common goals. The top management establishes an organization's goals. These goals are then redefined to obtain measurable performance targets. Such measurable parameters help the management monitor employees and ensure that they are on the right track. The management also develops strategies that will help the organization meet its goals. The implementation of these strategies requires a formal structure of authority and responsibilities. A well designed organization structure facilitates coordination among the activities of employees and enables an organization to accomplish its goals and objectives.

In this chapter, we will discuss the various factors that influence the structure of an organization, various organization theories and types of organizational structures.

UNDERSTANDING ORGANIZATIONAL STRUCTURE

Organization structure may be defined as the framework of tasks, reporting and authority relationships within which an organization functions. According to Stephen P Robbins, "An organizational structure defines how job tasks are formally divided, grouped and coordinated." According to Fred Luthans, "Organization structure represents the skeletal framework for organizational behavior."

In the past, the structure of organizations was based on classical theories. In recent times, the increase in global competition, consumer awareness, demand for superior quality products and advancement in information technology have influenced the structure of the organizations to a great extent. To suit the changing times, new theories have been formulated to replace traditional theories. Modern theories recognize the need for flexibility in organization structures and interaction between technology and people. According to one of the modern organization theorists, "Organization structure is a pattern of interactions and coordination that links the technology, tasks and human components of the organization to ensure that the organization accomplishes its purposes."¹ Modern theories also emphasize the importance of structure in facilitating innovation, learning, change and preparation for future.

Let's first discuss the classical organization theories and other concepts that form the basis for organizational structure before studying modern organizational theories and designs.

CLASSICAL ORGANIZATION THEORY

Classical theories promoted bureaucratic structure for organizations. Almost all the organizations including leading global companies like IBM adopted the bureaucratic model. When organizations attempt to restructure, bureaucracy becomes a major barrier to change. Therefore, let us discuss the bureaucratic model, without which, the discussion on organization structure will be incomplete.

The Bureaucratic Model

Max Weber, one of the pioneers of modern sociology, formulated the bureaucratic model in the early 1900s. Weber held the model to be rational and so was consistent with Western culture which valued rationality. He believed bureaucracy as an ideal structure for organizations.

The characteristics of the ideal organization structure suggested by Weber are discussed below:

¹ Fred Luthans, *Organizational Behavior*, 8th edition (India: Irwin McGraw-Hill, 1998) 171.

Work specialization and division of labor

Weber suggested that the duties and responsibilities of all the employees should be clearly defined. Also, the area in which the employees are expected to perform their duties and responsibilities should be clarified to avoid confusion. Along with the assignment, employees should be given the necessary authority to carry out the task.

Division of labor has its own advantages and disadvantages. It gives enough scope for employees to obtain expertise in a particular skill. This increases the productivity and efficiency of an organization. But repetition of the same task gives rise to boredom, fatigue and stress in employees. Division of labor also divides people into blue collar (workers) and white collar employees and widens the gap between them, both in the organization and the society.

Abstract rules

Weber proposed that an organization should have well defined rules and regulations which ensure that employees work in a co-ordinated manner to achieve the goals of the organization. For example, some of the rules could be coming to office on time, meeting project deadlines, obtaining prior approval for expenditure exceeding certain fixed amount, etc. Even if some of the employees leave the organization, the new incumbents will learn and follow the established rules and procedures. This ensures consistency and coordination in activities of all the employees in the organization.

Though rules and regulations are necessary to instil discipline in the employees and overall functioning of the organization, too many rules and regulations, that are formed in a bureaucratic set up, can hinder organizational performance. Sometimes, the management ends up spending more time on unproductive activities. For example, in some organizations, plant managers are required to help staff and top management in carrying out their functions. Too much involvement in such activity prevents the managers from focusing on the plant operations and production targets.

Impersonality of managers

Weber opined that a manager should be immune to feelings like affection, enthusiasm, hatred and passion so as to remain unattached and unbiased towards his subordinates and makes rational decisions and judgments based purely on facts. Though it is an ideal characteristic, it is practically impossible for a person to be devoid of feelings and emotions. Researchers have also pointed out the drawbacks of the impersonal characteristic of bureaucratic structure. Man is a social animal and individuals cannot work in an environment that discourages social interactions. The impersonal behavior of superiors can prove to be counter productive in organizations.

Hierarchy

Weber advocated a hierarchical structure for organizations in which the activities of employees at each level are monitored by employees at higher levels. Thus the bureaucratic structure ensures that each member in the organization is accountable for his actions to his superior. Herbert Simon and some other organization theorists supported Weber's opinions. According to these theorists, hierarchy is natural and can be seen in biological and physical systems as well. For instance, in human beings, the digestive system consists of organs such as stomach, intestine, etc. consisting of tissues, cells and cell components.

Hierarchy ensures unity of command in the organization. It bestows power upon a few people to control and coordinate the activities of lower level employees. Hierarchy

generally encourages vertical communication. Vertical communication includes both upward and downward communication. Due to excessive emphasis on power and authority, the upward communication is nominal in bureaucratic organizations. Subordinates always look up to their superiors for approval of their ideas and opinions. This promotes dependency and creates 'Yes men.' It also discourages creativity and entrepreneurship in organizations. Organizations that adopt rigid hierarchical structure cannot promptly respond to dynamic changes in market conditions and would lose ground to competitors.

MODIFICATIONS OF BUREAUCRATIC STRUCTURE

A pure bureaucratic model does not help an organization function with optimum efficiency. Therefore, organizational theorists and practitioners devised an improvised model that can be adopted with greater efficacy. Vertical analysis suggested changes in the principles of centralization and decentralization as well as flat and tall structures. It was found that a flat and decentralized organizational structure was more efficient than a tall and centralized one. All these characteristics are in fact, modified versions of the classical principles of delegation and span of control.

The concepts of departmentation and line and staff agencies form a part of horizontal structural analysis. The principle of work specialization in the bureaucratic structure forms the basis for these concepts. The modified bureaucratic structure acknowledged that simple, mechanistic organizational structures, that ignore people, should be replaced by structures that give greater importance to people.

Centralization

Centralization and decentralization are the most widely used terms in organization theory and design. Centralization refers to the concentration of power and authority at the top most level of the organization. There are three types of centralization: geographic centralization, functional centralization and the third type refers to the analytical use of centralization. In geographic centralization, all the operations of an organization are performed in one geographic region. In functional centralization, there is a separate department for each function and it carries out that function for all the business units of the organization. The analytical use of centralization refers to the extent to which centralization is actually implemented in the organization. For example, when a manager in a centralized organization, delegates a few of his responsibilities to his subordinates, decentralization takes place.

Decentralization

Decentralization means delegation of authority and decision-making power to different levels of the organization. In geographic decentralization, business units in each geographical region perform all the operations (such as production, finance, marketing, human resources) related to them. In organizations following functional decentralization, there are no departments that exclusively perform a particular function. All the functions are performed by the subsidiaries and business units. For example, the production, finance and marketing departments may perform the functions of human resources department like recruitment, selection and training. The analytical use of the concept of decentralization again depends on the nature of managers rather than the formal policy of the organization. For instance, if an organization policy supports decentralization but if a particular manager in the organization doesn't trust people and avoids delegation, then it leads to centralization.

Tall Structures

In order to understand flat and tall structures, we need to know about the span of control. Span of control refers to the ratio of managers to (immediate) subordinates. The number of subordinates who are directly under the control of a manager differs from organization to organization.

In organizations having tall structures, the span of control is very small, i.e., each manager is assigned very limited number of subordinates (usually not more than five). This allows managers to exercise tight control over their subordinates. But the number of layers of management is so high that it leads to a complex organization structure. This is the typical characteristic of bureaucratic organizations. As communication passes through several layers, the messages get distorted and the chances of employee receiving accurate information are low. If the manager at the lower level attempts to implement certain decision, he has to obtain approval from all the layers above him. As a result, decision-making is very slow in the organizations having tall structures. Since the responsibilities are generally disseminated among managers at several layers, they do not find the need for delegation. Therefore, employees have little opportunity to develop entrepreneurial skills.

One positive aspect of tall structure is that it provides an opportunity for high level of interaction between the manager and the subordinate, due to less number of subordinates under managers' control.

Flat Structures

In organizations having flat structures, the span of control is large, i.e. each manager has to manage a large number of subordinates. Large number of subordinates under the managers makes management more difficult. The number of levels in the hierarchy is fewer leading to a simple organization structure. There is smooth flow of communication that enables employees to receive information quickly and accurately. Since there are many employees at the same level, the efficiency of communication in flat structures depends heavily on the horizontal channel. Unless there is a high level of cooperation among employees, communication may not flow quickly.

Decision making tends to be fast in flat structures because of the limited number of layers. As there are only few managers to handle a lot of responsibilities, they are compelled to delegate some of them to their subordinates. This encourages decentralization. In order to ensure that performance does not suffer as a result of wider spans, organizations have to invest heavily in employee training.

As the wider span of control prevents managers from closely monitoring individuals, individuals have opportunity to take self-initiative and exercise self-control.

Departmentation

The process in which jobs are grouped together to bring coordination among the organizational tasks is called departmentation. The jobs are grouped on the basis of either function, product, geography or customer.

Departmentation by function: This is the most widely used method of departmentation. The method involves grouping people with similar skills into one unit which helps organizations utilize employee skills efficiently and achieve economies of

scale. A manufacturing concern may have departments such as production, maintenance, finance, personnel, purchase and marketing. Production department consists of people skilled in working on machinery, maintenance departments have people with expertise in handling breakdown equipment and machine maintenance. Similarly, finance, marketing and personnel departments consist of people with accounting, sales and human resource skills respectively. Hospitals may have departments such as patient care, housekeeping, public relations, personnel and medical research. Patient care department consists of nurses and doctors. Housekeeping department comprises of people who take care of cleanliness, hygiene and aesthetics of hospital surroundings. Public Relations (PR) department consists of people with PR skills while personnel and medical research departments have people with HR and research background respectively.

Most organizations are conducive to departmentation by function. However, this method often leads to conflicts between different functional departments because of their conflicting interests. For example, finance department wants to minimize credit sales while sales division finds it difficult to achieve sales targets on condition of down payment of cash.

Departmentation by product: This method involves breaking down an organization into small, independent units called Strategic Business Units, each of which produces a particular product or service. This helps big organizations reap the benefits from small size organizations. The method is generally adopted by large and complex organizations with a diversified product portfolio, such as DuPont and General Electric.

This method reduces the conflicts that occur in functional departmentation. Moreover creation of independent departments widens scope for personal development and growth of employees. The product departments can be easily added or removed without disrupting the overall structure of the organization.

Departmentation by geography: This method involves the grouping of jobs on the basis of territory (Refer Exhibit 15.1). For example, product development departments may be set up for European countries, North America, South America, North East Asia and South East Asia. Different marketing departments may also be set up for each region. This helps organizations customize their products to suit the customers' tastes and preferences and formulate strategies depending on the intensity of competition in the region.

Departmentation by process: In this method, the organization is divided into departments based on processes performed there. For example, organizations that manufacture alloys have several processes such as hot rolling, cold rolling, casting, pressing, etc. There will be a separate department for each process in these organizations. This method facilitates categorizing activities uniformly.

Departmentation by customer: This method involves dividing the organization into different departments based on the types of customers they serve. For example, an organization may have different departments to serve corporate customers, individual customers, and overseas customers.

Departmentation helps an organization achieve better coordination in by grouping together common tasks. Some organizations may use more than one type of departmentation to carry out their operations. For example, an organization can organize its manufacturing units around processes and other divisions along functional lines.

Exhibit 15.1

Ford Reorganizes its Structure in Thailand

Ford had different subsidiaries for different functions that were geographically spread out in Thailand. The subsidiaries included Ford Operations, Ford Sales and Services and Ford Leasing. In February 2003, Ford reorganized its organization structure in Thailand. All the subsidiaries were consolidated into one subsidiary and was renamed as Ford Thailand. The president of Ford Thailand, Chatchai Bunnag told press that the new structure would enhance the efficiency of the company. It would also help the company demonstrate to competition its unity and strength as well as assure customers of its long-term commitment to serve automotive industry in Thailand.

Ford brought all the functions together under the same roof. It ensured that each functional division was headed by able and experienced professionals so that each division performs to its optimum capacity. Experienced automotive professionals in the industry were appointed in executive positions such as Vice President (VP) for customer services, VP for marketing and sales and General Manager of sales. Ford also restructured its business units to improve the agility and functional efficiency of the organization. Sales and marketing was divided into three areas – cars, Sports Utility Vehicles (SUVs) and trucks. A brand manager was assigned in each area. These managers would develop sales and marketing plans for different parts of the country in collaboration with the dealers in the respective areas. Ford also attempted to strengthen its strategic marketing division. It developed a new strategic marketing team consisting of a product planning manager, a corporate event manager and a communications manager, headed by Steven Tan, who was appointed Director for strategic marketing, in-charge of corporate image and marketing. It also appointed a new president for the Ford Dealer Council, who was entrusted with the responsibility of coordinating dealer network across the country and intensifying efforts to increase the market share of the company.

Adapted from "Ford Thailand: All Eggs in One Basket," Nation (Thailand), WorldSources Inc, February 24, 2003.

MODERN ORGANIZATION THEORY

Some critics say that Weber did not consider classical bureaucratic model as an ideal organizational structure. He had merely used bureaucracy as an example in his work and his opinion was misinterpreted by writers. In fact, some of the classical theories may have formed the basis for the evolution of modern organization theory.

Chester Barnard was one of the pioneers of the modern organization theory. According to him, a formal organization is a system of "consciously coordinated activities of two or more persons²." This definition indicates the importance of people in the organization. Barnard criticized the classical theory because it described only superficial things. The classical theory suggested the flow of authority should be from the top level to the lowest level of the organization. But, Barnard opposed this view and held that authority should flow from the bottom to the top. He was also critical on classical theory's emphasis on power and authority. He held that an organization is a cooperative system which depends on the ability and desire of individuals to communicate with each other and work together to achieve organizational goals. So, the emphasis should be on people and cooperation rather than on authority. It is people,

² Chester I Barnard, *"The Functions of the Executive,"* Harvard University Press, Cambridge, Mass, 1938, 73.

not positions that form an organization and so people are crucial for the organization's existence and long-term survival.

While Barnard's work marked the beginning of modern organization theory and demonstrated the importance of the human element in the organization, the subsequent theories attempted to consider many other aspects such as external environment, culture and situations that influence organization structure. The theories are discussed in the following section.

Organizations as Open Systems

The open-systems concept is applicable to almost all systems in the universe – biological, human, social, technical and economic systems. The open systems approach to organization attach is the importance to external environment and the inputs it provides to the organization. The theory holds that an organization is an open system whose boundaries allow social, legal, technical, economic and political inputs from external environment to pass through them. An open system consists of three fundamental elements – an input, transformation process and output.

Input: Inputs can be of different types. One kind of input produces a big impact on the entire environment once it enters an organization. The magnitude of change brought about is quite high. Another type of input has a relatively small impact on the internal system of the organization. It simply adds to the system. Some inputs enter the system as replacements to the components that leave the system. Such replacement is vital for the survival of the organization. The most common inputs that make their way into the organization are men, money and material.

Transformation process: It consists of a series of logically networked subsystems which convert inputs into outputs.

Output: Output is the outcome of the complex transformation process that takes place in an organization. The common outputs of an organization include products, services and profits or losses.

Of all the above mentioned elements, the transformation process is considered to be the most important factor in an organization structure. An important point to be noted in this context is the closed nature of the transformation process as opposed to the open system of which the process is a subsystem. The interrelated organizational subsystems of structure, processes and technology necessitate closed system approach to be adopted by the transformation process. The productivity and efficiency of an organization depends on how it organizes the subsystems.

