

# **1.1 Management Principles and Practice**

**Paper - 1**

# **1.2 Organisational Behaviour**

**Paper - 2**



Prof. NSR Murthy  
nsmurthy@hotmail.com

**MBA First Semester**

**Bharathiar University, Coimbatore - 641 046**

Author: P G Aquinas

Copyright © 2007, Bharathiar University  
All Rights Reserved

Produced and Printed  
by  
EXCEL BOOKS PRIVATE LIMITED  
A-45, Naraina, Phase-I,  
New Delhi-110028

for

**BHARATHIAR UNIVERSITY**

Coimbatore-641046

BHARATHIAR UNIVERSITY, COIMBATORE-641 046

**M.B.A with Diploma in Entrepreneur Development (CBCS Pattern)**

(for the affiliated college students admitted during the academic year 2009-10 &amp; onwards)

**SCHEME OF EXAMINATIONS – CBCS Pattern**

Study Components	Course Title	Ins. hrs / week	Examinations				Credits
			Dur .Hr	CI A	Mks	Total	
<b>SEMESTER – I</b>							
	Management Principles and Practice	3	3	25	75	100	3
	Organisational Behaviour	3	3	25	75	100	3
	Managerial Economics	3	3	25	75	100	3
	Financial and Management Accounting	3	3	25	75	100	3
	Quantitative Methods for Management	3	3	25	75	100	3
	Executive Communication	3	3	25	75	100	3
	<b>Elective/Diploma- 1 : Entrepreneur Development</b>	3	3	25	75	100	3
<b>SEMESTER –II</b>							
	Operations Management	3	3	25	75	100	3
	Marketing Management	3	3	25	75	100	3
	Financial Management	3	3	25	75	100	3
	Human Resource Management	3	3	25	75	100	3
	Quantitative Techniques	3	3	25	75	100	3
	Research Methods for Management	3	3	25	75	100	3
	Business Environment & Ethics	3	3	25	75	100	3
	<b>Elective/Diploma: 2: Entrepreneurship &amp; Innovations</b>	3	3	25	75	100	3
<b>SMESTER – III</b>							
	International Business	3	3	25	75	100	3
	Management Information System	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Computer Applications: Integrating Business Process through SAP	3	3	-	-	-	-
	Summer Placement Project Report & Viva-Voce	-	-	20	80	100	3
	<b>Elective/Diploma-3 : Legal Aspects of Business</b>	3	3	25	75	100	3
<b>SEMESTER – IV</b>							
	Strategic Management : Indian Global Context	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Elective	3	3	25	75	100	3
	Computer Applications: Integrating Business Process though SAP * – Practical						
	a. Management Practice (*)	-	-	-	-	-	-
	b. Comprehensive Viva-Voce (Internal)*	-	-	-	-	-	-
	<b>Elective/Diploma-4 : Business Plan</b>	3	3	25	75	100	3
<b>TOTAL</b>		-	-	-	-	<b>3000</b>	<b>90</b>

## **1.1 MANAGEMENT PRINCIPLES AND PRACTICE**

### **Subject Description :**

This course presents the Principles of Management, emphasizing managerial functions, explaining internal management of organizations and behavioural concepts as applied to practical management problems.

### **Goals:**

To enable the students to learn the basic functions, principles and concepts of management.

### **Objectives:**

On successful completion of the course the students should have:

Understood management functions and principles.

Learnt the scientific decision making process and problem solving techniques.

Learnt the modern trends in management process.

### **Unit I**

Management : Science, Theory and Practice - The Evolution of Management Thought and the Patterns of Management Analysis - Management and Society : The External Environment, Social Responsibility and Ethics - Global and Comparative Management - The Basis of Global Management.

### **Unit II**

The Nature and Purpose of Planning - Objectives - Strategies, Policies and Planning Premises - Decision Making - Global Planning.

### **Unit III**

The Nature of Organizing and Entrepreneurship - Organizational Structure : Departmentation - Line/Staff Authority and Decentralization - Effective Organizing and Organizational Culture - Global Organizing.

### **Unit IV**

Co-ordination functions in Organisation - Human Factors and Motivation - Leadership - Committees and group Decision Making - Communication - Global Leading.

### **Unit V**

The System and Process of Controlling - Control Techniques and Information Technology - Productivity and Operations Management - Overall Control and toward the Future through Preventive Control - Global Controlling and Global Challenges.

### **References :**

1. Koontz & Weirich, Essentials of Management, Tata McGraw Hill.
2. VSP Rao, V Hari Krishna – Management: Text and Cases, Excel Books, I Edition, 2004
3. Stoner & Wankai, Management, PHI.
4. Robert Krcitner, Management, ATTBS.
5. Weirich & Koontz, Management - A Global perspective, McGraw Hill.
6. Helliregarl, Management, Thomson Learning, 2002.
7. Robbins.S.P., Fundamentals of Management, Pearson, 2003.

## **1.2 ORGANISATIONAL BEHAVIOUR**

### **Subject Description :**

Organizational Behaviour brings out the personality and behavioural science, its influence on organizational behaviour by understanding the concepts of organizational change, politics and behaviour.

### **Goals:**

To enable the students to learn the basics of individual behaviour and an organizational behaviour.

### **Objectives:**

On successful completion of the course the students should have:

Understood personality traits and their influence on organization.

How personality traits can be molded to suit the organization.

To learn the modern trends, theories and concepts in organizational behaviour

### **Unit I**

Organisational Behaviour : History - evaluation, Challenges & opportunities, contributing disciplines, management functions and relevance to Organisation Behaviour.

Personality - Determinants, structure, behaviour, assessment, psycho-analytical social learning, job-fit, trait theories.

### **Unit II**

Emotions and Emotional Intelligence as a managerial tool. Implications of EI on managers and their performance. Attitudes - relationship with behaviour, sources, types, consistency, work attitudes, values - importance, sources, types, ethics and types of management ethics. Perception - Process, Selection, Organisation Errors, Managerial implications of perception.

Learning - classical, operant and social cognitive approaches. Implications of learning on managerial performance.

### **Unit III**

Stress - Nature, sources, Effects, influence of personality, managing stress.

Conflict - Management, Levels, Sources, bases, conflict resolution strategies, negotiation.

Foundations of group behaviour : linking teams and groups, Stages of development Influences on team effectiveness, team decision making. Issues in Managing teams.

### **Unit IV**

Organisational change - Managing planned change. Resistance to change - Approaches to managing organisational change - Organisational Development - values - interventions, change management.

Organisational politics - Political behaviour in organisation, Impression management, Self monitoring. Organisational culture - Dynamics, role and types of culture and corporate culture, ethical issues in organisational culture, creating and sustaining culture.

### **Unit V**

Organisational Behaviour responses to Global and Cultural diversity, challenges at international level, Homogeneity and heterogeneity of National cultures, Differences between countries, The Challenges of work force diversity and managing diversity Cases.

### **References :**

1. Robbins.S. Organisational Behaviour, X edn., Prentice-Hall, India.
2. Hellinegal Slocum, Woodman, Organisational Behaviour, IX edn., Thomson learning.
3. Umasekaran, Organisational Behaviour, Tata McGraw Hill.
4. Robbins S.P., Concepts contrivances and applications, Prentice Hall.
5. Umasekaran, Organisational Behaviour.
6. Helliregal.et.al, Organisational Behaviour, Thomson Learning.
7. McShane & Glinow, Organisational Behaviour, Tata McGraw Hill.
8. Harris & Hartman, Organisational Behaviour, Jaico, 2003.