Contingency Theory

The contingency theory of organization lays stress on environment more than other organization theories. It establishes the relationship between organization structure and environment. It attempts to explain how an organization structure can be modified to suit both the external and internal environments. Contingency theory states that organization should adopt such structures and mechanisms that enable them to cope with dynamic changes in the environment. It also suggests that proactive steps help the organization to obtain better adaptability to environmental changes .

Ecological Theory

The ecological theory is also known as population-ecology approach to organization. This approach makes following propositions:

- The emphasis is on 'groups' of organizations rather than 'individual' organizations. The environment affects organizations belonging to the same group in the same way. For example, a recession in the software market results in the decline in business of all software vendors.
- In the long-term, only effective organizations (which adapt to environment quickly and sustain their competitive advantage) will survive.
- The survival of an organization depends more on environmental factors than management influence. At times (especially in the short run), organizations go completely beyond the control of management and are influenced totally by the environment.
- The environment has limited capacity and thus can accommodate only select organizations. Therefore, in the long run, only efficient (which are able to produce quality products and customer service in a cost-effective manner) and effective organizations survive while others, perish.

Learning Theory

According to this theory, organizations need to learn how to 'learn.' This is called generative or double-loop learning. Organizations have to be proactive to predict change, prepare strategies to cope with the change and stay ahead of competitors. Learning and innovation are essential for organizations to obtain a competitive edge. At times, they become the very basis of survival of organizations.

Learning organizations facilitate learning among employees at all levels of the organization and encourage them to think creatively. In such organizations, employees continuously enhance their capabilities to create better results for the organization. Learning organization seeks to alter itself all along to meet the changes in the environment. The transformation process is a collaborative effort of all the employees who work collectively, share values and are committed to the goals of the organization.

Information Processing View of Organizations

The information processing view of organizations theory was formulated in the transitory phase between the systems theory and the contingency theory. This theory is based on the following assumptions:

- a. Organizations are open systems and are subjected to external and internal uncertainties. External uncertainties are caused due to changes in environmental factors, such as technological, economic and political conditions. Internal uncertainties result from non-availability of sufficient information to perform a task. Therefore, organizations have to adopt appropriate structures and develop mechanisms to deal with uncertainties.
- b. As uncertainties can originate from any source, organizations should be able to collect, process and use the information from different sources quickly and efficiently. This calls for an appropriate structure in which various departments or work units are configured with the right jobs and the inter-departmental links are designed in such a way that they facilitate smooth flow of information.
- c. Each department or sub-unit of an organization has its own goals and objectives, different time frames to achieve these goals, different technologies and different

perspectives regarding various organizational issues. Therefore, organizations should attach importance to the design of sub-units with the optimum utilization of resources. The structure should facilitate coordination among all the units.

Michael L Tushman and David A Nadler carried out extensive research and formulated the following propositions in support of the above theory:

- The level of uncertainty differs from one department (or sub-unit) of an organization to another.
- The increase in uncertainty of task leads to an increase in the need for information, which in turn compels the organization to increase its ability to process information.
- The information processing capacity differs from one organization structure to another.
- If the structure of an organization is able to collect and process all the information required to accomplish various tasks and achieve organizational goals, it can function effectively.
- When organizations or sub-units have to face different conditions over time, the effective ones will adjust their structures and adapt themselves to meet the changed information processing requirements.

It is observed that the information processing view of organizations focuses on the significance of information to organizations, the ability of the organization structure to process information in the light of the uncertainties facing the organization. The above propositions also relate the theory with other theories such as open systems, contingency and organizational learning.

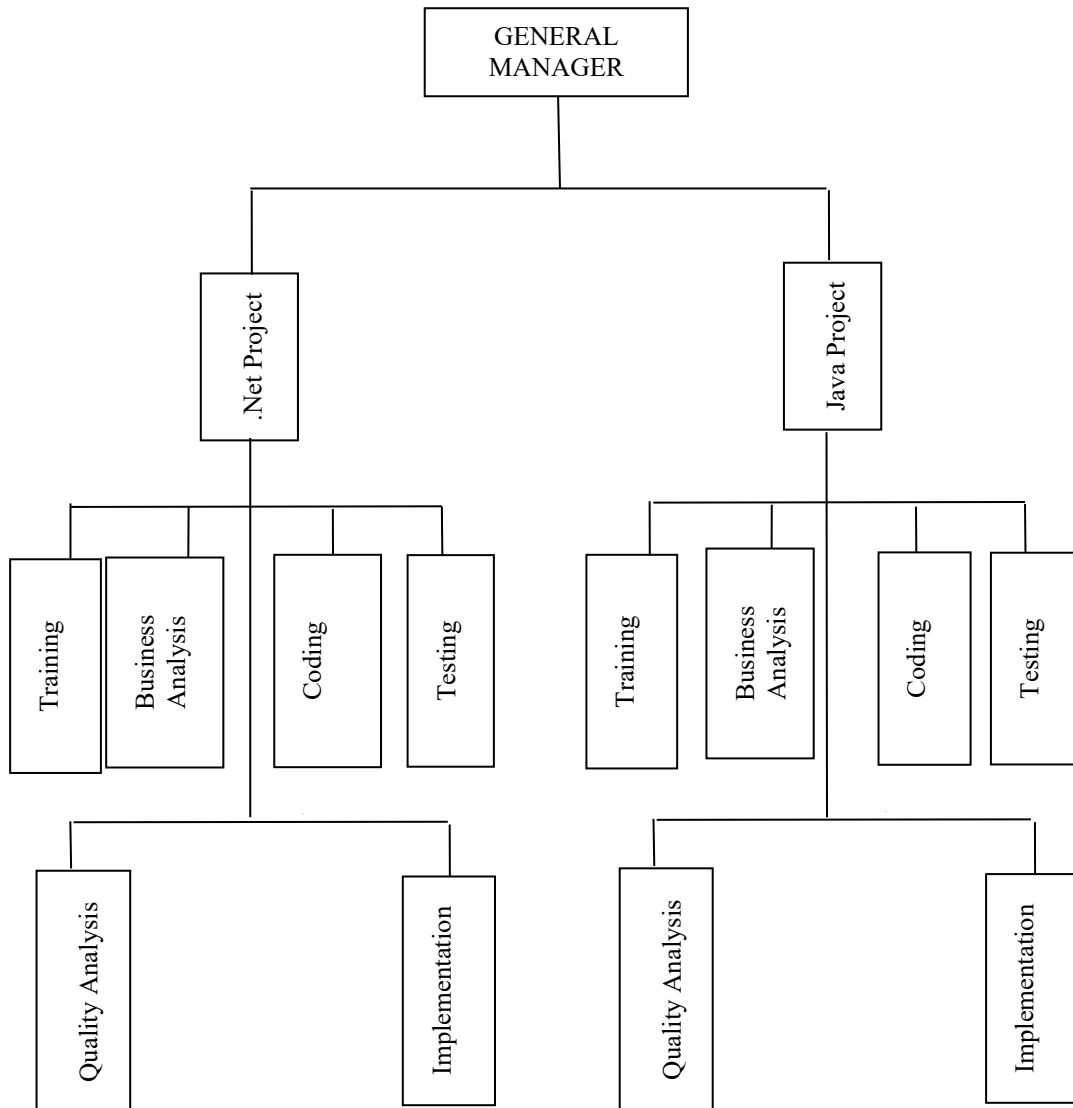
MODERN ORGANIZATION DESIGNS

As modern organizations face challenges from environmental uncertainties, they are increasingly finding the need to be agile, adaptable, creative and innovative to cope with these uncertainties. Managers found that classical structures or adapted classical structures (with minor modifications) were too simplistic to solve the complex problems of the modern business environment. To overcome the differences in classical structure, organization theorists and practicing managers introduced dynamic changes to classical structures, to instill in them the characteristics needed to cope with changing environmental conditions. Some modern organizational designs are discussed below.

Project Design

Organizational structures based on project design have their origin in the aerospace industry and the defence industry (manufacturing defence equipment). This structure was soon adopted by all those industries which attach importance to meticulous planning, research and coordination. Modern organizations are increasingly focussing on projects. Project design lends itself well to those organizations which tend to channelize huge amounts of their resources (both physical and human), into a certain project goal for a certain period of time (Refer Figure 15.1). Software companies are a good example of project design in modern times. In addition, sectors like financial services, healthcare and education can also adopt the project design effectively. However, it must be noted that the project organization usually coexists with the functional structure.

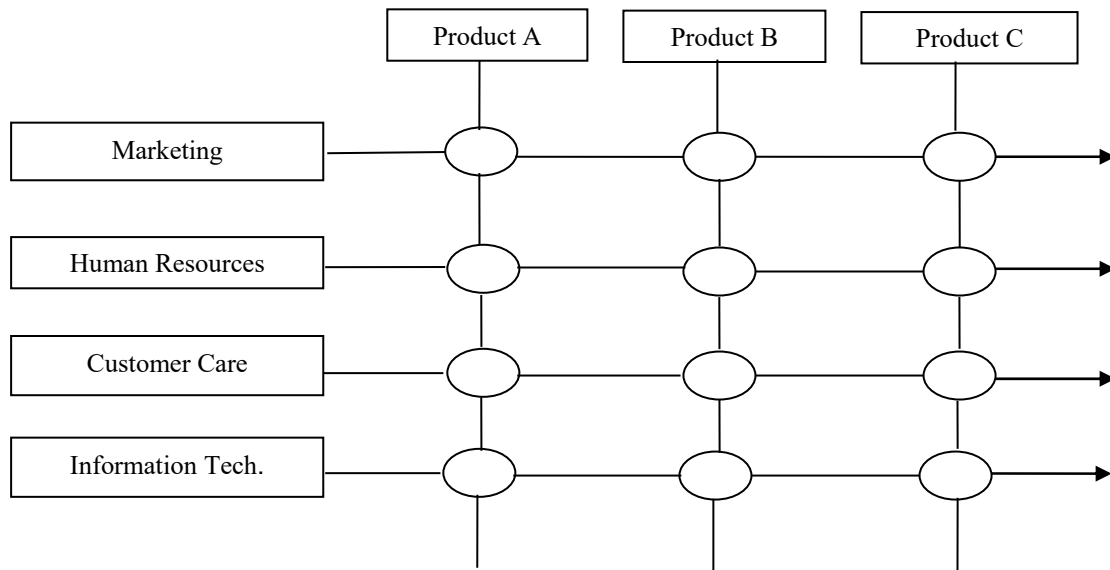
Figure 15.1 Project Design



Organizations need to check the following aspects of a project before implementing it:

- Whether the outcome of the project can be defined clearly.
- Whether the project requires management to make unique efforts for its completion.
- Whether the project requires the inputs of different experts to complete the project.
- The tasks to be performed for the accomplishment of the project are complex and interdependent. The outcome of the project is crucial to the organization.

Figure 15.2 Matrix Structure



Source: 'Matrix' ing your operations – A lesson in organizational structure,
http://www.prophix.com/pdfs/The_Matrix_Model.pdf

If the above conditions are met, then organizations can benefit by adopting the project structure.

There are different types of project structures – individual, staff, intermix and aggregate. Organizations can adopt any of these structures depending on the type of projects being implemented by them. In individual project design structure, there is no employee who reports directly to a project manager. In staff project design structure, some employees (staff) assist the project manager in carrying out the project related tasks. But the primary tasks are performed by line departments. In intermix project design, some staff as well as a few functional heads are under the direct control of the project manager. In the aggregate project design, the project manager is provided with sufficient number of personnel and functional heads to complete the project.

Project design is generally adopted by organizations to supplement the functional structures that they already have. The project design is clearly distinct from the functional approach and is especially useful in areas (such as R&D) where (healthy) conflicts contribute positively to improve performance and decision making in organizations.

Project design is dynamic and temporary and the structure changes from one project to another whereas traditional structures (eg. functional design) remain constant over time. While the traditional structures strictly follow unity of command³ and scalar principles⁴, project design ignores them.

Matrix Design

Matrix structure is another modern organizational design. It is a structure which combines the features of a project design with those of a functional one (Refer Figure

³ It is an organizing principle which holds that an employee should report to only one superior.

⁴ It is another organizing principle which holds that authority should flow from top to bottom in an unbroken line.

Exhibit 15.2

Matrix Structure at ABB

Asea Brown Boveri Limited (ABB) is a global electrical engineering group having business interests in electrical power technologies, automation technologies, and oil, gas and petrochemicals business. The CEO Percy Barnevik (1988-1996) intended ABB to be “global and local, big and small, radically decentralized but with central control.” (“Managing across borders,” by Christopher A. Barlett and Sumantra Ghoshal, 260) In an attempt to achieve this objective, he created a matrix structure.

The matrix structure consisted of four management levels, with clearly defined responsibilities at each level. The first or top level of the matrix structure comprised of the Group Executive Management, whose members included the President & CEO – Barnevik, Deputy CEO and eleven ABB Executive Vice Presidents (EVPs). The primary task of the Group Executive Management (GEM) was to devise global strategies and periodically review the performance of ABB’s eight business segments spread over 28 business regions. The members belonged to different nationalities and met once every three weeks to discuss business developments.

The second or middle management level of the matrix structure consisted of business area managers (BAMs) and country managers. The BAMs reported to the Executive Vice President of the concerned business segment. They managed the worldwide operations of the business area allotted to them. The responsibilities of BAMs included formulation of global strategies for the allotted business area, ensuring appropriate quality and cost standards in ABB’s front line operating companies (FLOCs), allotting the export markets to FLOCs under their business area and providing them with logistic support.

The country managers headed the national holding companies of ABB. ABB had national holding companies (NHCs) in each of the countries in which it had operations.

The third or lower management level of the matrix structure consisted of the heads of the front line operating companies (FLOCs) of ABB. ABB’s business operations were carried out by a federation of 1300 FLOCs. The FLOCs were duly incorporated in the countries concerned under the umbrella of the national holding companies.

The profit center managers formed the fourth or lowest layer of ABB’s matrix structure. The operations of the 1300 FLOCs were split into 3500 profit centers.

ABB adopted decentralized matrix structure. The FLOCs were accorded the status of distinct legal entities. They even generated their own financial statements, and sourced their own debt requirements. The involvement of the top management in the local country operations was minimal. The management of ABB decided that the companies could retain 30% of their earnings. On an average, each company had 200 employees and generated revenues worth \$85 million. On the one hand, the heads of the operating companies reported to the concerned business area managers, while on the other, they reported to the country managers where the company was located.

The decentralized matrix structure enabled ABB to respond quickly to changes in market conditions. For example, in 1994, the government of Norway called for bids to build an airport in Oslo. The country manager of ABB Norway quickly spotted the opportunity and appointed an airport project leader, who in turn convinced the management of ABB’s 20 businesses in Norway to co-operate with him in fulfilling the project. This enabled ABB to bag 70 airport contracts estimated to be worth \$300 million.

Adapted from “Reorganizing ABB – From Matrix to Customer-centric” Organization Structure (A), ICMR Case Studies.

15.2). It is popularly used in sectors characterized by a high degree of specialization along with emphasis on projects and other specific goals such as R&D organizations, consultancies, advertising agencies, hospitals, universities, etc. Functional

departmentation helps the organization gather specialized resources from each function (finance, production, marketing, etc.) and makes them available for all the projects. Project design, on the other hand, facilitates coordination among various specialists by identifying employees with the requisite skills and bring them to work together to achieve on-time completion of tasks. The matrix structure combines the strengths of the two designs while eliminating their weaknesses (Refer Exhibit 15.2).

The main advantage of the matrix structure is that it facilitates coordination between the various complex functions of the organization. It also enables the organization to allocate functional specialists among different departments in an effective manner.