# CONTENTS

		<b>Page No.</b>
	<b>UNIT-I</b>	
<b>Lesson 1</b>	Management Science: Theory and Practice	7
<b>Lesson 2</b>	Management and Society	33
<b>Lesson 3</b>	Functions of Management	43
	<b>UNIT-II</b>	
<b>Lesson 4</b>	Organising	61
<b>Lesson 5</b>	Human Factors and Motivation	91
<b>Lesson 6</b>	Leadership and Group Decision Making	103
<b>Lesson 7</b>	Communication	119
	<b>UNIT-III</b>	
<b>Lesson 8</b>	The Process of Controlling	147
<b>Lesson 9</b>	Control Techniques & Global controlling	155
<b>Lesson 10</b>	Directing	161
	<b>UNIT-IV</b>	
<b>Lesson 11</b>	Organisation Behaviour	171
<b>Lesson 12</b>	Personality	186
<b>Lesson 13</b>	Emotions and Emotional Intelligence	202
<b>Lesson 14</b>	Attitudes, Values and Work Ethics	208
<b>Lesson 15</b>	Perception and Learning	226
	<b>UNIT-V</b>	
<b>Lesson 16</b>	Stress	255
<b>Lesson 17</b>	Foundation of Group Behaviour	274
<b>Lesson 18</b>	Organisational Change	292
<b>Lesson 19</b>	Organisational Development	305
<b>Lesson 20</b>	Organisational Culture	326

# **UNIT-I**

---

## LESSON

# 1

## MANAGEMENT SCIENCE: THEORY AND PRACTICE

### CONTENTS

- 1.0 Aims and Objectives
- 1.1 Introduction
- 1.2 Definition of Management
- 1.3 Characteristics of Management
- 1.4 Scope of Management
  - 1.4.1 Subject-matter of Management
  - 1.4.2 Functional Areas of Management
  - 1.4.3 Management is an Inter-disciplinary Approach
  - 1.4.4 Principles of Management
  - 1.4.5 Management is an Agent of Change
  - 1.4.6 The Essentials of Management
- 1.5 Is Management a Science or an Art?
  - 1.5.1 What is "Science"?
  - 1.5.2 What is "Art"?
  - 1.5.3 Management is both a Science as well as an Art
- 1.6 Professionalisation of Management
- 1.7 Evolution of Management Thought
  - 1.7.1 Pre-scientific Management Period
  - 1.7.2 Classical Theory
  - 1.7.3 Neoclassical Theory
  - 1.7.4 Modern Theory (System Approach)
- 1.8 Let us Sum up
- 1.9 Lesson-end Activity
- 1.10 Keywords
- 1.11 Questions for Discussion
- 1.12 Suggested Readings

---

### 1.0 AIMS AND OBJECTIVES

---

This lesson is intended to introduce the students and management about fundamental of management and evolution of management thought. After studying this lesson you will be able to:



- (i) explain the meaning and characteristics of management.
- (ii) describe scope of management.
- (iii) know the nature of management, i.e., is it a science or an art.
- (iv) describe management as a profession.
- (v) understand evolution of management thought.

---

## **1.1 INTRODUCTION**

---

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

---

## **1.2 DEFINITION OF MANAGEMENT**

---

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the words of E.F.L. Brech - "Management is a social process entailing responsibility for the effective and economical planning and regulation of the operations of an enterprise, in fulfilment of a given purpose or task, such responsibility involving: (a) judgement and decision in determining plans and in using data to control performance, and progress against plans; and (b) the guidance, integration, motivation and supervision of the personnel composing the enterprise and carrying out its operations".

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

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

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

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

---

## 1.3 CHARACTERISTICS OF MANAGEMENT

---

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

1. **Management aims at reaping rich results in economic terms:** Manager's primary task is to secure the productive performance through planning, direction and control. It is expected of the management to bring into being the desired results. Rational utilisation of available resources to maximise the profit is the economic function of a manager. Professional manager can prove his administrative talent only by economising the resources and enhancing profit. According to Kimball - "management is the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration".
2. **Management also implies skill and experience in getting things done through people:** Management involves doing the job through people. The economic function of earning profitable return cannot be performed without enlisting co-operation and securing positive response from "people". Getting the suitable type of people to execute the operations is the significant aspect of management. In the words of Koontz and O'Donnell - "Management is the art of getting things done through people in formally organised groups".
3. **Management is a process:** Management is a process, function or activity. This process continues till the objectives set by administration are actually achieved. "Management is a social process involving co-ordination of human and material resources through the functions of planning, organising, staffing, leading and controlling in order to accomplish stated objectives".
4. **Management is a universal activity:** Management is not applicable to business undertakings only. It is applicable to political, social, religious and educational institutions also. Management is necessary when group effort is required.
5. **Management is a Science as well as an Art:** Management is an art because there are definite principles of management. It is also a science because by the application of these principles predetermined objectives can be achieved.
6. **Management is a Profession:** Management is gradually becoming a profession because there are established principles of management which are being applied in practice, and it involves specialised training and is governed by ethical code arising out of its social obligations.
7. **Management is an endeavour to achieve pre-determined objectives:** Management is concerned with directing and controlling of the various activities of the organisation to attain the pre-determined objectives. Every managerial activity has certain objectives. In fact, management deals particularly with the actual directing of human efforts.
8. **Management is a group activity:** Management comes into existence only when there is an group activity towards a common objective. Management is always concerned with group efforts and not individual efforts. To achieve the goals of an organisation management plans, organises, co-ordinates, directs and controls the group effort.
9. **Management is a system of authority:** Authority means power to make others act in a predetermined manner. Management formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

10. **Management involves decision-making:** Management implies making decisions regarding the organisation and operation of business in its different dimensions. The success or failure of an organisation can be judged by the quality of decisions taken by the managers. Therefore, decisions are the key to the performance of a manager.
11. **Management implies good leadership:** A manager must have the ability to lead and get the desired course of action from the subordinates. According to R. C. Davis - "management is the function of executive leadership everywhere". Management of the high order implies the capacity of managers to influence the behaviour of their subordinates.
12. **Management is dynamic and not static:** The principles of management are dynamic and not static. It has to adopt itself according to social changes.
13. **Management draws ideas and concepts from various disciplines:** Management is an interdisciplinary study. It draws ideas and concepts from various disciplines like economics, statistics, mathematics, psychology, sociology, anthropology etc.
14. **Management is Goal Oriented:** Management is a purposeful activity. It is concerned with the achievement of pre-determined objectives of an organisation.
15. **Different Levels of Management:** Management is needed at different levels of an organisation namely top level, middle level and lower level.
16. **Need of organisation:** There is the need of an organisation for the success of management. Management uses the organisation for achieving pre-determined objectives.
17. **Management need not be owners:** It is not necessary that managers are owners of the enterprise. In joint stock companies, management and owners (capital) are different entities.
18. **Management is intangible:** It cannot be seen with the eyes. It is evidenced only by the quality of the organisation and the results i.e., profits, increased productivity etc.