However, the matrix structure is not devoid of weaknesses. The structure violates the principle of unity of command, due to which the employees report to two (or more) bosses. This could give rise to conflicts between the managers. For example, product managers have to fight to get the best specialists allotted to their products. This may eventually end up in a power struggle between two or more product managers. Sometimes such struggles may also develop between the functional and product managers. The conflicts, if allowed to continue without resolution, can demotivate employees, reduce their loyalty and preclude them from identifying themselves with the organization. Matrix design is also criticized for the confusion it creates and the amount of stress it places on individuals. Reporting to more than one superior leads to role conflict and ambiguity among employees, which can increase their work-stress. As the superior changes from one project to another, superior-subordinate relationships also gets weakened. As the matrix structure embodies two structures, it often leads to duplication of activities resulting in increase in costs.

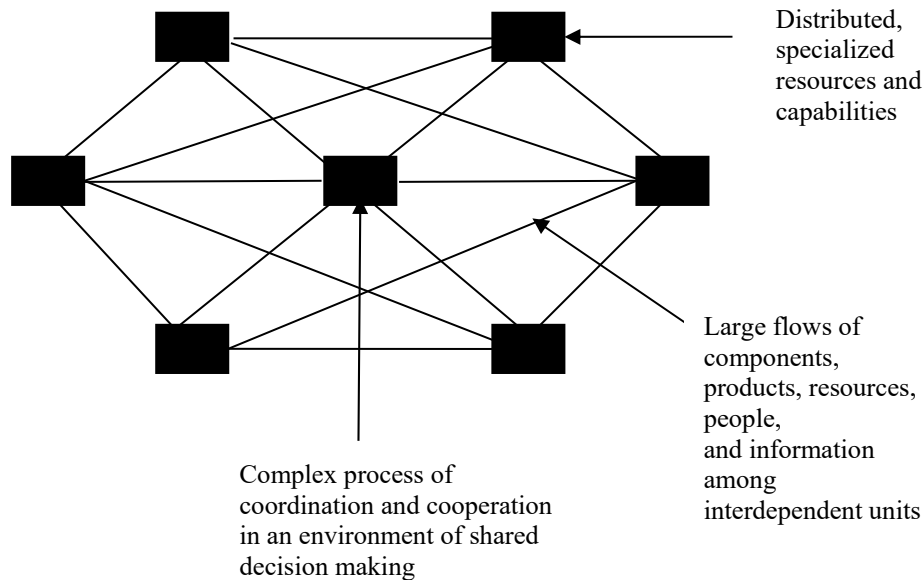
Despite its drawbacks, many large organizations which use complex technology are increasingly adopting matrix structure. It could be mainly because of the multiple benefits offered by matrix structures. Matrix structures enable organizations to make optimum utilization of employee skills, ensure that knowledge is available to employees in all the departments and projects, facilitate quick response to changes in customer demands and project requirements, and help organizations reduce costs and improve performance. The success of the structure depends on how effectively managers overcome the deficiencies of the structure and leverage its positive aspects.

Horizontal Organizations

As opposed to classical organizational structures which focussed on vertical analysis, modern designs like the project and matrix designs give due importance to the horizontal dimension of the organization. Horizontal structure plays a very important role in facilitating communication between employees at same hierarchical level, enhancing cooperation among them and fostering teamwork. The characteristics of a horizontal organization are:

- It gives more importance to process than task. The structure of the organization is based on a few select core *processes* rather than *functions*. Each process will have a process head and performance goals in contrast to the traditional structure where there are functional heads and goals.
- It reduces the hierarchical levels in organization. This is achieved by streamlining the processes in the organization. The processes are streamlined by eliminating non value added tasks and bringing together fragmented activities. The various activities under each process are also restricted to the minimum.

Figure 15.3 Integrated Network



Source: Bartlett Christopher A. and Sumantra Ghoshal, *Managing Across Borders-The Transnational Solution 2nd Edition* (Massachusetts:Harvard Business School Press, 1998) 102.

- It attaches importance to customer satisfaction rather than profits and shareholder equity. Customer satisfaction becomes an important measure in assessing organizational performance and immediate measures are taken if the level of satisfaction shows a decline, although there may be an increase in profitability.
- It empowers teams to manage various projects. Self-managed teams work for a common purpose, measure their own performance and take control measures to ensure that organizational goals are achieved.
- It encourages team culture by rewarding team performance rather than individual performance. Further, employees are encouraged to develop multiple skills instead of remaining confined to a particular area.
- It helps in optimizing contact with suppliers and customers. The representatives of customers and suppliers are invited to work with employees (of the organization) whenever it is possible so as to help them understand more about the organization and strengthen relationships with them. This can also improve co-operation and co-ordination between the organization and its customers and suppliers.
- It lays less stress on communication and makes an effort to provide employees with all the information they would require to work effectively. No attempt is made to filter the data being passed on to the employees. Employees are also trained in analyzing data and using it to make decisions.

Network Design

As the intensity of competition increased, organizations found that the classical, hierarchical, functional and horizontal structures did not help them acquire the desired agility. The structures restricted their ability to serve dynamic markets. To meet the

Exhibit 15.3

Networked Virtual Organizations

The organizations, that adopted the Networked Virtual Organizations (NVO) model (such as Cisco, Wal-Mart and Toyota), have emphasized the importance of the following principles based on their experience:

Focus on customer: All the participants in the NVO must adopt a customer-oriented approach. They should establish real-time collaboration among themselves as well as with the customers so as to improve their response to the market and offer products according to customers' tastes and preferences.

Standardize processes: The advancement in technology has enabled data, voice and video to be received over a single network. This way, all the participants in the NVO can obtain all the information from single source. It ensures that all the participants use the same process for the same activities and all of them are updated simultaneously of any changes in the processes.

In-house vs outsource: The participants of NVO model should continuously evaluate their activities with respect to changes in the business environment and determine which activities constitute the primary and secondary activities of their business. The primary or core activities should be performed in-house and secondary or non-core activities can be outsourced.

Companies may outsource any number and kind of activities but should never relinquish their control over the process in which the activities are performed. Otherwise, in the long run, it could affect the quality of company's products and services. Therefore, the companies that adopt NVO business model should establish real-time communication with the outsource service providers, continuously interact with them and retain their control over the outsourced activities.

A good example of NVO model is E-bay, an online auction site. E-bay creates only a platform for buyers and sellers to meet and carryout transactions. It entered into partnership with service providers such as i-shipment, mailboxes, UPS who take care of the delivery of goods transacted at the e-bay website.

Adapted from John Sifonis et al., "The Networked Virtual Organization: A Business Model for Today's Uncertain Environment," iQ Magazine, March-April 2003, http://business.cisco.com/prod/tree.taf%3Fpublic_view=true&kbns=1&asset_id=89983.html#Three%20Essential%20Principles and Remo Hacki and Julion Ligton, "The Future of Networked Company," McKinsey Quarterly 2001, No 3

dynamic changes in market conditions many organizations (Nike, AT&T, Dell, etc.) moved towards the network design. In this structure, the different business units of an organization act as independent units. However, each unit establishes linkage with various other units that supplement their skills and competencies (Refer Figure 15.3). They concentrate only on their core competencies and perform those activities with which they can add value to the value chain. They outsource rest of the activities from other organizations that take specialized activities and have their core competencies developed around them.

In a network design, each business unit develops its own capabilities and core competencies. The business units of some network organizations interact with each other in the same way as they would with external organizations. They provide services to each other at the same price as they would to outsiders. This approach is called "insourcing" and has been adopted by firms like Asea Brown Boweri (ABB).

The Virtual Organizations

A virtual organization may be defined as a temporary network of companies each having expertise in certain skills and specialized operations. In other words, different

organizations come together for a specific purpose, to accomplish a specific goal. The following are the important characteristics of virtual organizations:

- Different organizations with varying skills and core competencies enter into short-term partnership to exploit market opportunities and disperse once the mission is accomplished.
- Organizations located at different geographical locations enter into partnership and use information technology for communication and other transactions.
- As suppliers, customers and even competitors sometimes collaborate with each other, it is difficult to define the boundaries of virtual organizations.
- Companies share critical information with each other as they work together on a project. Therefore, the relationships are based on mutual trust and cooperation.
- As the best companies enter into partnership and contribute their best in certain sphere, virtual companies can produce superior quality products and services.

Ford, ABB and Cisco are some of the global firms that have adopted this structure.

Apart from the above designs, a hybrid design called networked virtual design is becoming popular among many organizations. This design is a combination of network and virtual designs. Organizations that take up the design are called Networked Virtual Organizations (NVO). NVOs seek to derive the benefits of both the design and meet the challenges of today's uncertain business environment. NVOs go for advanced technologies and are highly flexible and efficient (Refer Exhibit 15.3). Infact, the NVO model is not a new concept. Wal-Mart and its suppliers are using NVO model for many years to replenish inventory in the Wal-Mart stores. Toyota has also been using the model for years for producing just-in-time products to its customers.

SUMMARY

Organizational structure may be defined as the framework of tasks, reporting and authority relationships within which organizations function. Broadly, there are two main theories that form the base for the organizational structure – classical theories and modern theories. Classical organization theories advocated bureaucracy as an ideal structure for organizations. Max Weber was a great supporter of this model. He suggested division of labor, establishment of rigid rules and policies, impersonal work culture and hierarchical structure as some of the characteristics of the ideal organization structure. Herbert Simon and some other organization theorists supported Weber. But organization theorists and practitioners who found certain deficiencies in pure bureaucratic model worked on its improvement. According to them, the gaps in bureaucratic organizations can be filled by replacing centralization with decentralization and tall structures with flat structures. While centralization involves retention of power at managerial levels, decentralization involves empowering employees. While tall structures involve high level of supervision and control over subordinates, flat structures require minimum supervision and control over subordinates. The researchers also came out with the concepts of departmentation. The process of grouping jobs together on the basis of function, product, geography and customer is called departmentation.

The classical organization theory was then followed by modern organization theory. Modern organization theories include open systems, contingency, ecological, learning and information processing view of organizations. The open systems consider organization as an open system which accepts input from external environment, processes them and produces output. The contingency theory states that organizations

should adopt a structure that helps them cope with dynamic changes in the environment. According to the ecological theory, efficient organizations survive while inefficient organizations fail and cease to exist. The learning theory advocates continuous learning culture in organizations. The information processing view of organizations realizes the significance of information in organizations, the need for organizations to process information and use it to cope with uncertainties.

The organization theorists and practicing managers found that minor modifications to the bureaucratic structure were not effective. Therefore, they developed modern organization designs by introducing dynamic changes to the classical structures. Modern organization designs include project design, matrix design, horizontal organizations, network design and virtual organizations. In project design, employees from different departments work together until a project is completed. A matrix design is a combination of a project design and a functional design. In a horizontal design, organizations encourage horizontal communication. In a network design, an organization establishes a network with different organizations and leverages their expertise and competencies to accomplish its goals. A virtual organization is a temporary network of organizations. These organizations come together to work on a specific project. Another design called networked virtual organization model (NVO), a combination of network design and virtual organization is used by organizations to derive the benefits of both the designs.

Chapter 16

Organization Development and Change

In this chapter we will discuss:

- Forces for Change
- Managing Planned Change
- Resistance to Change
- Approaches to Managing Organizational Change
- Organizational Development
- Techniques of OD
- Prerequisites of Organizational Development
- Steps in Organizational Development

The dynamic nature of the external environment in which organizations operate, requires them to take a proactive approach to change. Change is inevitable in the business world and the survival of organizations depends on their adaptability. Therefore, it becomes necessary for them to predict change and be prepared for it. This has made it imperative for managers to undertake comprehensive change-related programs in organizations. Organizational change programs require a great deal of planning before implementation. Change is often met with resistance from the people in the organizations as well as organizations themselves. The management has to take steps to overcome such resistance in order to implement change successfully.

Another important element in the study of organizations is organization development. It is important for organizations to keep pace with changes in the market. Practitioners have developed an array of interventions over the years to help members of organizations address various problems efficiently.

In the first section of this chapter, we will discuss the forces that necessitate change in organizations, employee resistance to change and the different approaches to managing organizational change. In the second section, we will discuss the different approaches and techniques adopted by organizations as a part of their organization development programs, the various factors that should be considered before implementing these programs, and the steps in organization development process.

FORCES FOR CHANGE

In the context of business, Curtis W. Cook, Phillip L. Hunsaker and Robert E. Coffey define change as “the coping process of moving from the present state to the desired state that individuals, groups and organizations undertake in response to dynamic internal and external factors.” Change, in general, indicates any act of making something different. Given the rate at which competition is increasing in business, organizations have learnt that change is necessary not only to compete, but to survive in the business. There are many factors that propel change in organizations. These factors may be broadly categorized under people, technology, information processing and communication, and competition.

People

Increase in globalization has widened the diversity of workforce. Organizations have to accommodate people coming from various cultural backgrounds. People differ in their attitude towards work, expectations of rewards and methods of conducting interpersonal relations. Organizations have found it necessary to change their human resource policies in order to attract and retain a diverse workforce. Managers tend to be prejudiced against their colleagues and subordinates due to racial, regional, age and gender differences. This is called stereotyping. They have to overcome their prejudices to accommodate multicultural workforce.

The expectations of customers from organizations have also increased. They want high quality products at reasonable prices. They want prompt delivery of customized products at their doorsteps. They expect a high level of customer service and support. They want organizations to be ethical, and socially responsible.

The organizational structure, work relationships, customer relationships and job definitions are undergoing drastic changes to keep pace with increasing and changing demands of the customers. Therefore, organizations are also investing heavily in training their employees to upgrade their skills so as to help them adapt to these changes (Refer Exhibit 16.1).

Exhibit 16.1

Adaptability: The Mantra for Organizational Survival

For present day organizations, adaptability is essential for survival. Organizations should change in response to external influences, just as an amoeba changes its shape and direction on the basis of external influences. Companies that have been around for years are those that are sensitive to the external environment and know how to adapt and evolve to fit ever-changing conditions. How can companies become more adaptable to cope with changes in the environment? This question becomes more important as the life span of the products becomes shorter and technological advances become faster.

Adaptable companies act very differently from rigid, command and control organizations. Business in adaptable organizations is not conducted in the old fashioned way where there is rigid functional division and top-down decision-making. Instead, in adaptable organizations

- Employees are given more freedom in decision-making
- Management sets broad goals and objectives. By setting broad goals and objectives, as opposed to determining specific tasks, executives allow employees to respond to an opportunity in a way that makes the best sense at that time.
- Executives regularly conduct scenario planning. Adaptable companies integrate scenario planning into their management practices.
- Managers create accountability around projects, not positions. Today, employees are more likely to be working in groups to complete projects than working alone to complete individual tasks. For this reason, employees should be held accountable for the projects they take on, rather than the tasks they were hired to complete.
- Organizational learning is ongoing. A fundamental characteristic of all adaptive organizations is their ability to constantly receive feedback from their environment. They use sound intelligence-gathering processes to anticipate the moves their competitors will make.

Clearly, to become more adaptable to ever-changing market conditions, companies must rethink how they set goals, organize work and manage employees. In addition, all functional units within a company, including the finance function, must change the way they operate. In the financial processes,

- Opportunities are evaluated from multiple perspectives. Instead of relying on one stable way of evaluating financial data, companies need flexible financial systems that allow them to aggregate along different axes.
- Adaptable companies understand that costs and revenues must be assignable to all the dimensions so that the potential for profitability can be identified.
- Develop more open accounting systems by giving more people access to financial information.
- Track different metrics that will give managers a better sense of what the future holds. The metrics may include such things as measures of customer satisfaction; the amount of business customers do; the average length of time a customer stays with the company; and the percentage of revenue from products that didn't exist two or three years ago.

Adapted from Shari Caudron, "The Amoeba Corporation," Business Finance (April 2000) p.54, <<http://www.bfmag.com/archives/appfiles/Article.cfm?IssueID=324&ArticleID=13545>>

Technology

Advancements in technology are reshaping jobs and industries. Many jobs that were performed manually are now being computerized. This has enabled organizations to manufacture and deliver products in a fraction of the time it took them earlier. The

emergence of technology that facilitates the transmission of voice, data and video over a single transport network has reduced the gap between industries. Thus, industries that were considered distinct previously, are beginning to converge now. For example, the telecommunications and entertainment industries are converging to form the multimedia industry. Moreover, many companies in the IT industry are now offering media services. These developments have brought organizations to a situation where they need to consider not only the firms in their industry but also the firms in the related industries, before formulating their strategies.

Technological developments are taking place at such a fast pace today that yesterday's technology becomes obsolete by tomorrow. Organizations that fail to keep up with the pace will lose their customers to competitors. They have to establish and maintain strong networks through which information from various sources can be received quickly, processed and distributed to all the units of organizations. This calls for a major structural and behavioral change in employees.

Information Processing and Communication

The areas of information processing and communication too have witnessed rapid advancements. Every new generation of computers are designed to bring an additional increase in processing power. Data transmission is done by satellite systems. Now, people can even carry their telephones, portable computers and pocket-size televisions along with them.

A time may come when people don't have to necessarily work from offices. They can work from their place of convenience on computers and communicate through new data transmission devices. Virtual organizations are becoming a reality bringing in new challenges for organizations. They may find it difficult to foster organizational commitment, loyalty and team spirit among employees working from remote places without any direct interaction with each other.

Competition

Though competition is not new to organizations, its nature and intensity has changed over years. A fall in the costs of transport and communication, coupled with an increase of orientation to exports have made markets global. Increased emphasis on global markets widens the scope of the company, but brings in new competition as well. Politico-economic developments and trade agreements like NAFTA (North American Free Trade Agreement) and WTO (World Trade Organization) have also changed the economic relationship between the countries of the world. With the developing countries getting concessions and support through international multilateral agreements, they are fast emerging as a force to reckon with. Companies in developed countries now have to face competition not only from other industrialized and developed countries, but also from developing ones. This has increased the scope and intensity of competition. Organizations have to continuously look for new ways to produce newer, cheaper and higher quality products than their competitors to succeed in international markets. It becomes even more demanding in the context of competition from developing countries, as they have an edge over other developed countries in terms of cheap labor and abundant natural resources. Companies like Nokia, ABB and Daimler Benz had already fallen victim to competitive change and had to undertake a large scale change process to cope with global competition. Organizations that are not willing to initiate or adopt change will find it difficult to survive in the long run.

Apart from the above factors, changes in economic, social and political conditions could also stimulate change in organizations. Organizations have realized that change is inevitable and that it has been the only constant element in organizations for the last few decades.

MANAGING PLANNED CHANGE

Change is concerned with changing status quo or making things different. The changes that occur in organizations suddenly without any significant effort or involvement on the part of the employees or management are called unplanned changes. On the other hand, when organizations initiate change activities deliberately and consciously in order to accomplish certain organizational goals, it is known as planned change or managed change. There are two basic goals of planned change:

- To enhance the ability of organizations to adapt themselves to the changes in the external environment: For example, if competitors introduce innovative products, organizations may respond by initiating a competing project. This initiation of a competing project may be supported by other activities like encouraging employees to think creatively and introducing team culture and self-managed teams to face tough competition. All these are deliberate activities undertaken by organizations to adapt to new changes in the environment.
- To change the behavior of employees: Sometimes organizations may have to take up change activities aimed at changing attitudes or behavior. For instance, when organizations find that they have lost a business opportunity because of slow decision-making resulting from their centralized structure, they may decentralize the structure and reduce red tapism at various managerial levels. Such a step may also train its lower level managers to improve their decision-making skills and reduce their dependency on superiors.

Planned change can be described in terms of magnitude. The magnitude of change can be either large or small, fast (abrupt, revolutionary) or slow (evolutionary). Based on magnitude, planned change can be divided into two types – First-order change and Second-order change.

First-order Change

When the new state of things have the same basic nature as the old state of things, except for some moderate adjustments to the existing structure of the organization, the change is known as *incremental or first-order change*. In this type of change, only minor adjustments are made to a few processes in the organization; major changes are not made. Generally, first order change is easily reversible. The best example of first order change can be seen in Toyota and other Japanese companies. They adopted this type of change to improve their production processes and organizational efficiency.

Second-order Change

When the new state of things have a completely different nature from the old state of things, it is known as *fundamental, quantum or second-order change*. This change is initiated when the organization needs to be restructured and the fundamental nature of the organization is being changed. Thus, the restructured organization differs completely from the old fundamental structure of the organization. Second-order change is revolutionary in nature and involves a major reinvention of the organization. Second-order change is generally irreversible and it is impossible to return back to the previous state once the change process is complete.

While first-order change is linear, unidimensional and continuous, second-order change is a multilevel, multidimensional, discontinuous and radical change process that involves the reframing of assumptions about the environment in which the organization operates. The people responsible for managing change in the organization are called *change agents*. *Change agents* can be managers, non-managers, or outside consultants. Generally, senior executives act as change agents in the organization. For example, in AT&T, CEO Bob Allen was the chief change agent

and in Ford, CEO Donald Petersen was the chief change agent. But these days, in many organizations, top managers seek the help of outside consultants with specialized knowledge in change management. The main advantage of having outsiders as change agents is that they take a more objective view and so can suggest better solutions. But, a major disadvantage in seeking suggestions from these outside consultants is that they have an inadequate understanding of the organization's history, culture, operating procedures and employees. This is especially so when the initiation of second order changes have negative repercussions. Due to lack of thorough knowledge they may not be able to efficiently handle the problems. But as far as managers and internal specialists are concerned, they have in-depth knowledge of their employees and so can implement change programs in less offensive way.

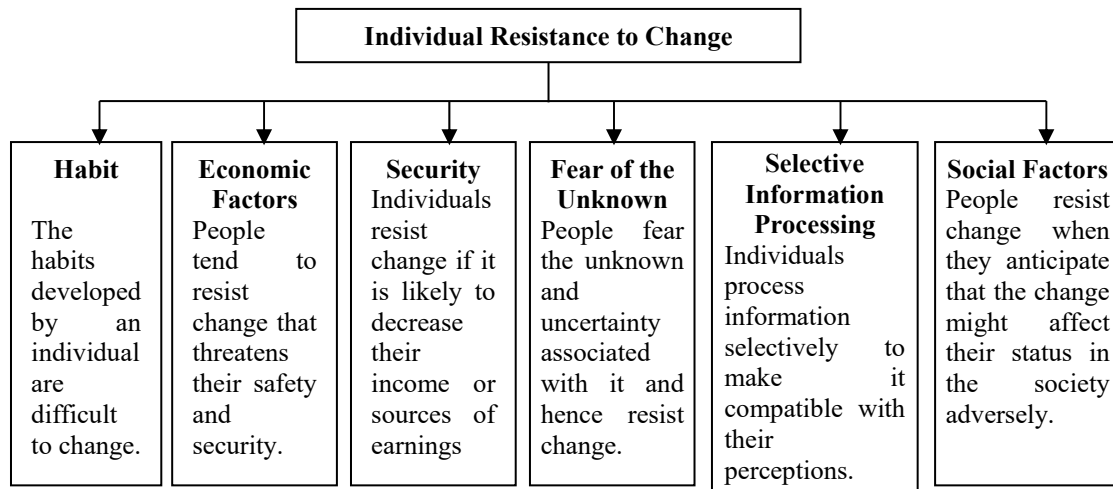
RESISTANCE TO CHANGE

Resistance to change goes hand-in-hand with change activities. Extensive research in the field of individual and organization behavior has proved that change efforts are often met with resistance. Resistance may come from individuals or from the culture and structural elements of the organization. Although resistance to change has often been viewed as dysfunctional, researchers are now beginning to realize that resistance has positive effects as well. For example, employees' resistance to certain change effort will call for a discussion on the reasons for resistance. The discussion can then lead to a thorough analysis of the issue and throw light on important points that were overlooked earlier. This will give the management another chance to consider the issue from a different angle before a decision is taken. Similarly, if employees are convinced that managers are right in introducing change, they will co-operate with the management. Therefore, resistance can sometimes lead to better decisions and favorable outcomes. Nevertheless, unjustified resistance leads to dysfunctional consequences and hampers the progress of the organization.

There is no standard form in which resistance can be observed in the organization. Resistance may be explicit (overt), implicit (covert), immediate or deferred. Explicit and immediate resistance that occurs after the implementation of a certain change initiative is rather easier to manage than implicit or deferred resistance. For example, when employees are not satisfied with a new organization policy, they may criticize the policy openly and immediately. The management may then adopt a conciliatory approach and resolve the conflict. Dealing with *implicit* or *deferred* resistance is much more complicated. When resistance is not open, the management does not even have an inkling of the resistance of its actions by employees. The resistance is subtle and may be expressed in the form of rampant absenteeism, increase in errors, decline in quality and quantity of work, etc. Employees may cease to identify themselves with the organization, lose their feelings of loyalty and feel themselves demotivated. Deferred resistance can be dangerous too. Employees may not react immediately to a change initiative and keep resistance bottled up. As the management makes further changes in the organization, the resistance keeps accumulating and finally reaches the saturation point. Eventually, employees may react violently to a minor change. In such a situation, the management may find it difficult to understand why a small change should lead to such violent resistance and so may fail to deal with resistance effectively.

Therefore, management should never underestimate the possibility of resistance to its change initiatives. Though a change may seem to have caused no resistance in the initial stages in the case of implicit and deferred resistance, it may take on a more intense form later. So, it is essential on the part of the management to establish formal communication channels through which it can encourage employees to give their feedback on change initiatives. The management should also respond to this feedback to maintain its credibility.

Figure 16.1 Sources of Individual Resistance to Change



Organizations can face resistance from various sources. The sources of resistance can be classified into *individual* and *organizational* sources.

Individual Source of Resistance

The needs, perceptions and personalities of people form the basis for individual resistance to change. Individuals may resist change because of the following reasons (shown in Figure 16.1):

Habit

Human beings tend to develop habits. A person may need to make several decisions every day. Instead of considering all the possible alternatives for each decision, he depends on habits for most of his responses. These habit-based responses are also called programmed responses. When change is implemented, it may require employees to forgo or change some of their habits. This is often met with resistance because changing one's habits is a painful task. For example, an employee may be habituated to busy life style in the city. It is very natural for him to resist, if he is transferred to a branch located in some rural area.

Security

People are generally concerned about their security and resist any change that threatens their safety and security. For instance, when a company introduces new sophisticated machinery or equipment that are likely to replace manual labor, its employees will feel insecure about their jobs and resist the company's automation efforts.

Economic factors

Employees would resist change if it is likely to decrease their income or sources of earnings. For example, if an organization undertakes restructuring and job redesigning, workers (who are paid piece-rate wages) may resist it out of fear that it will decrease their productivity and affect their remuneration.

Fear of the unknown

People associate change with uncertainty. They fear the unknown and the insecurity resulting from it. They are anxious about their ability to adapt to the requirements of a new system. For example, when computers replaced manual systems, many people developed a negative attitude towards computers for the fear of not being able to acquire the necessary computer skills.

Selective information processing

Individuals form their own perceptions about people and the world around them and like to stick to these perceptions. They do not like to receive any information that contradicts their perceptions. Therefore, individuals process information selectively to make it compatible with their perceptions. They hear only the information that they want to and ignore the rest that contradicts their perceptual world. For example, employees may listen to their colleagues who tell them about the negative consequences of automation but ignore what managers say about the benefits of computerization. This means, employees perceive that automation is a threat to their jobs and therefore accept only the information that supports their perception.

Social factors

People also resist change when they anticipate that the change might affect their status in the society adversely. In the context of organization, when some jobs are redesigned, the affected employees may develop a sense of insecurity regarding their position in the organization and consequently resist the effort.

Organizational Resistance

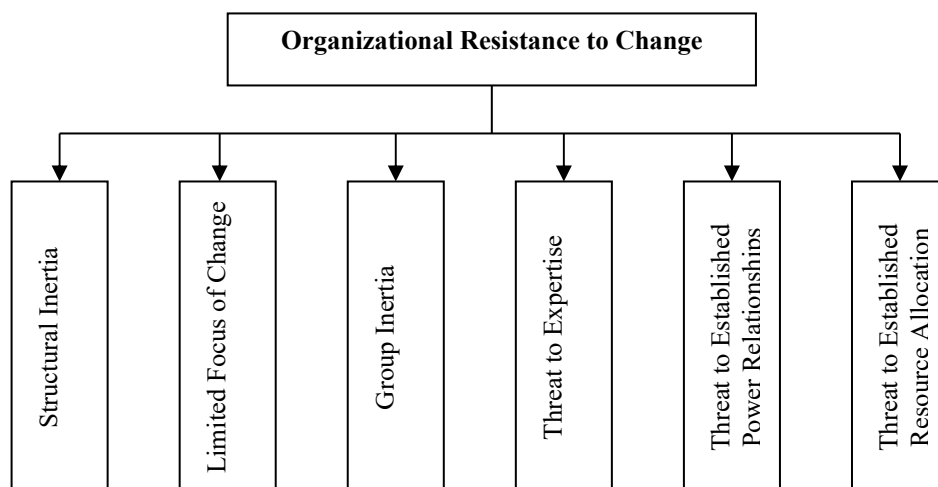
In addition to individual resistance, there are organizational resistance too. Organizational resistance can best be seen in public sector undertakings in India. The current development may call for a change in their services, yet they prefer to retain their structure and traditional practices. Employees strongly resist if any attempt is made to bring about a change in such organizations. Therefore, change agents need a great deal of patience and perseverance to initiate change in these organizations. Not only commercial organizations, even educational institutions, whose purpose is to encourage people to learn new things and challenge established practices, resist change. In most of the institutions, the framework of syllabus and teaching methods remain the same for many years.

Some of the significant sources of organizational resistance to change are discussed below and represented in Figure 16.2.

Structural inertia

Organizations always attempt to maintain a steady and balanced state that is conducive to employees. They have inbuilt mechanisms to achieve that state of

Figure 16.2 Sources of Organizational Resistance to Change



equilibrium. For example, if a good number of employees and managers leave the company for various reasons, the work load on the remaining employees and managers will increase. There will be chaos and confusion among employees due to lack of direction and disturbance in the state of balance in the department. To fill the vacancies, the human resources department initiates a recruitment process and selects new employees. But the new and old employees may find it difficult to work together because of differences in their cultural backgrounds and work behavior. Training and other socialization techniques are used to administer the required job skills and shape the behavior of the new incumbents in the desired way. In this way, the organization gains back its stability. But, when a change program is initiated in the organization, the structural inertia created by these inbuilt mechanisms offer strong resistance.

Limited focus of change

An organization consists of many sub-systems that are interrelated and interdependent. Due to the interdependency of subsystems, change in one subsystem will affect other systems as well. Therefore, one cannot introduce change in a subsystem without considering its impact on the rest of the system.

Group inertia

Sometimes, group norms may prevent an individual from adopting change. For example, an individual employee may favor a proposal of change from the management, he may not accept it until the union (of which he is a member) approves it.

Threat to expertise

The expertise of specialized groups may be threatened by changes in organizational patterns. For example, a general manager may prefer to make crucial decisions himself rather than delegating them to his subordinates due to the fear that decentralizing the process of decision-making would threaten his expertise.

Threat to established power relationships

When an organization initiates a redistribution of decision making authority, by removing the additional layers in the hierarchy and implementing participative decision making, it is usually resisted by middle level managers and supervisors. This is because, such a change takes away the power and authority which they enjoyed in the bureaucratic system.

Threat to established resource allocations

An individual (or a group) who controls a significant amount of resources in the organization would generally consider any change as a threat. It is because of the fear that change will bring an adverse impact on the pattern of resource allocation and will put him at a disadvantage.