---

## 1.4 SCOPE OF MANAGEMENT

---

It is very difficult to precisely state the scope of management. However, management includes the following aspects:-

### 1.4.1 Subject-matter of Management

Management is considered as a continuing activity made up of basic management functions like planning, organizing, staffing, directing and controlling. These components form the subject-matter of management.

### 1.4.2 Functional Areas of Management

Management covers the following functional areas:-

- **Financial Management:** Financial management includes forecasting, cost control, management accounting, budgetary control, statistical control, financial planning etc.
- **Human Resource Management:** Personnel / Human Resource Management covers the various aspects relating to the employees of the organisation such as recruitment, training, transfers, promotions, retirement, terminations, remuneration, labour welfare and social security, industrial relations etc.
- **Marketing Management:** Marketing management deals with marketing of goods, sales promotion, advertisement and publicity, channels of distribution, market research etc.

- **Production Management:** Production Management includes production planning, quality control and inspection, production techniques etc.
- **Material Management:** Material management includes purchase of materials, issue of materials, storage of materials, maintenance of records, materials control etc.
- **Purchasing Management:** Purchasing management includes inviting tenders for raw materials, placing orders, entering into contracts etc.
- **Maintenance Management:** Maintenance Management relates to the proper care and maintenance of the buildings, plant and machinery etc.
- **Office Management:** Office management is concerned with office layout, office staffing and equipment of the office.

### 1.4.3 Management is an Inter-Disciplinary Approach

Though management is regarded as a separate discipline, for the correct application of the management principles, study of commerce, economics, sociology, psychology, and mathematics is very essential. The science of management draws ideas and concepts from a number of disciplines making it a multi-disciplinary subject.

### 1.4.4 Principles of Management

The principles of management are of universal application. These principles are applicable to any group activity undertaken for the achievement of some common goals.

### 1.4.5 Management is an Agent of Change

The techniques of management can be improved by proper research and development.

### 1.4.6 The Essentials of Management

The essentials of management include scientific method, human relations and quantitative techniques.

---

## 1.5 IS MANAGEMENT A SCIENCE OR AN ART?

---

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

### 1.5.1 What is "Science"?

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

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

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

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

1. Management is a systematized body of knowledge and its principles have evolved on the basis of observation.

2. The kind of experimentation (as in natural sciences) cannot be accompanied in the area of management since management deals with the human element.
3. In management, it is not possible to define, analyse and measure phenomena by repeating the same conditions over and over again to obtain a proof.

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

### **1.5.2 What is "Art"?**

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

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

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

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

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

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

### **1.5.3 Management is both a Science as well as an Art**

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

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

---

## **1.6 PROFESSIONALISATION OF MANAGEMENT**

---

There has been a growing trend towards professionalisation of management. Professionalisation imparts a certain social responsibility and dignity to management. A professional cannot be controlled or directed by the client. He has professional knowledge and judgment which he uses to make his decision. Thus, professionalisation makes business more efficient, dynamic and socially responsible. The growth of management education in India has contributed to professionalisation in the business field.

The company form of business organization which has split ownership from management and the gaining popularity of the company form of business organization have increased the need for professional managers.

Is management a profession? To answer this question, first of all we should understand what a profession is. Many authorities on the subject have attempted to define a profession. According to Abraham Flexner, A profession is -

1. A body of specialized knowledge and recognized educational process of acquiring it.
2. A standard of qualifications governing admission to the profession.
3. A standard of conduct governing the relationship of the practitioners with clients, colleagues and the public.
4. An acceptance of the social responsibility inherent in an occupation and the public interest.
5. An association or society devoted to the advancement of the social obligations as distinct from the economic interests of the group.

According to Lewis Allen, " a professional manager is one who specializes in the work of planning, organizing, leading and controlling the efforts of others and does so through a systematic use of classified knowledge, a common vocabulary and principles, who subscribes to the standards of practice and code of ethics established by a recognized body".

According to Peter Drucker, "Professional management is a function, a discipline, a task to be done; and managers are the professionals who practice this discipline, carry out the functions and discharge these tasks. It is no longer relevant whether the manager is also an owner; if he is it is incidental to his main function, which is to be a manager."

The World Council of Management has recommended the following criteria for professionalisation. They are -

1. Members of a profession subordinate self-interest to the client interest and the official interest.
2. A profession is based on a systematic body of knowledge that is held to common and lends to application.
3. Membership of a profession should depend on the observance of certain rules of conduct or behaviour.

A critical evaluation of the above definitions show that professionalisation of business management shows that -

1. There exists a systematic body of knowledge on management. A professional should have formally acquired the specialized knowledge and skill for management. Management is taught as a discipline in various educational institutes, throughout the world.
2. Membership of a profession should depend on the observance of certain rules of conduct and behaviour. The decisions and actions of a professional are guided by certain ethical considerations.
3. A profession is based on a systematic body of knowledge that is held in common and lends itself to application. Thus, a profession should have no ideological bias in the discharge of his functions.

A close scrutiny of management shows that management unlike law or medicine is not a full-fledged profession. The reasons are -

1. It is not obligatory to possess specific qualifications for being appointed as a manager.
2. There is no single association to regulate the educational and training standards of managers.
3. Uniform professional standards have not been set up for the practicing managers.

Thus, from the above mentioned discussion we can understand that management fulfils certain criteria to call it a profession. Whereas, it fails to meet certain other criteria. Therefore, we can conclude that management is not a full-fledged profession but it is advancing towards professionalisation.

#### Check Your Progress 1

1. Define Management?
2. Explain the characteristic features of management.
3. What is the scope of management?
4. Why is management considered a science as well as an art?
5. What do you mean by Professionalisation of management?

---

## 1.7 EVOLUTION OF MANAGEMENT THOUGHT

The origin of management can be traced back to the days when man started living in groups. History reveals that strong men organized the masses into groups according to their intelligence, physical and mental capabilities. Evidence of the use of the well-recognized principles of management is to be found in the organization of public life in ancient Greece, the organization of the Roman Catholic Church and the organization of military forces. Thus management in some form or the other has been practiced in the various parts of the world since the dawn of civilization. With the on set of Industrial Revolution, however, the position underwent a radical change. The structure of industry became extremely complex. At this stage, the development of a formal theory of management became absolutely necessary. It was against this background that the pioneers of modern management thought laid the foundations of modern management theory and practice.

Evolution of management thought may be divided into four stages

1. Pre-scientific management period.
2. Classical Theory
  - (a) Scientific Management of Taylor
  - (b) Administrative Management of Fayol
  - (c) Bureaucratic Model of Max Weber
3. Neo-classical Theory or Behaviour Approach
4. Modern Theory or Systems Approach



Fig 1.1 explains the evolution of management thought.

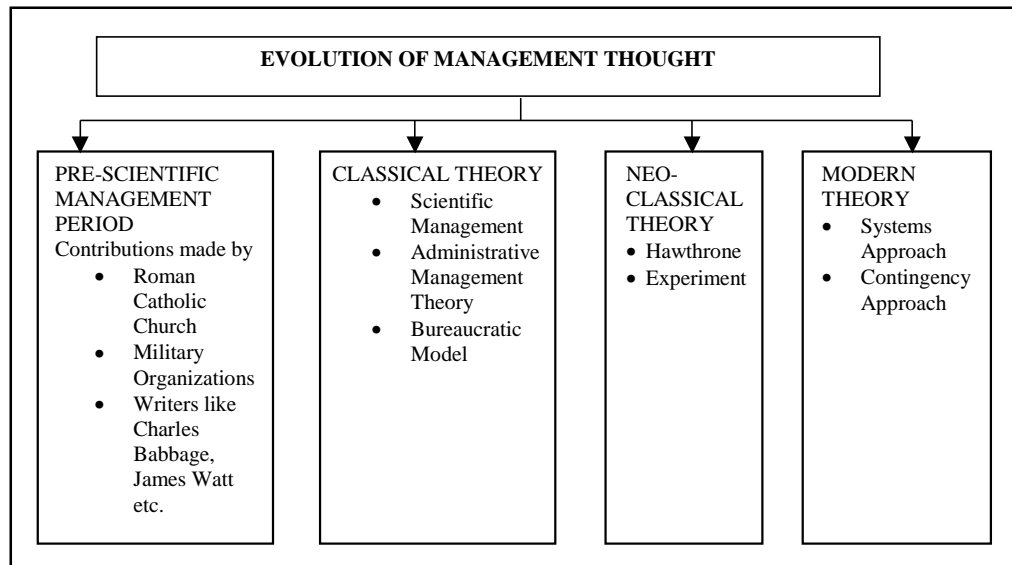


Figure 1.1: Evolution of Management Thought.

### 1.7.1 Pre-scientific Management Period

The advent of industrial revolution in the middle of the 18th century had its impact on management. Industrial revolution brought about a complete change in the methods of production, tools and equipments, organization of labour and methods of raising capital. Employees went to their work instead of receiving it, and so, the factory system, as it is known today, become a dominant feature of the economy. Under this system, land and buildings, hired labour, and capital are made available to the entrepreneur, who strives to combine these factors in the efficient achievement of a particular goal. All these changes, in turn, brought about changes in the field of management. Traditional, conventional or customary ideas of management were slowly given up and management came to be based on scientific principles. In the words of L. F. Urwick - "Modern management has thrown open a new branch of human knowledge, a fresh universe of discourse". During the period following the industrial revolution, certain pioneers tried to challenge the traditional character of management by introducing new ideas and character of management by introducing new ideas and approaches. The notable contributors of this period are:

- (A) **Professor Charles Babbage (UK 1729 -1871):** He was a Professor of Mathematics at Cambridge University. Prof Babbage found that manufacturers made little use of science and mathematics, and that they (manufacturers) relied upon opinions instead of investigations and accurate knowledge. He felt that the methods of science and mathematics could be applied to the solution of methods in the place of guess work for the solution of business problems. He advocated the use of accurate observations, measurement and precise knowledge for taking business decisions. He urged the management of an enterprise, on the basis of accurate data obtained through rigid investigation, the desirability of finding out the number of times each operation is repeated each hour, the dividing of work into mental and physical efforts, the determining of the precise cost for every process and the paying of a bonus to the workers in proportion to his own efficiency and the success of enterprise.
- (B) **James Watt Junior (UK 1796 - 1848) and Mathew Robinson Boulton (1770 - 1842):** James Watt Junior and Mathew Robinson Boulton contributed to the development of management thought by following certain management techniques in their engineering factory at Soho in Birmingham. They are:-

- ◆ Production Planning
  - ◆ Standardization of Components
  - ◆ Maintenance
  - ◆ Planned machine layout
  - ◆ Provision of welfare for personnel
  - ◆ Scheme for executive development
  - ◆ Marketing Research and forecasting
  - ◆ Elaborate statistical records
- (C) **Robert Owens (UK 1771 - 1858):** Robert Owens, the promoter of co-operative and trade union movement in England, emphasized the recognition of human element in industry. He firmly believed that workers' performance in industry was influenced by the working conditions and treatment of workers. He introduced new ideas of human relations - shorter working hours, housing facilities, training of workers in hygiene, education of their children, provision of canteen etc. Robert Owen, managed a group of textile mills in Lanark, Scotland, where he used his ideas of human relations. Though his approach was paternalistic, he came to be regarded as the father of Personnel Management.
- (D) **Henry Robinson Towne (USA 1844 -1924):** H.R Towne was the president of the famous lock manufacturing company "Yale and Town". He urged the combination of engineers and economists as industrial managers. This combination of qualities, together with at least some skill as an accountant, is essential to the successful management of industrial workers. He favoured organized exchange of experience among managers and pleaded for an organized effort to pool the great fund of accumulated knowledge in the art of workshop management.
- (E) **Seebom Rowntree (UK 1871- 1954):** Rowntree created a public opinion on the need of labour welfare scheme and improvement in industrial relations. The Industrial Welfare Society, The Management Research Groups and the Oxford Lecture Conferences in the U.K owed their origin and progress to the interest and zeal of Rowntree.

### 1.7.2 Classical Theory

Prof. Charles Babbage, James Watt Junior and Mathew Robinson Boulton, Robert Owen, Henry Robinson Towne and Rowntree were, no doubt, pioneers of management thought. But, the impact of their contributions on the industry as a whole was meagre. The real beginning of the science of management did not occur until the last decade of the 19th century. During this period, stalwarts like F.W. Taylor, H.L. Gantt, Emerson, Frank and Lillian Gilberth etc., laid the foundation of management, which in due course, came to be known as scientific management. This epoch in the history of management will be remembered as an era in which traditional ways of managing were challenged, past management experience was scientifically systematized and principles of management were distilled and propagated. The contributions of the pioneers of this age have had a profound impact in furthering the management know-how and enriching the store of management principles.

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

### Features of Management in the Classical Period:

1. It was closely associated with the industrial revolution and the rise of large-scale enterprise.
2. Classical organization and management theory is based on contributions from a number of sources. They are scientific management, Administrative management theory, bureaucratic model, and micro-economics and public administration.
3. Management thought focussed on job content division of labour, standardization, simplification and specialization and scientific approach towards organization.
  - A. **Taylor's Scientific Management:** Started as an apprentice machinist in Philadelphia, USA. He rose to be the chief engineer at the Midvale Engineering Works and later on served with the Bethlehem Works where he experimented with his ideas and made the contribution to the management theory for which he is so well known. Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasis the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of
    - (a) Observation
    - (b) Measurement
    - (c) Experimentation and
    - (d) Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

- Science, not rule of thumb
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output
- The development of each man to his greatest efficiency and prosperity.

**Elements of Scientific Management:** The techniques which Taylor regarded as its essential elements or features may be classified as under:

1. Scientific Task and Rate-setting, work improvement, etc.
  2. Planning the Task.
  3. Vocational Selection and Training
  4. Standardization (of working conditions, material equipment etc.)
  5. Specialization
  6. Mental Revolution.
1. **Scientific Task and Rate-Setting (work study):** Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement. Work study includes.

- (a) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.
- (b) **Motion Study:** It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.
- (c) **Time Study (work measurement):** The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study.

Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

- (d) **Fatigue Study:** If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.
  - (e) **Rate-setting:** Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.
2. **Planning the Task:** Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production thoroughly so that there is no bottlenecks and the work goes on systematically.
  3. **Selection and Training:** Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.
  4. **Standardization:** Standardization may be introduced in respect of the following.
    - (a) **Tools and equipment:** By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.
    - (b) **Speed:** There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.
    - (c) **Conditions of Work:** To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.
    - (d) **Materials:** The efficiency of a worker depends on the quality of materials and the method of handling materials.
  5. **Specialization:** Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.
    - (a) **The Route Clerk:** To lay down the sequence of operations and instruct the workers concerned about it.

- (b) **The Instruction Card Clerk:** To prepare detailed instructions regarding different aspects of work.
  - (c) **The Time and Cost Clerk:** To send all information relating to their pay to the workers and to secure proper returns of work from them.
  - (d) **The Shop Disciplinarian:** To deal with cases of breach of discipline and absenteeism.
  - (e) **The Gang Boss:** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.
  - (f) **The Speed Boss:** To ensure that machines are run at their best speeds and proper tools are used by the workers.
  - (g) **The Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.
  - (h) **The Inspector:** To show to the worker how to do the work.
6. **Mental Revolution:** At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

**Benefits of Scientific Management:** Taylor's ideas, research and recommendations brought into focus technological, human and organizational issues in industrial management. Benefits of Taylor's scientific management included wider scope for specialization, accurate planning, timely delivery, standardized methods, better quality, lesser costs, minimum wastage of materials, time and energy and cordial relations between management and workers. According to Gilbreths, the main benefits of scientific management are "conservation and savings, making an adequate use of every one's energy of any type that is expended". The benefits of scientific management are:-

- (a) Replacement of traditional rule of thumb method by scientific techniques.
- (b) Proper selection and training of workers.
- (c) Incentive wages to the workers for higher production.
- (d) Elimination of wastes and rationalization of system of control.
- (e) Standardization of tools, equipment, materials and work methods.
- (f) Detailed instructions and constant guidance of the workers.
- (g) Establishment of harmonious relationship between the workers.
- (h) Better utilization of various resources.
- (i) Satisfaction of the needs of the customers by providing higher quality products at lower prices.

### Criticism

1. **Worker's Criticism:**
  - (a) **Speeding up of workers:** Scientific Management is only a device to speed up the workers without much regard for their health and well-being.
  - (b) **Loss of individual worker's initiative:** Scientific Management reduces workers to automatic machine by taking away from them the function of thinking.
  - (c) **Problem of monotony:** By separating the function of planning and thinking from that of doing, Scientific Management reduces work to mere routine.

- (d) **Reduction of Employment:** Scientific Management creates unemployment and hits the workers hard.
- (e) **Weakening of Trade Unions:** Under Scientific Management, the important issues of wages and working conditions are decided by the management through scientific investigation and the trade unions may have little say in the matter.
- (f) **Exploitation of workers:** Scientific Management improves productivity through the agency of workers and yet they are given a very small share of the benefit of such improvement.

## 2. **Employer's Criticism:**

- (a) **Heavy Investment:** It requires too heavy an investment. The employer has to meet the extra cost of the planning department though the foreman in this department do not work in the workshop and directly contribute towards higher production.
- (b) **Loss due to re-organization:** The introduction of Scientific Management requires a virtual reorganization of the whole set-up of the industrial unit. Work may have to be suspended to complete such re-organization.
- (c) **Unsuitable for small scale firms:** various measures like the establishment of a separate personnel department and the conducting of time and motion studies are too expensive for a small or modest size industrial unit.

### **Is Taylorism Really Dead?**

Fred Taylor took a lot of flack during his heyday. Unions were suspicious of him, employers were skeptical of his claims and the government thought he needed to be investigated. Taylor's philosophy permeated his whole life. Sudhin Kakar, in his study, *Frederick Taylor: A Study in Personality and Innovation* (Cambridge: MIT Press, 1970), notes that he did such strange things as experiment with his legs on cross-country walks to discover the step that would cover the greatest distance with the least expenditure of energy; as a young man, before going to a dance, he would conscientiously and systematically list the attractive and unattractive girls with the object of dividing his time equally between them; and he often incurred the wrath of his playmates when he was more concerned that the playing field for sports be scientifically measured than he was with actually playing the game.

Taylor's "one best way" philosophy has often been misunderstood; though he believed that in terms of physical motions there should be "one best way", he also recognized that the equipment needed to perform the "one best way" would vary from person to person. His famous example of equipping a large man and a small man with shovels of different sizes to match the equipment with the person.

While it is fashionable today to blast Taylor as being insensitive to human needs and treating people like machines, it is painfully obvious that his influence is probably as great now as it ever was. Though Taylor is criticized for treating people only as economic beings, surveys show that dollar motivation is still strong, particularly in manufacturing organizations. If one includes managerial personnel who are on some type of bonus or profit-sharing scheme, then we probably have more people today on economic incentive systems than ever before.

Source: Jerry L Gray and Frederick A Starke "ORGANIZATIONAL BEHAVIOUR - concepts and applications"- Charles E Merrill Publishing Company Columbus (Third Edition) Page 9.

## **Contributions of Scientific Management:** Chief among these are:

1. Emphasis on rational thinking on the part of management.

2. Focus on the need for better methods of industrial work through systematic study and research.
3. Emphasis on planning and control of production.
4. Development of Cost Accounting.
5. Development of incentive plans of wage payment based on systematic study of work.
6. Focus on need for a separate Personnel Department.
7. Focus on the problem of fatigue and rest in industrial work.

Taylor was the pioneer in introducing scientific reasoning to the discipline of management. Many of the objections raised were later remedied by the other contributors to scientific management like Henry L Gantt, Frank and Lillian Gilbreth and Harrington Emerson.

**Frank (USA, 1867 - 1924) and Lillian (U.S.A, 1878 - 1912):** The ideas of Taylor were also strongly supported and developed by the famous husband and wife team of Frank and Lillian Gilbreth. They became interested in wasted motions in work. After meeting Taylor, they combined their ideas with Taylor's to put scientific management into effect. They made pioneering effort in the field of motion study and laid the entire foundation of our modern applications of job simplification, meaningful work standards and incentive wage plans. Mrs. Gilbreth had a unique background in psychology and management and the couple could embark on a quest for better work methods. Frank Gilbreth is regarded as the father of motion study. He is responsible for inculcating in the minds of managers the questioning frame of mind and the search for a better way of doing things.

Gilbreth's contributions to management thought are quite considerable. His main contributions are:

- (a) The one best way of doing a job is the way which involves the fewest motions performed in an accessible area and in the most comfortable position. The best way can be found out by the elimination of inefficient and wasteful motions involved in the work.
- (b) He emphasized that training should be given to workers from the very beginning so that they may achieve competence as early as possible.
- (c) He suggested that each worker should be considered to occupy three positions - (i) the job he held before promotion to his present position, (ii) his present position, and (iii) the next higher position. The part of a worker's time should be spent in teaching the man below him and learning from the man above him. This would help him qualify for promotion and help to provide a successor to his current job.
- (d) Frank and Lillian Gilberth also gave a thought to the welfare of the individuals who work for the organization.
- (e) Gilbreth also devised methods for avoiding wasteful and unproductive movements. He laid down how workers should stand, how his hands should move and so on.