In order to overcome resistance to change, organizations adopt any of the following tactics:

Educating employees: The management must attempt to educate employees about the benefits of change. When employees understand that change is not only inevitable but also beneficial, they will come to terms with it and can accept it more easily. Communication channels may also be improved to update employees about the latest happenings in the organization.

Employee involvement: Employees are also invited to participate in the planning and implementation of change programs. Since employees themselves are involved in the change program, they will be committed to the decisions taken and are unlikely to resist change. Participation instills a sense of confidence in employees. Thus, involvement is likely to make them more open to change.

Facilitation: Organizations can take help from professional change agents and psychologists to train employees in new skills as well as counsel them to overcome their fear and anxiety as a result of change program. Since resistance is generally a result of anxiety, reduction in anxiety will enable employees to accept change in a better way.

Negotiation: The management negotiates with employees or their representatives in the organization by providing additional concessions (like better work environment) in return for their co-operation in change program.

Manipulation and co-optation: Management manipulates employees' acceptance to change by distorting facts and manipulating information. The leaders of employee groups/union are also given important roles in the change implementation program to prevent them from resisting change. This is called co-optation.

Coercion: Coercive measures such as threats of demotion, reduction in benefits, or transfers are used as the last resort to get employees acceptance to change. Nevertheless, coercion may not always result in whole-hearted cooperation.

APPROACHES TO MANAGING ORGANIZATIONAL CHANGE

Organizations adopt several approaches to manage change. Two popular models are discussed here:

Lewin's Three-step Model

The model, proposed by Kurt Lewin (the founder of modern social psychology), suggests that organizations should use three steps to introduce permanent change – unfreeze, movement to a new state and refreeze (Refer Figure 16.3).

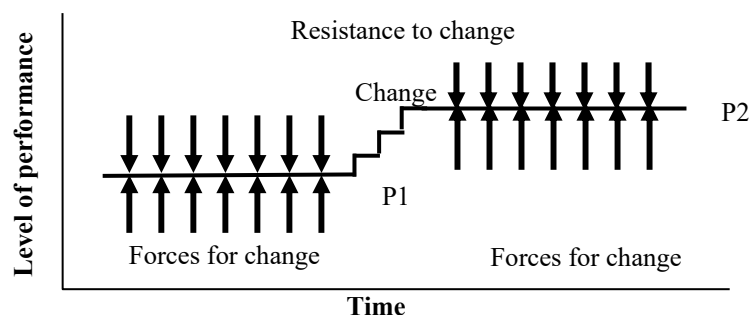
Unfreeze

In this step, employees are educated about the external and internal factors that make change imperative. Sometimes, people are content with the existing work environment, organizational rules and procedures and therefore are unwilling to change. Such people or groups should be told about the benefits that change can bring so that their level of satisfaction increases and level of satisfaction with existing condition decreases. This will motivate employees to welcome change to enjoy the new benefits.

Movement to change

After the resisting employees are convinced or prepared for change, the actual change process begins. This involves doing away with old practices and adopting new methods. For example, as part of the change program, advanced equipment is installed, production process or layout is changed, or job duties are redefined. This

Figure 16.3: Lewin's Three Step Model



Source: www.ln.edu.hk/mgt/staff/robin/People/ChangeSlides.ppt

stage involves implementing the change.

Refreeze

After change has been implemented, it has to be assimilated into the organizational processes. The third step involves reinforcing change so that the organization does not revert to old state of things. For example, if the change process involved acquiring new skills, the new skills and behaviors have to be made a permanent part of the organization. To achieve this, employees are asked to demonstrate their new skills before they return to their jobs. They may also be asked to do role play and show how they would apply their new skills at the workplace.

However, most employees prefer to use their old methods when they return to the workplace. Therefore, repetition and constant reinforcement of new work techniques is essential to sustain change.

Action Research

Action research is one of the popular models to manage change. According to Stephen Robbins, Action research is “a change process based on the systematic collection of data and then selection of a change action based on what the analyzed data indicate”. Wendell French and Cecil Bell define action research as, “research on action with the goals of making that action more effective while simultaneously building a body of scientific knowledge.” Action research follows a scientific methodology for managing change. It includes the following five steps:

Diagnosis: In this step the change agent attempts to determine the underlying causes of an organization’s problems. In other words, attempt is made to diagnose the problems of an organization. To diagnose the nature and magnitude of the problems, critical information about the organization is collected by interviewing the employees, browsing through organizational records, and listening to employee concerns.

Analysis: In the second stage, the change agent analyzes the information collected in the diagnostic stage. Through analysis of the collected information, the change agent is able to sort out the different and similar kinds of problems being faced by various employees. He observes the kinds of problems being faced by various employees and the similarities and differences between them. He then classifies the information into three categories – the primary concerns, the problem areas and the possible actions to resolve them.

Feedback: An essential feature of action research is the constant involvement of the people, who are going to be affected by the change program, in determining the problems and finding solutions. Therefore, feedback results form an important part in the process. In this step, the change agent shares his observations and conclusions from diagnosis and analysis of information. He then seeks their active participation in developing action plans for bringing the desired change in organization.

Action: In this stage, the employees and the change agent work together to implement the measures that they consider solutions to the organization’s problems. The actions are problem oriented and are aimed at correcting specific problems.

Evaluation: Finally, the change agent evaluates the effectiveness of the actions taken by measuring the outcomes of those actions. If the outcome is found to be unsatisfactory, the above mentioned steps are repeated. The outcome is measured in terms of the initial data collected. The process is continued until a satisfactory outcome is obtained.

Action research model has the following advantages

- It finds and implements solution which is specific to the problems faced by the organization in question instead of trying to implement a generic solution which worked in other organizations with similar problems. Since the solution is

specific to the problem and the result of scientific analysis, it is usually more effective.

Exhibit 16.2

Preventive Steps to Avoid Failure in the Implementation of Change Plan

After developing a change plan for implementing change in organizations, the following steps may be taken to avoid failure:

Step I: Clarify the purpose of the change effort and understand how it can improve the competitive position of the organization. Ensure that the change implementation plan is in accordance with the goals of the organization. Define the change plan for implementation as an integral part of business strategy.

Step II: Some organizational change plans take several years to be implemented. Ensure that the resources allocated for the change implementation program are not diverted to other activities. Conduct status discussions periodically to prevent the program from losing its significance. Prepare the work schedule in a way that the efforts to implement change program do not adversely affect the day-to-day operations.

Step III: Divide the change implementation program into phases that can be implemented one after the other. Success in one phase would encourage employees to adopt the next phase.

Step IV: Identify the major stakeholders of the organization. Involve them in the change implementation program to get their support. Share the costs as well as payoffs of the project with them.

Step V: Ensure the presence of key players in the change implementation program. The key players include the change agent (who trains and advises managers on the change implementation methods), the project manager (who coordinates activities of various teams and acts as a liaison between them), project teams (who implement the plans), a team leader (who ensures completion of the project on schedule time), content experts (who give advice on policies and work procedures of the organization) and the steering team (which handles all the problems related to the change implementation program). They should be well aware of their roles.

Step VI: Prepare a list of sub-goals and sub-tasks to evaluate the progress of the change program. Determine the people who will carry out the tasks, deadline for the completion of the tasks and person accountable for incomplete tasks. Also, establish measures to quantify the results of the change program.

Step VII: Design reward systems to encourage employees to actively participate in the change program. The reward system should not only consider the employees' appraisal based on their duties and responsibilities but also their efforts towards the completion of a project.

Step VIII: Redesign jobs to include activities related to the change program. Obtain inputs from line supervisors about the shortfalls of the proposed job design and define new standards of performance.

Step IX: Integrate change into management systems such as business planning, compensation programs, succession planning and employee training.

Step X: The key players (change agent, project managers and the steering team) should constantly monitor the change program. In case of any obstacle coming on the way of smooth working of change program, the key players should not only remove it, but should also take measures to prevent it from recurring.

Adapted from Martin E Smith & Pierre Mourier, "Implementation: Key to Organizational Change", Oct-Dec 99, 27, Issue 6.

- Employee resistance to change is also minimized because employees are closely involved throughout the process of change. The association of employees at every

stage of the change process ensures their easy acceptance to change as they have a better understanding of the problems and their implications.

- No matter whatever approach an organization adopts to implement change, it has to take measures to overcome problems in implementation (Refer Exhibit 16.2).

ORGANIZATION DEVELOPMENT

Organization Development (OD) is a unique organizational improvement strategy that emerged in the late 1950s. OD has its base in the theories related to planned change and their application in the context of organizations. The objective of OD is to improve the performance of individuals and groups in organizations. OD is a multidisciplinary field that draws its subject base from behavioral sciences such as psychology, social psychology, sociology, anthropology, systems theory, organizational behavior, organization theory and the management practice. Kurt Lewin played a crucial role in the development of OD.

OD deals with a range of “people problems” in organizations such as poor morale, low productivity, poor quality, interpersonal conflict, intergroup conflict, poor team performance, poor customer relations, poorly designed tasks, etc. Apart from this, OD helps individuals, teams and organizations to realize their full potential.

There is no single accepted definition of OD. Different authors have defined it in their own ways. Some of the definitions of OD are given below:

W. Warner Burke and Harvey A. Hornstein in their book, titled *The Social Technology of Organization Development*, defined OD as “A process of planned change – change of an organization’s culture from one that avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalizes and legitimizes this examination.”

Christopher G. Worley and Tom G. Cummings, (in their book – *Organization Development and Change*) have defined OD as “A system wide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization’s effectiveness.”

Wendell L. French and Cecil H. Bell, in their book, “*Organization Development*,” have given a comprehensive definition of OD. According to them, OD is “A long-term effort, led and supported by top management, to improve an organization’s visioning, empowerment, learning, and problem solving processes, through an ongoing collaborative management of organization culture – with special emphasis on the culture of intact work teams and other team configurations – utilizing the consultant-facilitator role and the theory and technology of applied behavioral science, including action research.”

Keeping in view the definitions given by various scholars in the field, the characteristics of OD may be summarized as follows;

- OD is a system of *planned change*
- OD takes a *holistic* or systemwide approach to change
- OD targets organizational *processes*, rather than *content*
- OD is *problem oriented*
- OD focuses on *relationships*, human, social as well as structural

TECHNIQUES OF OD

OD techniques, also known as OD interventions are defined by French and Bell as “The planned activities clients and consultants participate during the course of an organization development program.”¹ They are essentially a set of planned activities, which are introduced to bring the desired change in the organization. In this context, OD interventions are said to be the action component of organizational development. OD interventions attempt to improve the “fit” between the individual and the organization, between the organization and its environment and among the different organizational components like strategy, structure and processes. OD practitioners do not believe in power, control, conflict and coercion. They attach importance to collaboration, confrontation and participation. Some of the OD interventions used by change agents are discussed in this section:

Sensitivity Training

Sensitivity training is also called T-group training. A T-group consists of ten to twelve members and a professional trainer called facilitator. The facilitator is generally a professional behavioral scientist. The group usually meets over a period of two weeks but not regularly. They may meet once a day, once every few days, or for some days in each week. The purpose of sensitivity training is to sensitize people to perceptions and the behavior related aspects of themselves and others. The sessions are generally unstructured, without any agenda. As the members interact with each other, the facilitator moderates the discussions and provides an opportunity for each participant to express his/her opinions, beliefs and ideas. He also takes a note of the expressions and reactions of the participants during the interactions and at the end of the sessions, provides them feedback on their behavior. The feedback helps members of the group to know more about themselves as well as of others and learn about group dynamics (such as how a group comes into existence, forms its norms and grows). This kind of training helps them to improve their listening skills, learn to talk openly and accept individual differences. T-group training is basically used in organizations to reduce interpersonal conflicts, enhance group cohesiveness and improve organizational productivity and efficiency. It can also improve the interpersonal and leadership skills of employees, because employees understand the behavior and perception of others, and are able to empathize with others.

Survey Feedback

In survey feedback technique, data is collected systematically from a large sample of employees at all levels of the organization or an organizational unit. Collection of data is usually in the form of attitude or (organizational) climate surveys, which reveal critical information about the organization and the problems faced by it. The collected data is then fed back into the system ensuring that all the participants of the information collection process receive the data. Data feedback is usually done in feedback workshops which are attended by all the participants. All the participants are then asked to analyze and interpret the data and present their views on it. A meeting is conducted by the head of the organization or the head of the unit with immediate subordinates to discuss the details of data. Both the head of the organization (or unit) and the immediate subordinates interpret the data, exchange their views and try to identify the areas that need change. They also chalk out plans about the manner in which the change should be introduced. This is followed by the introduction of the data to the next level of employees for further discussion. Generally, these meetings are conducted with the help of professional change agent. What is important in survey feedback is that it transfers the ownership of the data from the change agent to the

¹ Wendell L. French and Cecil H. Bell, “*Organization Development – Behavioral Science Interventions for Organization Improvement*”, 5th edition (New Delhi: Prentice Hall of India Private Ltd., 1996)

participants. The participants also play a key role in developing solutions to the problems.

Process Consultation Interventions

Process consultation, like sensitivity training, assumes that the major reason underlying the ineffectiveness of organizations is dysfunctional interpersonal conflict. Therefore, this technique seeks to resolve interpersonal problems and increase the participation of employees in problem solving process. But what makes process consultation different from sensitivity training is that, it has a very specific goal of improving a particular process of the organization whereas sensitivity training has broader scope but no specific goals.

In process consultation, greater emphasis is laid on understanding organizational processes. The processes include flow of work, flow of communication, roles and responsibilities of employees, group problem solving and decision-making, co-operation and competition among groups, etc. In this technique, the external consultant helps individual employees or work groups understand process events, human and social processes and the consequences of these processes. According to Edgar Schein (one of the founders of organizational psychology who made significant contributions to the field of organization development), a process consultant should help the client organization set an agenda for meetings, present feedback on observations to members of the client organization and offer coaching and counseling to organizational members (about the change process, performance improvement and so on). He should educate teams on the mechanism by which processes can be changed. Though he does not actively participate in the discussions he should make suggestions if the teams fail to find any solution. This is because the process consultant is expected to play the role of a resource person and not an expert. He does not lead work teams but only facilitates their attempts to analyze the processes in their units, diagnose the problems and determine the processes that need improvement.

Team Interventions

Team interventions are the techniques used by OD practitioners to improve the performance of work teams. In general, groups and teams are considered synonymous, but technically there are some differences between them. A group is a number of people gathered, placed or working together, whereas a team is a form of group which is characterized by a higher degree of cohesiveness, interdependency and interaction between members, and a commitment to common goals. Team building interventions cover four substantive areas in the working of organizational teams, namely, *problem diagnosis*, *task accomplishment*, *maintaining team relationships*, and *improving team and organization processes*.

Some of the team building interventions used in organizations are discussed below.

The formal group diagnostic methods

The main purpose of the formal group diagnostic method is to analyze the reasons for the existence of the team, the objectives of the team and how the team plans to accomplish those objectives. It is a general critique of the team. In this method, the team leader and the consultant first discuss whether there is a need for a diagnostic meeting in the first place. If they find such a need, the leader discusses the issue with his team members. He asks his members to identify the strengths of the team, the problems that need immediate attention, their perceptions on where the team is heading, interpersonal relations within the team and the ways to improve performance of the team.

If the team members find that their performance needs improvement they may decide to have a formal diagnostic meeting. In the meeting which is usually of a half-a-day or

a day's duration, the main focus is on gathering as much information as possible and analyzing it. Information is collected either in a total-group discussion (where the whole group interacts), or by forming sub-groups or pairs of individuals. The method mainly depends on the size of the group and among all the groups, forming sub-groups is the most popular one. The whole group or the sub groups discuss all the aspects and problems of the team intensively. After the discussion, whole group is informed of the issues. The issues are then classified into different categories such as, role ambiguity, goal ambiguity, planning problems, etc. The team then discusses the actions to be taken to resolve the problems. Then the team prepares a plan for implementing the actions.