**Henry Lawrence Gantt (USA, 1861 - 1819):** H.L Gantt was born in 1861. He graduated from John Hopkins College. For some time, he worked as a draftsman in an iron foundry. In 1884, he qualified as a mechanical engineer at Stevens Institute. In 1887, he joined the Midvale Steel Company. Soon, he became an assistant to F.W Taylor. He worked with Taylor from 1887 - 1919 at Midvale Steel Company. He did much consulting work on scientific selection of workers and the development of incentive bonus systems. He emphasized the need for developing a mutuality of interest between management and labour. Gantt made four important contributions to the concepts of management:

1. Gantt chart to compare actual to planned performance. Gantt chart was a daily chart which graphically presented the process of work by showing machine

operations, man hour performance, deliveries, effected and the work in arrears. This chart was intended to facilitate day-to-day production planning.

2. Task-and-bonus plan for remunerating workers indicating a more humanitarian approach. This plan was aimed at providing extra wages for extra work besides guarantee of minimum wages. Under this system of wage payment, if a worker completes the work laid out for him, he is paid a definite bonus in addition to his daily minimum wages. On the other hand, if a worker does not complete his work, he is paid only his daily minimum wages. There was a provision for giving bonus to supervisors, if workers under him were able to earn such bonus by extra work.
3. Psychology of employee relations indicating management responsibility to teach and train workers. In his paper "Training Workmen in Habits of Industry and Cooperation", Gantt pleaded for a policy of preaching and teaching workmen to do their work in the process evolved through pre-thinking of management.
4. Gantt laid great emphasis on leadership. He considered management as leadership function. He laid stress on the importance of acceptable leadership as the primary element in the success of any business.

Gantt's contributions were more in the nature of refinements rather than fundamental concepts. They made scientific management more humanized and meaningful to devotees of Taylor.

**Harrington Emerson (USA, 1853 - 1931):** Emerson was an American Engineer. He devoted his attention to efficiency in industry. He was the first to use the term 'efficiency engineering' to describe his brand of consulting. He called his philosophy "The Gospel of Efficiency". According to him, "efficiency means that the right thing is done in the right manner, by the right man, at the right place, in the right time".

Emerson laid down the following principles of efficiency to be observed by management:-

- (1) Ideals
- (2) Common Sense
- (3) Competent Counsel
- (4) Discipline
- (5) Fair Deal
- (6) Proper Records
- (7) Dispatching
- (8) Standards and Schedules
- (9) Standard Conditions
- (10) Standardized Operations
- (11) Standard practice instructions and
- (12) Efficiency Reward.

B. **Administrative Management Theory:** Henry Fayol was the most important exponent of this theory. The pyramidal form, scalar principle, unity of command, exception principle, span of control and departmentalisation are some of the important concepts set forth by Fayol and his followers like Mooney and Reiley, Simon, Urwick, Gullick etc.

**Henry Fayol (France, 1841 - 1925):** Henry Fayol was born in 1841 at Constantinople in France. He graduated as a mining engineer in 1860 from the National School of Mining. After his graduation, he joined a French Coal Mining Company as an Engineer. After a couple of years, he was promoted as manager. He was appointed as General Manager of



his company in 1888. At that time, the company suffered heavy losses and was nearly bankrupt. Henry Fayol succeeded in converting his company from near bankruptcy to a strong financial position and a record of profits and dividends over a long period.

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

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

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

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

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

1. **Division of work:** Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.
2. **Authority and Responsibility:** The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.
3. **Discipline:** The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.
4. **Unity of Command:** In order to avoid any possible confusion and conflict, each member of an organization must receive orders and instructions only from one superior (boss).
5. **Unity of Direction:** All members of an organization must work together to accomplish common objectives.
6. **Emphasis on Subordination of Personal Interest to General or Common Interest:** This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.
7. **Remuneration:** Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and non-financial incentives.
8. **Centralization:** There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. **Scalar Chain:** The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.
  10. **Order:** Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.
  11. **Equity:** An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.
  12. **Stability of Tenure:** A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.
  13. **Esprit of Co-operation:** *Esprit de corps* is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.
  14. **Initiative:** Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.
- C. **Bureaucratic Model:** Max Weber, a German Sociologist developed the bureaucratic model. His model of bureaucracy include
- (i) Hierarchy of authority.
  - (ii) Division of labour based upon functional specialization.
  - (iii) A system of rules.
  - (iv) Impersonality of interpersonal relationships.
  - (v) A system of work procedures.
  - (vi) Placement of employees based upon technical competence.
  - (vii) Legal authority and power.

Bureaucracy provides a rigid model of an organization. It does not account for important human elements. The features of Bureaucracy are:-

1. Rigidity, impersonality and higher cost of controls.
2. Anxiety due to pressure of conformity to rules and procedure.
3. Dependence on superior.
4. Tendency to forget ultimate goals of the organization.

Bureaucratic Model is preferred where change is not anticipated or where rate of change can be predicated. It is followed in government departments and in large business organizations.

### 1.7.3 Neoclassical Theory

Neo-classical Theory is built on the base of classical theory. It modified, improved and extended the classical theory. Classical theory concentrated on job content and management of physical resources whereas, neoclassical theory gave greater emphasis to individual and group relationship in the workplace. The neo-classical theory pointed out the role of psychology and sociology in the understanding of individual and group behaviour in an organization.

**George Elton Mayo (Australia, 1880 - 1949):** Elton Mayo was born in Australia. He was educated in Logic and Philosophy at St. Peter's College, Adelaide. He led a team of researchers from Harvard University, which carried out investigation in human problems

at the Hawthorne Plant of Western Electrical Company at Chicago. They conducted some experiments (known as Hawthorne Experiments) and investigated informal groupings, informal relationships, patterns of communication, patterns of informal leadership etc. Elton Mayo is generally recognized as the father of Human Relations School. Other prominent contributors to this school include Roethlisberger, Dickson, Dewey, Lewin etc.

**Hawthorne Experiment:** In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiments brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation. Mayo's idea was that logical factors were far less important than emotional factors in determining productivity efficiency. Furthermore, of all the human factors influencing employee behaviour, the most powerful were those emanating from the worker's participation in social groups. Thus, Mayo concluded that work arrangements in addition to meeting the objective requirements of production must at the same time satisfy the employee's subjective requirement of social satisfaction at his work place.

The Hawthorne experiment consists of four parts. These parts are briefly described below:-

1. Illumination Experiment.
  2. Relay Assembly Test Room Experiment.
  3. Interviewing Programme.
  4. Bank Wiring Test Room Experiment.
1. ***Illumination Experiment:*** This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.
  2. ***Relay Assembly Test Room Experiment:*** This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.
  3. ***Mass Interview Programme:*** The objective of this programme was to make a systematic study of the employees' attitudes which would reveal the meaning which their "working situation" has for them. The researchers interviewed a large number of workers with regard to their opinions on work, working conditions and supervision. Initially, a direct approach was used whereby interviews asked questions considered important by managers and researchers. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. The findings confirmed the importance of social factors at work in the total work environment.

4. **Bank Wiring Test Room Experiment:** This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output. The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group. The findings of the study are:-
- (i) Each individual was restricting output.
  - (ii) The group had its own "unofficial" standards of performance.
  - (iii) Individual output remained fairly constant over a period of time.
  - (iv) Informal groups play an important role in the working of an organization.