Formal diagnostic meetings offer greater efficacy when teams are newly constituted are a result of mergers and acquisitions. They offer great potential for streamlining the activities of teams and guiding them towards the achievement of goals.

The formal group team-building meeting

A team-building meeting is aimed at improving the relationships between team members and their effectiveness as a team. A team-building meeting may be initiated by the manager or by the team members. Regardless of who initiates the session, the most important element necessary for its success is cooperation and understanding between team members. The duration of the meeting may range from one to three days depending on the nature of problem being addressed.

The team building meeting is usually conducted under the supervision of an external consultant. Prior to conducting the team-building meeting, the external consultant meets all the team members and the leader. The consultant tries to garner their opinions on the working of the team, the strengths of the team, its problems and the barriers that come on their way of better performance. The data is usually collected through personal interviews with the members. The consultant then categorizes the collected data into different themes and presents them as topics for discussion to the team members during the meeting. The team members rank the topics in the order of importance. These ranks determine the priority of different themes and form the agenda of the meeting. During the discussions on the topic, some other issues may also come up. The team examines them also. The team members decide on the actions to be taken to resolve the problems. They also determine the activities to be undertaken by each team member and the time period allotted for each activity.

The teams review their own performance, analyze the methods and procedures they use to perform and attempt to develop strategies to improve their problem-solving procedures. Team-building sessions are held away from the work place to avoid disturbances.

Gestalt approach to team building

This approach focuses more on the individual than the group. It is based on a form of psychotherapy called Gestalt therapy, developed by Frederick S. Perls. *Gestalt therapy is based on the belief that persons function as whole, total organisms and not as fragmented beings*. Therefore, it is essential for people to be aware of their 'selves' and accept themselves as whole which covers positive as well as negative aspects of their personality. When people are compelled to live up to the expectations of others and they are not allowed to express themselves, they become frustrated. According to Robert Harman, the goals of Gestalt therapy are *awareness, integration, maturation, authenticity, self-regulation and behavior change*². Gestalt approach emphasizes that an individual should know about oneself (awareness), accept responsibility for his actions (authenticity), and regulate any dysfunctional behavior that minimizes his awareness, authenticity and such other desirable characteristics.

2 Robert L. Harman, "Goals of Gestalt Therapy," *Professional Psychology*, May 1974, 178-184.

The Gestalt approach increases self awareness and authenticity of an individual and makes him stronger. Stanley Herman, a popular management and OD consultant, used Gestalt approach extensively in organizations to improve leader-subordinate relations and team building. Through this approach, he helped individuals to not only cope with the organization's environment but also made them realize their potential to influence the environment in a way that helped them achieve their goals.

The Gestalt approach proposes that people should be able to accept both positive as well as negative elements in their personality. They should not repress their negative feelings or discontinue transactions with others. Negative feelings can be resolved only through confrontation and not by repression. Gestalt approach includes exercises which encourage individuals to express themselves fully and sustain transactions for longer time. But to accomplish this, Gestalt practitioners attempt to explore the psychological depths of an individual. This acts as a major deterrent to participants who may not like themselves to be explored so deeply by others. So, the seriousness and complexity of the approach also requires that such a therapy be practiced only by a trained practitioner and not just by any manager or consultant.

Some other techniques and exercises used in team-building are:

Role analysis technique

This technique is adopted to clarify the duties and responsibilities of team members and improve team performance. Sometimes individuals play multiple roles such as superior, subordinate, colleague, expert, administrator, etc. Each role demands a certain type of behavior. When a person assumes a new role, he does not know about the behaviors expected of him by others. This results in role ambiguity.

Ishwar Dayal and John Thomas (researchers in OD) designed a technique called the *Role Analysis Technique* (RAT) to help new teams define the roles of their members, and established teams to resolve problems of role ambiguity and confusion. This technique assumes that cooperation and coordination among the team members can be enhanced by defining and clarifying their roles. In RAT, the role being defined is known as the *focal role*. RAT consists of these steps:

Step One: The incumbent of focal role attempts to analyze his role. He describes his formal duties and responsibilities in his role, the significance of the role to the organization and its place in achieving goals of the organization. The other members of the team give their suggestions to the duties and behaviors described by the focal role incumbent. The discussion continues among team members till they arrive at a consensus on the role definition

Step Two: The focal role incumbent describes the behavior that he expects from other members of the team so that he can perform his well. The other members may seek clarifications or make some suggestions to modify the behavior expectations by focal role incumbent.

Step Three: All the team members express the behavior they expect from the focal role incumbent. The focal role incumbent may make some suggestions and subsequently, the entire team discusses and finalizes the expectations of focal role.

The focal role incumbent prepares a written description of his role, including the results of the above steps. It is known as the *role profile*. According to Dayal and Thomas, the role profile consists of discretionary activities of the role, obligatory duties towards other roles and the expectations of focal role from other roles in the team or organization.

As all the team members participate in discussions, define the roles collaboratively and communicate their expectations to each other, there is an assurance that everyone understands his/her role clearly and is committed to perform the duties and responsibilities expected of him.

Role negotiation technique

As cited earlier, there are many factors that cause individual and organizational resistance to change. In the case of a team, some members out of fear of losing their power and influence may be unwilling to change. This weakens the team, resulting in conflict among members and decline in its performance. The *Role Negotiation Technique* (RNT), a technique designed by Roger Harrison (OD theorist), can be used to deal with such situations. The technique is based on the assumption that people prefer to resolve a conflict even if it means making some compromises from their side, rather than leaving the conflict unresolved. By using the RNT, the consultant negotiates between conflicting parties and reaches a settlement where each party agrees to make specific changes in its behavior in return for changes in the behavior of the other party.

RNT consist of the following steps:

Contract setting: In this step, the consultant lays down some ground rules for negotiations between members of the teams in conflict. Some of the rules may be: During negotiations, one should not comment on personal beliefs and feelings of other members but should focus only on work behaviors; one should keep one's priorities straight, and be sure whether one wants the other person to be more supportive, less interfering or remain unchanged; each expectation should be submitted in written form; one should not expect change from others without making a similar concession from one's own side, etc.

Issue diagnosis: In this step, the parties are given issue diagnosis forms. In the forms, each party writes what type of change in work behavior he expects from others and in what way will the change affect his own performance. The content of all the issue diagnosis forms is shared among all the members. The content may also be displayed to bring to the notice of all members.

Influence trade or negotiation period: In this stage the conflicting parties discuss the most important changes they require from each other. They highlight the changes they are willing to bring in their behavior and the changes they expect from the other person in return. The number of behavioral changes expected from each other may decline during the process of negotiation. Once all the parties are satisfied with the contents of the agreement, the process of negotiation comes to an end. All the agreements are written and the agreement copies are distributed among the members.

Generally, the role negotiation technique takes two days to complete. After a month, a follow-up meeting is conducted. The meeting reviews whether the plans in the agreements have been executed and also evaluates the impact of the agreement on team efficiency.

Thus, RNT is highly effective in situations where power and influence related issues jeopardize interpersonal relationships and behavior of employees in the organization.

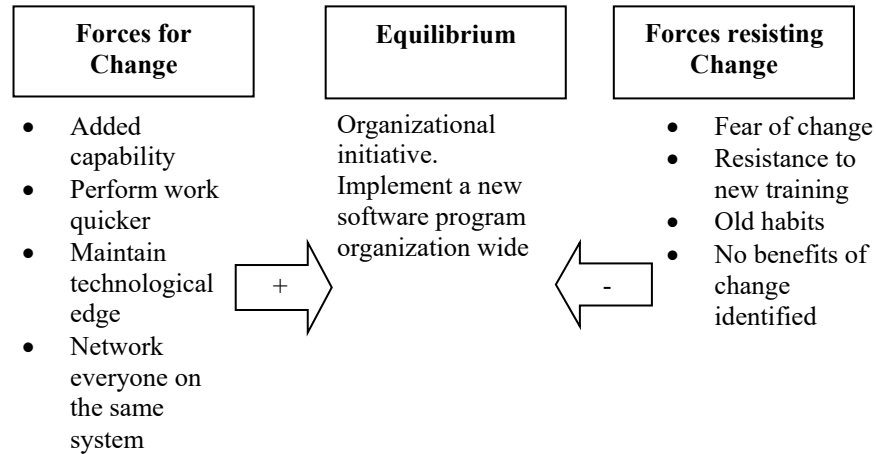
Force-field analysis

Force-field analysis is one of the oldest and most widely used interventions for understanding problematic situations and planning corrective actions. This technique is based on the assumption that there are two forces, namely driving forces (or forces for change) and restraining forces (or forces resisting change) that play a role in attaining a desired state of equilibrium in an organization. An example of force-field analysis is given in the Figure 16.4. The figure explains the driving and restraining forces acting upon a change program, which ultimately results in the desired state of equilibrium. The state of equilibrium is the desired outcome of the change program.

This technique was developed by Kurt Lewin. According to him, social forces and events have major affect on organizational phenomena such as productivity, morale of

a team, and the degree of prejudice in a community. These organizational phenomena stabilize at the point of equilibrium. The point of equilibrium can be brought by bringing about certain changes in the driving and restraining forces that govern the equilibrium. The force-field analysis includes the following steps:

Figure 16.4: Example of Force Field Analysis



Source: Joseph. W. Weiss, *Organizational Behavior and Change*, 2nd edition (Singapore: Thomson Asia Pvt. Ltd, 2000) p 416.

Step 1 – The first step involves identifying and defining the *current problem situation*. The current situation and all its components are described comprehensively as it is important to know precisely what the current condition is and why it needs to be changed.

Step 2 – The *desired condition* is described completely and accurately with all the minute details of the primary goal of the change program and the desired state of things in the future.

Step 3 – The driving forces and restraining forces operating in the current state of things are identified. The analysis of these forces helps management identify the causes of the problems and find ways to correct the problems.

Step 4 – The strong and weak forces within the driving and restraining forces are identified. The forces that are under the control of management and can be influenced easily are identified and examined in detail for further action

Step 5 – An appropriate strategy is chosen to move from the current condition to the desired condition is chalked out. The desired condition can be achieved either by adding more driving forces or removing the number of restraining forces. But, if more driving forces are added, without taking the consequences into consideration, it may lead to resistance from within the system. Therefore, the best way is to add driving forces and remove more of restraining forces. An action plan is developed to introduce the opposing forces into the system and obtain new equilibrium.

Step 6 – Action plans are implemented and the activities of the team members are closely monitored to ensure the stability of equilibrium.

Step 7 – The actions that are needed to sustain the new equilibrium/desired state are planned and implemented.

Intergroup Team-building Interventions

This group of OD interventions focuses on improving intergroup relations, i.e between work teams. These activities are aimed at increasing the easy flow of

communication and interaction between work teams and reducing dysfunctional competition. They also emphasize the importance of the interdependence of organizational activities. Intergroup problems are usually a result of organizational reward structures which place emphasis on unit goal attainment rather than total organization goal attainment.

In an organization, different work groups compete with each other for resources and strive to outperform each other. Though competition among groups is desirable to a certain extent, cut-throat competition strains relationships and harms overall organizational interests. A technique developed by Blake, Shepard and Mouton is used to facilitate communication and interaction between work groups, promote co-operation and co-ordination between them and reduce dysfunctional competition in the organization. The technique involves the following steps.

- I. In the first step the consultant or OD practitioner meets with the leaders of the two groups to find out whether they are genuinely interested in improving mutual relations. Sometimes, consent is taken from all the members of both the teams before proceeding. If they respond positively, they go to the next step.
- II. The consultant asks the two groups (say A and B) to meet in separate rooms and prepare two lists each. In the first list (list I), the group members are expected to write about their attitudes and perceptions towards the other group. They also have to write the behavior of the other group that hinders their working. In the second list (list II), the group tries to anticipate what the other group would write in its first list.
- III. In this step, the two groups are permitted only to exchange information written in the first and the second lists. They can clarify certain unclear items mentioned in the lists but are not allowed to discuss them in detail.
- IV. The groups return to their respective meeting places to perform two tasks. *Task I:* The group members discuss the information on the list prepared by the other group. From the information, they get the idea that often it is the lack of communication that is the underlying cause for conflict between the two groups. They also realize that most of the differences between the two groups did not actually exist and some of them were resolved because of the information shared through the lists. *Task II:* Setting aside the problems that were resolved in Task I, the members of each group prepare a list of the priority issues that are left unresolved between the two groups. This list is usually found to be smaller than the original list.
- V. The two groups form a single list of unresolved problems and issues and work jointly to determine the order of priority to be given to the listed items. An action plan, to resolve problems is also chalked out. The activities and responsibilities to be taken by various members of the two groups to improve inter-group relations are also determined in the meeting.
- VI. A follow-up meeting attended by all members of two groups or their leaders, is usually conducted, to discuss the progress made in the implementation of the action plan and to evaluate the efforts of the two groups. They may also discuss the measures to be taken to further promote intergroup co-operation.

A slightly modified version of this OD intervention is given by J.K. Fordyce and R. Weil. In this technique, the groups prepare three lists. The first list contains what a group likes about the other group, second list has what it dislikes about the other group and third list is about the prediction of what the other group will write in its lists.

The two groups come together to list the items in their lists. No discussion is allowed at this stage and questions are restricted to issues of clarification. Here, also, both the groups prepare one list containing major problems and unresolved issues. These issues

are ranked according to their importance. Subgroups comprising members of each group, are created and are assigned the task of working on each item. All the subgroups report back to the whole group.

The main advantage of this technique is that the groups do not go back to separate places to discuss the lists. The groups are divided into subgroups (containing members from each group) which discuss the issues and report to the main group. This helps in increasing interaction between the two groups and improving relations between them.

The above mentioned techniques reduce friction between groups, help them resolve conflicts amicably and enhance mutual co-operation and coordination.

PREREQUISITES OF ORGANIZATION DEVELOPMENT

The following conditions must be satisfied in an organization to facilitate OD initiatives:

Top Management Commitment

Support from the top management is an essential prerequisite for the success of any OD effort. It is essential that senior managers encourage employees to think creatively and use innovative methods to solve their work-related problems. They must be able to show tolerance towards ambiguous results and possible errors that may occur during the course of the OD program implementation, and enthusiasm to devote the time and resources needed for the program.

Organizations must also train their top management so that they are well equipped to support to employees as they participate in OD programs.

Influential Managers

There should be some influential managers within the organization who can assist the external consultant and act as internal change agents. They must facilitate the implementation of innovative methods of work and speed up the pace of OD program.

The presence of an experienced external change agent is a prerequisite for the success of OD program. The change agent should train the employees to acquire problem-solving skills so that they can solve the problem themselves if it occurs in future.

Success in Initial Efforts

The change agents should start the OD program with relatively simple and comfortable programs that are easy for the employees to adopt. Once they succeed at initial attempt, employees feel motivated to take up more complicated tasks of OD program, subsequently.

Establishing Reward Systems

Rewards motivate people to work harder. Ample rewards should be given to employees who make efforts to change the system, or facilitate the change in the system, or bring about a positive change in their work and behavior.

Constant Learning

Constant renewal is an essential prerequisite for the success of OD efforts. Employees and managers should be motivated to learn and change continuously according to the changing needs. The performance of the organization should be evaluated at regular intervals so that necessary changes or amendments can be made keeping with the developments.