**Contributions of the Hawthorne Experiment:** Elton Mayo and his associates conducted their studies in the Hawthorne plant of the western electrical company, U.S.A., between 1927 and 1930. According to them, behavioural science methods have many areas of application in management. The important features of the Hawthorne Experiment are:-

1. A business organization is basically a social system. It is not just a techno-economic system.
2. The employer can be motivated by psychological and social wants because his behaviour is also influenced by feelings, emotions and attitudes. Thus economic incentives are not the only method to motivate people.
3. Management must learn to develop co-operative attitudes and not rely merely on command.
4. Participation becomes an important instrument in human relations movement. In order to achieve participation, effective two-way communication network is essential.
5. Productivity is linked with employee satisfaction in any business organization. Therefore management must take greater interest in employee satisfaction.
6. Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.
7. The neo-classical theory emphasizes that man is a living machine and he is far more important than the inanimate machine. Hence, the key to higher productivity lies in employee morale. High morale results in higher output.

**Elements of Behavioural Theory:** There are three elements of behavioural theory.

1. **The Individual:** The neoclassical theory emphasized that individual differences must be recognised. An individual has feelings, emotions, perception and attitude. Each person is unique. He brings to the job situation certain attitudes, beliefs and ways of life, as well as skills. He has certain meaning of his job, his supervision, working conditions etc. The inner world of the worker is more important than the external reality in the determination of productivity. Thus human relations at work determine the rise or fall in productivity. Therefore human relationists advocate the adoption of multidimensional model of motivation which is based upon economic, individual and social factors.
2. **Work Groups:** Workers are not isolated; they are social beings and should be treated as such by management. The existence of informal organization is natural.

The neo-classical theory describes the vital effects of group psychology and behaviour on motivation and productivity.

3. **Participative Management:** The emergence of participative management is inevitable when emphasis is laid on individual and work groups. Allowing labour to participate in decision making primarily to increase productivity was a new form of supervision. Management now welcomes worker participation in planning job contents and job operations. Neoclassical theory focuses its attention on workers. Plant layout, machinery, tool etc., must offer employee convenience and facilities. Therefore, neoclassical approach is trying to satisfy personal security and social needs of workers.

Human relationists made very significant contribution to management thought by bringing into limelight human and social factors in organizations. But their concepts were carried beyond an appropriate limit. There are many other factors which influence productivity directly. Modern management thought wants equal emphasis on man and machine and we can evolve appropriate man- machine system to secure both goals – productivity and satisfaction.

#### **Do Happy Cows Give More Milk?**

The Human Relations School of thought has been accused of advocating "cow sociology" as a method of managing people, i.e., since happy cows can give more milk, it follows that happy people will produce more. But do happy cows give more milk? Or, perhaps more importantly, how can you tell if cows are happy? In our quest for an answer to these important questions we asked farmers, dairies, and professors of agriculture; we read journals (Journal of dairy Science), textbooks on dairy management, and popular farm publications. We even assigned a graduate student to research the question. But alas, we could not uncover any scientific evidence proving it to be true (although everyone we spoke to believed it to be true). In one study, we found, an author noted the importance of "psychological and stress" factors which affected milk production, but declined to study them because "they were too difficult to measure". So at least for the present, we must scientifically conclude that the question is yet unanswered. Nevertheless, we were impressed by one textbook in dairy science in which the author prescribes several techniques to maximize milk production:

1. Cows become accustomed to a regular routine; disturbing his routine disturbs them and causes a decrease in milk production.
2. Attendants should come into close contact with the cows, and it is important that the best of relations exist between the cows and keepers.
3. The cows should not be afraid of the attendants.
4. Cows should never be hurried.
5. Chasing cows with dogs or driving them on the run should never be allowed.
6. In the barn, attendants must work quietly; loud shouting or quick movements upset cows and cause them to restrict production.

Now the question is, can these principles be applied to people?

*Source:* Clarence H Eckles, Dairy Cattle and Milk Production (New York: Macmillan 1956), Page 332 - 33

#### **Limitations of Human Relations Approach:-**

1. The human relationists drew conclusions from Hawthorne studies. These conclusions are based on clinical insight rather than on scientific evidence.
2. The study tends to overemphasize the psychological aspects at the cost of the structural and technical aspects.
3. It is assumed that all organizational problems are amenable to solutions through human relations. This assumption does not hold good in practice.

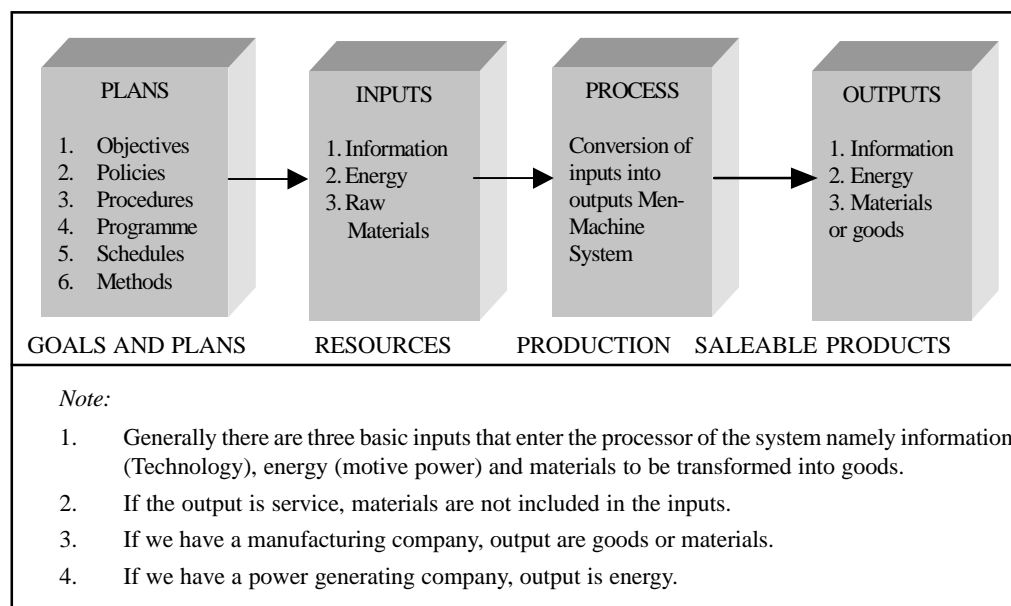
4. The human relationists saw only the human variables as critical and ignored other variables.
5. The human relationists overemphasize the group and group decision-making. But in practice, groups may create problems and collective decision-making may not be possible.

### 1.7.4 Modern Theory (System Approach)

The systems approach to management indicates the fourth major theory of management thought called modern theory. Modern theory considers an organization as an adaptive system which has to adjust to changes in its environment. An organization is now defined as a structured process in which individuals interact for attaining objectives.

**Meaning of "System":** The word system is derived from the Greek word meaning to bring together or to combine. A system is a set of interconnected and inter-related elements or component parts to achieve certain goals. A system has three significant parts:

1. Every system is goal-oriented and it must have a purpose or objective to be attained.
2. In designing the system we must establish the necessary arrangement of components.
3. Inputs of information, material and energy are allocated for processing as per plan so that the outputs can achieve the objective of the system.