STEPS IN ORGANIZATIONAL DEVELOPMENT

Organization development is generally carried out in four phases:- (i) Diagnosing the problems of the organization, (ii) developing plans for change, (iii) implementing change plans in the organization, (iv) follow-up and evaluation. These phases may or may not be followed in the given sequence (Refer Exhibit 16.3). Organizational theorists and practitioners described these phases in different ways. Let's examine some of them:

Abad's Model

According to Ahmad Abad, an OD program can be divided into six steps – (i) Motivation for change, data-collection, (ii) problem-identification and diagnosis, planning strategy for change, (iii) intervening in the system, (iv) reinforcement and follow-up, and (v) monitoring and evaluation.

i. *Motivation for change*: Motivation for change can come from various quarters. The changes in external and internal environment of an organization compel top management to take initiatives for change. Sometimes, a new incumbent in top management position may also initiate change in the organization in an effort to improve the organizational performance. The industrial relations manager of the organization may initiate change to improve union-management relations. Or an external consultant hired for resolving certain problems in the organization may initiate change.

ii. *Data collection, diagnosis and problem-solving*: This step involves collecting organizational data and individual opinions from all the employees through interviews and questionnaires and conducting meetings to discuss the data, identify problems and find possible solutions collectively. The top management is involved right from the inception of change program i.e, motivational step, till the last step, i.e, evaluation.

iii. *Planning strategy for change*: Based on the diagnosis made in the previous step, an action plan is developed keeping all the goals in view. The intervention that needs to be adopted for achieving the goals is also determined. All the activities that have to be undertaken as part of the intervention, the sequence in which they have to be carried out, and the tasks to be taken up by each employee are decided. The management checks the entire plan to ensure that it is prepared in accordance with the problems that are diagnosed, all the constraints are duly considered and that its implementation is feasible.

Exhibit 16.3

Implementation of OD Techniques in Organizations

OD techniques or interventions have worked successfully in well-known organizations such as Ford and Boeing. The following is an example of a company in which OD interventions has been carried out.

An experienced external consultant in OD interventions management is hired by the company. Then a planning team, consisting of representatives from management, internal consultants (some senior executives) and external consultants, is formed.

A design team with members from all levels of the organization, is constituted by the planning team. The design team plans a meeting to be attended by all members of the organization. They clearly specify the purpose, the desired outcomes, and the learning techniques to be used in the meeting, in minute detail in the form of worksheets. The design team then appoints a logistics team to work out the final details of the change program.

The actual meeting is finally held after the completion of preparation for the meeting by technical team, the preparations may take one complete calendar year. It is a three-day meeting with an active participation of all the members of the organization. The manufacturing plant is shut down for all these days to facilitate the meeting or the change program to take place.

During the meeting

All the participants sit in the same hall in groups of 5-10. The groups are formed in such a way that that no two members in a group belong to the same function or same level of management. For example, a group may be made up of a general manager, a production engineer, a sales executive and an accountant.

First day of the meeting

Each member of the group learns about the activities, work load, problems, constraints, etc in the department of other group. There is an exchange of information within the group as well as between the groups.

Second day of the meeting

The design team presents a vision statement. The groups exchange their views on statement and attempt to refine it.

The participants conduct a SWOT analysis for themselves and the organization. They also identify the problems that prevent change and impede the progress of the organization.

The groups are then reshuffled to form groups, according to function. Each group informs the other group what it likes and dislikes about it, and the kind of cooperation it expects from that group to help it carry out its own tasks efficiently.

Third day of the meeting

Strategies are formulated to address the problems identified on the previous day of the meeting. Feedback from the participants is obtained before taking a final decision on the implementation strategy. Each individual and group makes some commitments to execute the strategies. The participants also involve in developing action plans to achieve the organizational objectives.

The above described OD intervention program can be implemented with some modification to suit structure and processes in any organization pertaining to any industry.

Adapted from Robert H. Rouda & Mitchell E. Kusy, Jr., "Managing change with large-scale, real-time interventions," Tappi Journal, 1995.

iv. *Intervening in the system:* This step involves the actual implementation of the action plan developed in the previous step and the application of OD technology to resolve organizational problems. Various OD techniques or interventions like T-group training, process consultation, role negotiation, etc are used to improve organizational processes. Also, employees are trained to participate in the change process. OD techniques like confrontation and consultation are also used to solve various problems.

v. *Reinforcement and follow-up*: Constant reinforcement of change and new behaviors are essential to ensure that the organization or the employees do not regress to their old ways. Reinforcement may be in the form of rewards for departments which have achieved the desired change, or education and training programs for employees. Review meetings are also held frequently to review and monitor change efforts and to take necessary measures to speed up the change process.

vi. *Monitoring and evaluation*: Along with the implementation of the OD program, mechanisms to measure the effectiveness of the program are also adopted. The management conducts open sessions where employees can freely express their views on the change program. Here, the management can take the help of professional OD practitioners in evaluating the change. Evaluation is done by comparing the organizational unit where OD program is implemented with a unit where it is not implemented and the behavior of employees in pre-implementation phase is compared with their behavior in post-implementation phase. The outcome of the evaluation is used to identify and remove inefficiencies and improve the effectiveness of the program.

Lawrence and Lorsch's Approach

According to Lawrence and Lorsch's approach, an OD program can be implemented in four steps – diagnosis, planning action, implementing action and evaluation. It suggests that an OD program is of an iterative nature in which the first step starts immediately after the fourth step ends.

Lippitt's Approach

According to Lippitt's approach proposed by G.L. Lippitt, OD program has three steps – crisis, process of interfacing and appropriate response.

Blake and Mouton's Approach

According to R.R. Blake and J.S. Mouton, the OD program has six phases. The activities performed by managers in each phase are given below:

- i. Understanding theories related to organizational behavior, especially the managerial grid theory.
- ii. Understanding the actual behavior of the team in the context of the managerial grid to improve team processes.
- iii. Repeating the above activities for all the organizational units that are interdependent and require high level of cooperation and coordination between their employees and activities for efficient functioning.
- iv. Involving the top management in the identification of a strategic corporate model that can optimize the profitability of the organization.
- v. Developing steps for bringing about changes in the organization in an effort to transform it into the ideal model.
- vi. Comparing the condition of the organization in phase (i) with that in phase (v) within the parameters of organizational stability, formulation of goals and objectives and their accomplishment. The goals and objectives of the organization can also be reassessed to match the new (ideal) model of the organization.

Warner Burke's Approach

Warner Burke's approach to OD program has the following seven phases:

Entry: In this phase, the management of an organization (client) approaches external consultant. The consultant tries to explore the reasons that compelled the client to seek external help, the nature of the problem and whether it is feasible to conduct an OD program for that particular problem.

Contracting: In this phase, the client and consultant discuss the intensity of the problem being faced by the former. Both the parties communicate their expectations to each other. The client may expect the consultant to identify and resolve the problems in the organization. They may discuss the amount of time and effort that each party needs to spend to help the organization achieve its goals. This stage ends when an agreement is reached between both the parties.

Diagnosis: In this phase, the consultant establishes contact with the employees of the organization. He takes their interview to obtain a general view, observes the workplace and its processes, distributes questionnaires to get employees' indepth view and studies the records to understand work rules of the organization. He analyzes the information collected from these sources and attempts to diagnose the organization's problems and their causes.

Feedback: In this phase, the consultant presents to the employees of client organization, the information analyzed from the raw data. The employees may confirm the accuracy of data, supply further details for better understanding of the organizational situation and identify the problems and opportunities.

Planning change: Under the guidance of the consultant, the members of the client organization, determine the action to be taken based on the information given to them. In this stage, the various alternatives available are closely studied. They also develop plans for implementing the action.

Intervention: The plans developed in previous steps to resolve the problems or exploit the opportunities are implemented in the organization. Various OD techniques may be used to train employees and build teams, to efficiently carry out the program.

Evaluation: The OD program is evaluated to measure its impact on employees, organizational processes, and overall function of the organization.

Beckhard's Approach

R Beckard's approach to OD is known as Beckard's approach. According to this approach, OD program can be implemented in five steps – diagnosis, strategy planning, education, consulting and training and evaluation.

Diagnosis: This phase involves taking a comprehensive view of the organization and identifying whether there is any need for change.

Strategy planning: If the above step confirms the need for change, the management chalks out an action plan for change. It also formulates a strategy for the implementation of change. The strategy includes the activities to be undertaken by the management in bringing the change, the sequence in which change is to be introduced in the various units/departments of the organization and the resources to be allocated for the change program.

Education: The managers attend lectures given by OD experts, participate in seminars and other training programs to equip themselves with skills that would enable them to cope with change and improve the efficient working of the organizations.

Consulting and Training: The management approaches an external consultant to discuss the ways to improve the existing organizational practices or the introduction of new practices.

Evaluation: The change program is constantly assessed to know its impact on the organization.

SUMMARY

Change, in general, indicates any act of making something different. The factors that necessitate change in organizations are broadly categorized into people, technology, information processing and communication, and competition. Some changes in the organization occur suddenly without the conscious efforts of the people. These are called unplanned changes. On the other hand, some changes are initiated by the management to accomplish certain goals and objectives. These are called planned changes. More often, change is met with resistance. The resistance can be implicit (or covert) or explicit (or overt). Resistance to change can be classified into individual resistance and organizational resistance. Individuals resist change because they consider it as a threat to their habits, security and economic conditions. Organizational resistance occurs mainly because of structural inertia, group inertia, fear of losing power, expertise or control over resources. To overcome resistance to change, management can educate employees, involve employees in change decisions, go for negotiation, manipulation, co-optation and coercion. The approaches to managing planned change include Lewin's three step model and Action research. The three step model suggests that organizations can bring permanent changes in employee behavior by making them unlearn old behaviors and work procedures. Action research is a scientific approach towards managing planned change that involves systematically collecting data and taking action based on the analysis of data analyzed.

Organization Development (OD) is a unique organizational improvement strategy. The sets of structured/planned activities adopted by groups or individuals in an organization as a part of the organization development program, are known as OD techniques or OD interventions. While change programs may involve either external or internal consultants, OD interventions mostly involve external consultants. Some OD interventions include sensitivity training, survey feedback, process consultation, team interventions and intergroup interventions. OD programs consists of four phases:- (i) Diagnosing the problems of the organization, (ii) Developing plans for change, (iii) Implementing change plans in the organization, (iv) Follow-up and evaluation. Different OD practitioners have different approaches towards the implementation of OD program. Some of the approaches discussed in this chapter are Blake and Mouton's approach, Abad's model, Warner Burke's approach and Beckhard's approach.

Chapter 17

Quality of Work Life – Emerging Trends

In this chapter we will discuss:

- Need for Innovative Approaches
- The Concept of Quality of Work Life (QWL)
- Benefits and Potential Difficulties of QWL
- Strategies for Improving QWL
- Self Managed Teams: An Approach to QWL

The scientific approach towards management and organization resulted in a rigid structural hierarchy, exhaustive specialization of jobs, deployment of unskilled labor and an unfavorable work environment. This led to high employee turnover, decline in productivity, absenteeism and consequently, a group of demotivated employees. Modern managers have realized the need to develop a work climate that motivates the employees to perform better in order to enhance the productivity of their organizations. This realization gave birth to a concept called “Quality of Work Life” (QWL).

QWL deals with the impact of work and the work environment on employees and organizational productivity. It focuses on improving the conditions of work to create a supportive and healthy work environment.

In this chapter, we will examine innovative approaches towards improving organizational structures and the growing relevance of the concept of QWL. We will discuss the objectives and benefits of implementing QWL and also take a look at the difficulties encountered in the implementation process. This chapter also touches on modern approaches to QWL.

NEED FOR INNOVATIVE APPROACHES

The early 1990s saw the emergence of a considerable number of Behavioral Science interventions in the management of organizations. Interventions such as QWL, job enrichment, job rotation and job redesign aimed at improving the health and overall effectiveness of organizations through a series of planned changes. The need to change and the need to discover innovative approaches to designing and managing organizations was triggered by a number of factors. These factors are discussed below.

Need to Improve the Work Environment

In the early 90s, many people began to feel that organizations failed to provide a stimulating work environment for their workers. In order to study the impact of the work environment on organizational performance, a survey of important organizations in the European Union was conducted by The European Foundation for the Improvement of Living and Working Conditions (European body set up in 1975 to contribute to the planning and establishment of better living and working conditions). The survey revealed that most organizations had unhygienic work places and many physical constraints (space, ventilation, lighting, etc.). In addition, social interaction was non-existent in these organizations. This work environment had a negative impact on employees, both physically and psychologically. This physical and mental stress experienced by the employees affected the profitability of organizations. The decline in profits made organizations feel the need to change their approach to organizing and managing.

Opportunities and Threats in the Wake of Globalization

Over the last decade, many developing countries (including India) liberalized their economies. Liberalization brought about deregulation of markets and provided domestic companies with the impetus to produce goods and services of international quality, on par with those manufactured by multinational organizations. This boosted the economies of developing countries. However, the deregulation of markets also threatened the domestic industries which had, till then been protected by the government. Companies in such industries feared that they would be wiped out of the market. Even the highly competitive North American companies feared that they would not survive the stiff competition offered by the Japanese and Korean companies. Consequently, these companies felt the need to improve the quality and reduce the costs of their products to achieve the levels of the Japanese and Korean companies.

They also realized that they can improve the quality and productivity levels of the organizations by improving not only the production technologies but by discovering new approaches to organizing and managing business as well.

Diminishing Rates of Growth in Productivity

Although the productivity of organizations in a few developing countries was on the rise, the productivity rates, even in countries like Japan and Korea, were not as high as was during the previous years. The deteriorating productivity levels exposed the ill-health and the ineffectiveness of the organizations. This increasing inefficiency of organizations began to have a negative impact on the motivation and satisfaction levels of the employees. This became a major cause of concern for the management. A probe into modern approaches to management and organization became inevitable to increase productivity, and enhance the profitability of organizations.

Need to Keep Pace with the Technological Changes

Advances in technology led to the introduction of newer and easier ways of accomplishing complex, monotonous and repetitive tasks in organizations. Technology plays a vital role in raising the productivity and quality of work of employees. In many organizations, the replacement of humans with complex micro-computers, has led to a reduction in operational costs and an increase in productivity. It is therefore necessary for organizations to not only participate in this technological revolution but also to constantly keep pace with rapid changes in technology. Organizations have to discover modern approaches to organizing in order to effectively implement new technologies and enhance and sustain productivity and profitability.

Revolutionary Change in the Profile of the Workforce

Nowadays the labor force in modern organizations is much more educated, informed, affluent, independent and refined than it was a few decades ago. An increasing number of women are being employed in areas that were previously male-dominated. The invasion of technological revolution led to large-scale unemployment in most developing countries. This lowered the motivational levels of employees, leading to lower rates of productivity. The above developments in the labor market have forced organizations to innovate better ways of managing.

THE CONCEPT OF QUALITY OF WORK LIFE (QWL)

A more worker-oriented approach to organizing than that proposed by the Scientific theory of Management by F W Taylor, was the concept of “Quality of Work Life” (QWL). The activities of QWL were spurred off by a series of attitudinal surveys conducted at the University of Michigan between 1969 and 1973. These surveys sought to find ways to improve the quality of life of individuals at the work place. The objective of these surveys was to draw the attention of managements of organizations to the quality of employment.

The term “QWL”, coined by Louis Davis, gained wider acceptance after the Arden House Meet in New York in 1972. The meet also paved way for the establishment of the International Center of QWL.

QWL may be defined as the extent to which the environment at the work place stimulates or hinders the productivity of the employees. It can also be defined as “the quality of relationship between employees and the total working environment.”¹

¹ Davis, L.E., ‘Learning from the design of New Organizations,’ in H F Kolondy and H Van Beinum (eds.), *The Quality of Working Life and the 1980s* (New York: Praeger, 1983) 80.

QWL programs aim at developing work conditions that satisfy employee needs. The satisfaction of employees can be determined by the degree to which an employee is “engaged.” The term “engaged” refers to the emotional and intellectual involvement of the employees. And the key drivers for this “engagement” are the work design, the opportunities offered by the job and the recognition received on completion of the job. QWL activities focus on these key drivers for employee engagement. Therefore QWL activities must cater to the follow physical and emotional needs of employees.

Provision of a Safe and Healthy Environment

Organizations must provide its employees with a safe and hygienic work place that not only safeguards their health but also stimulates and encourages them to perform well. They should provide a workplace that stimulates and encourages employees to perform well. Organizations should also strive to ensure that employees are not exposed to undue job stress. They can achieve this by developing a structure and hierarchy that does not pose a threat to the employees’ sense of security. A QWL activity, initiated by the organization, should therefore cater to the physical needs of employees.

Establishment of Effective Supervision and Management

The onus of creating a work environment that attracts, keeps and motivates the workforce lies entirely on the managers and supervisors. The managers and supervisors should make their subordinates feel important and satisfied. They must make them feel proud about their job and their organization and must encourage them to explore their finer skills at work, thus raising their productivity. Supervisors and managers should communicate honestly and explicitly to subordinates, their expectations of behavior at the workplace. They must also serve as role models for their subordinates. Managers and supervisors should therefore be properly selected, trained and held accountable for all relevant management results, as it is they who have the biggest impact on the morale and motivation of the employees. QWL activities must, therefore establish an effective supervision and management system.

Adequate and Fair Compensation

Organizations must aim at providing employees adequate and fair compensation. The compensation should not only be competitive but also motivate and retain them in the organization. QWL activities must therefore seek to develop a variable pay system that adequately recognizes good performance and encourages the employees to raise their productivity levels.

Development of Work Skills

A positive work environment develops the skills and capacities of the workforce. QWL activities introduced by the organization, must create learning opportunities for employees, thereby facilitating the all round development of the human capital of organizations.

Creation of a Positive Attitude towards Work and the Organization

A positive attitude at work would motivate the employees to constantly raise their productivity levels, thereby enhancing their job satisfaction. Therefore, QWL activities should strive to inculcate a positive attitude in employees towards their work and the organization.

Effective Management of Change and Transition

Effective management of change and transition in various aspects of management like technology, and organizational structure is one of the important areas of concern for organizations. QWL activities must therefore prepare the organizations and the employees to adapt to change, thereby facilitating transition of the organization from one stage of development to another.

Exhibit 17.1

Quality of Work Life at GE Plastics

GE Plastics, a division of GE, is well known for its innovations in resins and many other materials.

GE Plastics assures complete support to all its employees on both professional and personal fronts. Apart from creating a friendly and stimulating work environment, GE Plastics also extends support to its employees in their domestic lives. It offers comprehensive services to its employees in the following areas:

- **Parenting Assistance** – The company assures complete assistance in childcare or adoption processes. It extends financial support for the education of children and also provides parents with confidential and expert counseling in raising children and balancing work and family.
- **Educational Counseling** – Provides career guidance to children of employees from kindergarten to graduation. Assists in exploring the various sources of financial aid.
- **Elder Care Assistance** – The company helps employees find resources for home safety and making living arrangements for dependents. It even helps employees develop their own retirement plans.
- **Financial Assistance** – Provides resources and information in areas like budgeting, saving, investment plans, buying a home etc.
- **Legal Advice** – Assists in providing legal resources for sorting out problems regarding family law, immigration, tenant's rights etc.
- **Work Advice** – Supports employees with expert advice on issues like handling stress, managing relationships and dealing with change.
- **Managing Health** – Provides employees and their families with adequate medical assistance like hospital care, health screenings, vision care, mental health and abuse treatment.
- **Health Care** – Provides workers access to quality, comprehensive medical coverage through a network of health care providers.
- **Other Services** – Provides its employees with services like dental care and disability plan. The disability plan provides employees with short and long term income replacement in case illness or injury prevents them from working. It also supports insurance plans, pension plans, holiday plans and even job-loss plans.

Such a caring and motivating work environment has helped GE Plastics increase not only employee satisfaction levels but also productivity levels.

Adapted from "Life at GE Plastics," GE Plastics, 10 Aug. 2003, <www.geplastics.com>

Therefore, from the management's point of view, QWL programs increase the participation of workers in the decision making process and improve the productivity of the organizations through the all round development of employees. From the point of view of employees, QWL activities provide them with a more worker-friendly work environment. QWL activities also provide opportunities for employees to upgrade their skills, thus contributing to their professional advancement. Such programs also help in recognizing, encouraging and rewarding employees' personal skills and abilities. The workers also view QWL activities as tools for achieving their personal goals (Refer to Exhibit 17.1 and 17.2)

Exhibit 17.2

QWL Initiatives at Texas Instruments

Texas Instruments Incorporated (TI) is a world leader in digital signal processing, analog technologies and semiconductor engines. TI has always been an employee-friendly company. It has worked hard to implement QWL programs that help its people balance work and personal life outside the office. It has always encouraged its employees to achieve their professional and personal goals. These QWL efforts have improved employee morale and, consequently reduced employee turnover and increased productivity and profitability.

TI's successful QWL initiatives have contributed greatly to its profitability. Some of the QWL initiatives implemented at TI are described below.

- **Flexible Work Arrangements** – TI offers a variety of flexi-time options for its employees, ranging from part time work to job sharing. These options allow employees to select the most convenient time and place of work. Compressed work weeks and work from home are common at TI. Flexible work arrangements provide employees with sufficient time for their personal tasks, thereby improving the quality of their work.
- **LifeWorks** – This is an information center which provides information on educational institutions for employees. Programs relating to parenting, educational planning, and work-life balance are also available through this center.
- **ABC** – In 1995, TI along with 21 other US companies joined the American Business Collaboration for Quality Dependent Care (ABC). Through ABC, these companies sought to improve the availability and quality of dependent care resources (resource centers for taking care of children and senior citizens) in their local communities. These companies work together to conduct training sessions for child care providers, emergency and back-up child care programs and elder care programs.
- **Parents Network** – The Parents Network facilitates the exchange of information among employees with young children. It enables them to exchange information and experiences of parenting.
- **New Mothers Room** – TI provides a room for nursing mothers with all the necessary facilities for promoting infant health through breast feeding, thus proving to be a mother-friendly work place.
- **Summer Time Kids Camp** – TI holds a summer camp for its employees' children at its fitness facility. The 10-week program is run by Bright Horizons Family Solutions, a reputed corporate childcare company.
- **Seminars** – A variety of seminars and workshops are conducted by TI to help employees understand various work/life issues. Some of the topics discussed are parenting, elder care, education, stress management and financial planning.
- **Health Excellence** – TI offers programs and services that help employees maintain a healthy lifestyle.
- **Adoption Benefits** – TI offers an adoption benefit plan which enables its employees to bear the expenses of child adoption, by offering reimbursements up to \$4000.

Apart from these benefits, TI also extends other benefits like education assistance, life insurance options, confidential counseling for employees and recreation outlets to ensure complete employee satisfaction. These QWL initiatives have made TI a great place to work in.

Adapted from "Corporate Citizenship," Texas Instruments, 10 Aug. 2003, <www.texasinstruments.com>

BENEFITS AND POTENTIAL DIFFICULTIES OF QWL

Implementation of QWL initiatives not only brings various benefits to organizations and their workers but is also accompanied by certain difficulties and risks. In this section we discuss the various benefits and potential difficulties of QWL.

Benefits of QWL

An effective QWL initiative leads to the creation of a healthy, satisfied and productive workforce, which brings about the development of efficient, adaptive and profitable organizations. QWL activities, that provide a safe and healthy environment, develop a positive attitude in employees towards their jobs and their organizations. Effective QWL activities also provide employees opportunities for learning and professional growth. They enhance employee-participation in the process of organizational decision-making and foster better communication between labor and management, which in turn, smoothen labor-management relations. QWL activities ensure fair compensation and security for workers, thus motivating them to perform better, work regularly and be loyal to their organizations. QWL activities encourage interaction between the individual and the organization to satisfy each other's needs and expectations. By doing so, QWL activities build mutual trust among the members of the organization.

There are many companies which have been benefited by implementing QWL initiatives. Johnson & Johnson, which implemented QWL initiatives as benefited in numerous ways. To improve the quality of work life, J&J offered a Health and Wellness Program (HWP) to its employees in the US. The HWP offered not only assistance to its employees (which helped them maintain a balance between their personal and professional lives) and benefits packages, but also several family-friendly policies and excellent professional development opportunities. This initiative saved J&J \$8.5 million per annum in the form of reduced employee medical claims and administrative savings. Moreover, within two years of implementing HWP, J&J witnessed a 15% decline in the rate of absenteeism.

Potential Difficulties of QWL

Although all QWL initiatives aim at improving organizational processes, the implementation of such initiatives poses some difficulties. Problems arise when QWL initiatives are collaboratively launched by the management and the union. In such a case, management feels that a collaborative venture initiated by the union might result in loss of managerial control over the union. If such a venture is initiated by the management, the union fears that it might be overpowered by the management. Such perceptions may have a negative effect on the relationship between the two parties.

The above difficulties can be minimized if there is mutual trust between the two parties and management and the union accept some general norms regarding the implementation of QWL initiatives. These initiatives can also be successful if there is open acknowledgment of the benefits each party would enjoy. The establishment of a charter for QWL specifying the ground rules, responsibilities and authorities of both, the management and the union would also help sustain a harmonious relationship between the two parties.

STRATEGIES FOR IMPROVING QWL

QWL is the shared responsibility of the management and the union. Both parties must participate equally in the implementation of QWL initiatives. J.Richard Hackman and J.L.Suttle have recommended six strategies to improve QWL in organizations.

Effective Career Guidance

Managers and supervisors must provide career guidance to their subordinates right from the initial stages to the mid and later stages of career planning. The management should develop career paths for employees, counsel workers, provide them with adequate information regarding their career, train them, and periodically assess their skills. This exercise would help sustain the productivity of employees and also help them prepare for any change in the work environment or organizational setting. Career guidance can be made more effective if such career development activities are taken up in coordination with other activities carried out by the Human Resource Management department.

Reward Systems

An effective reward system will lead to the creation of a skilled, committed, competent and motivated workforce which in turn will bring about an increase in the productivity and profitability of the organization. The reward system may be financial or non-financial in nature. Financial rewards include an increase in salary or special performance bonus. These rewards should be commensurate with the performance and contribution of the individual towards the productivity of the organization. Non-financial rewards include enhanced responsibility, opportunities for growth and development along the career ladder, etc. The success of any reward system depends on the degree of involvement of the participants and their perception of its value and fairness. Organizational reward systems are therefore very complex in nature and need to be designed carefully. Improved communication systems go a long way in contributing to the success of any reward system.

Role of Supervision and Management

An organization's existing managerial practices have an immense impact on the implementation of QWL initiatives. The supervisors and managers play an important role in determining the success of QWL programs as they act as facilitators between the management and the union. They influence the productivity of the workers and the success of QWL initiatives by the way they treat their subordinates and motivate them to enhance the quality of work. They also affect the output of employees through their influence on the design of jobs, the development of the reward system and the development of teamwork. The supervisor also influences the participation of the employees in crucial decision making activities.

Job Design

Job design has a tremendous impact on the motivation, satisfaction and productivity of employees. It must therefore ensure that the optimal quantity of work is carried out by employees, that responsibilities are supported by adequate powers and that the work satisfies the workers and enables them to move up the career ladder. However, there exists no specific job design strategy to improve the quality of work life. The management should therefore encourage the involvement of workers in designing jobs.

Design and Maintaining Group and Inter-group Relationships

The management of an organization is responsible for designing and maintaining inter-group relationships. Groups may be formed by virtue of the tasks they perform or the hierarchy existing in organizational structures. They may even be based on the social

and personal characteristics of the workers. To improve the quality of work life, management should pay attention to the dynamics of intra-group and inter-group relationships. A variety of behavioral science interventions (like inter-group meetings etc.) may be used to minimize the unfavorable effects of inter-group conflicts, thereby improving the quality of work life. These interventions tend to increase communication and interaction between work-related groups and decrease the amount of dysfunctional competition.

SELF MANAGED TEAMS : AN APPROACH TO QWL

A Self Managed Team (SMT) refers to a group of employees formed to accomplish a common objective. A SMT is directed by a team leader. The members of the team are granted decision making authority to accomplish the objectives of the team. They participate in activities like designing the work methods, making hiring decisions and sometimes even establishing the rates of pay.

Also called 'autonomous work groups' or 'socio-technical teams', Self Managed Team aim at achieving a balance between the human and technical systems of an organization. The team manages itself without any formal supervision. It is largely guided by its team leader, who defines the end objectives of the group and facilitates the success of the team. The team leader not only provides the necessary guidance to his team, but also helps it obtain the required resources for the accomplishment of the objectives. He is also responsible for encouraging the group to enhance its problem solving and self-evaluation skills. He thus plays the role of a facilitator among the members of the team. By doing so, he helps the organization make the transition from a traditional hierarchical structure to a structure in which teams manage themselves.

Considerable time is spent on team meetings to facilitate the all round development of the team members. This creates a shared sense of responsibility and accomplishment among all the members of the team, and motivates them to perform better. Exhibit 17.3 discusses the transition of an organization into an effective SMT and the difficulties faced by managers and supervisors during the transition phase.

Exhibit 17.3

The Managerial Transition to Self Managed Teams

The establishment of a Self Managed Team (SMT) is not possible without the participation of the top management. The success of an SMT is largely determined by the extent to which the supervisors and the managers are trained for their new role as facilitators.

The transition from a traditional hierarchical organizational structure to a modern, flat, self-managing team structure necessitates significant adjustments on the part of managers. The adjustment is not easy as managers feel that a flat structure may reduce their power or status in the organization.

According to a study, during the transformation of a company into an SMT, managers revealed the following behavior:

- **Initial suspicion, uncertainty and resistance** – The feeling of suspicion over the transition stemmed from the apprehension that their past personal performance failures would be brought to the attention of senior management. They also resisted the change because they did not want the credit for the change to go to the external consultant (the consultant plays an important role in the implementation of the change process). Moreover, they were not convinced about the success of the initiative.

- **Playing the role of a facilitator** – Playing the role of a facilitator was not an easy task for the managers as they had to deal with issues relating to communication within the team while maintaining their image as team leaders. The supervisor also had the responsibility of resolving new behavioral conflicts among the members of the team. New behavioral conflicts developed because of the fact that all employees were given equal rights and responsibilities. The managers felt that the team was not competent to manage itself. They also had to face the challenge of acting as mere facilitators, instead of supervisors.
- **Development of new modes of behavior** – The managers faced a tough time developing a new system of behavioral practices and modes of conversation required in their new role as facilitators of self managed teams.

The organization finally transformed itself into a Self Managed Team due to a QWL initiative which had the complete support of top management. This, in turn, laid the foundation for a new and successful work system.

Adapted from "Preparing for organizational change to employee self management – The managerial transition," 10th August 2003, Organizational Dynamics.

SUMMARY

Job discontent and declining productivity rates of employees working in organizations that followed traditional managerial practices, paved the way for the emergence of QWL initiatives to boost the motivation levels of employees and improve the health of organizations. QWL is an important intervention which focuses on establishing a workplace that encourages workers to perform well, thereby sustaining the productivity and profitability of organizations. Effective QWL activities lead to the development of a healthy, satisfied and productive workforce and creation of an efficient, adaptive and profitable organization. However, QWL activities that have not been properly implemented may destroy the harmonious relationship between the management and the union. It is therefore essential to understand that QWL programs are the joint responsibility of the management and the union. The concept of Self-Managed Teams is a modern approach towards QWL. A SMT can be defined as a cohesive group striving to achieve a common goal under the guidance of a team leader. The members of a SMT are given appropriate responsibilities and sufficient powers to accomplish their duties and achieve the team's objective.