**Figure 1.2: The Design of a Basic System**

**Systems Approach Applied to an Organization:** When systems approach is applied to organization, we have the following features of an organization as an open adaptive system:-

1. It is a sub-system of its broader environment.
2. It is a goal-oriented – people with a purpose.
3. It is a technical subsystem – using knowledge, techniques, equipment and facilities.
4. It is a structural subsystem – people working together on interrelated activities.
5. It is a psychosocial system – people in social relationships.
6. It is co-ordinate by a managerial sub system, creating, planning, organizing, motivating, communicating and controlling the overall efforts directed towards set goals.

### Characteristics of Modern Management Thought:

1. **The Systems Approach:** An organization as a system has five basic parts -
  - (1) Input
  - (2) Process
  - (3) Output
  - (4) Feedback and
  - (5) Environment.

It draws upon the environment for inputs to produce certain desirable outputs. The success of these outputs can be judged by means of feedback. If necessary, we have to modify our mix of inputs to produce as per changing demands.

2. **Dynamic:** We have a dynamic process of interaction occurring within the structure of an organization. The equilibrium of an organization and its structure is itself dynamic or changing.
3. **Multilevel and Multidimensional:** Systems approach points out complex multilevel and multidimensional character. We have both a micro and macro approach. A company is micro within a business system. It is macro with respect to its own internal units. Within a company as a system we have:-
  - (1) Production subsystem
  - (2) Finance subsystem
  - (3) Marketing subsystem
  - (4) Personnel subsystem.

All parts or components are interrelated. Both parts as well as the whole are equally important. At all levels, organizations interact in many ways.

4. **Multimotivated:** Classical theory assumed a single objective, for instance, profit. Systems approach recognizes that there may be several motivations behind our actions and behaviour. Management has to compromise these multiple objectives eg: - economic objectives and social objectives.
5. **Multidisciplinary:** Systems approach integrates and uses with profit ideas emerging from different schools of thought. Management freely draws concepts and techniques from many fields of study such as psychology, social psychology, sociology, ecology, economics, mathematics, etc.
6. **Multivariable:** It is assumed that there is no simple cause-effect phenomenon. An event may be the result of so many factors which themselves are interrelated and interdependent. Some factors are controllable, some uncontrollable. Intelligent planning and control are necessary to face these variable factors.
7. **Adaptive:** The survival and growth of an organization in a dynamic environment demands an adaptive system which can continuously adjust to changing conditions. An organization is an open system adapting itself through the process of feedback.
8. **Probabilistic:** Management principles point out only probability and never the certainty of performance and the consequent results. We have to face so many variables simultaneously. Our forecasts are mere tendencies. Therefore, intelligent forecasting and planning can reduce the degree of uncertainty to a considerable extent.

**Contingency Theory:** Systems approach emphasizes that all sub- systems of an organization along with the super system of environment are interconnected and

interrelated. Contingency approach analysis and understands these interrelationship so that managerial actions can be adjusted to demands of specific situations or circumstances. Thus the contingency approach enables us to evolve practical answers to problems demanding solutions. Organization design and managerial actions most appropriate to specific situations will have to be adopted to achieve the best possible result under the given situation. There is no one best way (as advocated by Taylor) to organize and manage. Thus, Contingency Approach to management emphasizes the fact that management is a highly practice-oriented discipline. It is the basic function of managers to analyse and understand the environments in which they function before adopting their techniques, processes and practices. The application of management principles and practices should therefore be contingent upon the existing circumstances.

Contingency approach guides the manager to be adaptive to environment. It tells the manager to be pragmatic and open minded. The contingency approach is an improvement over the systems approach. It not only examines the relationships between sub-systems of the organization, but also the relationship between the organization and its environment. However, the contingency approach suffers from two limitations:-

1. It does not recognize the influence of management concepts and techniques on environment.
2. Literature on contingency management is yet not adequate.

#### **Check Your Progress 2**

1. Trace the evolution of management thought.
2. Explain the elements of scientific management thought.
3. State and explain the 14 principles of management.
4. What are the elements of behavioural theory?
5. Explain the characteristics of the systems approach to management.
6. Explain the contingency theory.

#### **Check Your Progress 3**

1. What do you mean by Organisational Management Analysis (OMA)?
2. Why are management consultants used by organisations?

---

## **1.8 LET US SUM UP**

---

Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it. It is an operative force in all complex organisations trying to achieve some stated objectives. Management is necessary for a business firm, government enterprises, education and health services, military organisations, trade associations and so on. The origin of management can be traced back to the days when man started living in groups. . During this period, stalwarts like F.W Taylor, H.L. Gantt, Emerson, Frank and Lillian Gilberth etc., laid the foundation of management, which in due course, came to be known as scientific management. Henry Fayol is considered the father of modern theory of general and industrial management. The 14 principles of management given by fayol are the bases of the science of management. The neo- classical theory pointed out the role of psychology



and sociology in the understanding of individual and group behaviour in an organization. The systems approach to management indicates the third major theory of management thought called modern theory. Modern theory considers an organization as an adaptive system which has to adjust to changes in its environment.

---

## **1.9 LESSON END ACTIVITY**

---

“Management in some form or other has been practiced in the various part of the world since the dawn of civilization. It was against this background that the pioneers of modern management laid the foundations of modern management theory and practice.” In the context of above statement discuss the evaluation of management thought.

---

## **1.10 KEYWORDS**

---

Management

Professionalisation of Management

Scientific Management

Behavioural Theory

Contingency Theory

---

## **1.11 QUESTIONS FOR DISCUSSION**

---

1. Define management and explain its scope.
2. "Management is the art of getting things done through and with people in formally organised groups." Explain.
3. Management is regarded as an art by some, a science and inexact science by others. The truth seems to be somewhere in between. In the light of this statement, explain the nature of management.

---

## **1.12 SUGGESTED READINGS**

---

A Dassgupta, *Indian Business and Management*, Dept. of Business Management and Industrial Administration, University of Delhi 1969.

Appley Lawrence, *Management in Action The Art of Getting Things Done Through People*, American Management Association, New York, 1956.

Dale Yoder, *Personnel Management and Industrial Relations*, Prentice Hall of India (P) Ltd New Delhi, 1972.

Flippo Edwin B., *Personnel Management*, McGraw Hill, Kogakusha Ltd, 1980.

George R Terry, *Principles of Management*, Richard D Irwin Inc., Homewood, Illinois, 1968.

Institute of Personnel Management, *Functions of Personnel Department in India*, Calcutta 1973.

Louis A Allen, *Management and Organization*, McGraw Hill, New York, 1958.

Metcalf H C and L Urwick (Ed), *Dynamic Administration the Collected Papers of Mary Parket Follet*, Harper and Row, New York, 1941.

P.G. Aquinas, *Organizational Behaviour*, Excel Books, New Delhi.

Steiner G "*Manpower Planning*" William Heinemann Ltd., London (1971).

---

# LESSON

# 2

## MANAGEMENT AND SOCIETY

### CONTENTS

- 2.0 Aims and Objectives
- 2.1 Introduction
- 2.2 Social Responsibility of Business
- 2.3 Arguments in favour of Social Responsibility of Business
  - 2.3.1 Business is a creation of society and therefore it should respond to the demands of the society
  - 2.3.2 The self-interest of business is best served by meeting the aspirations of society
  - 2.3.3 To improve the public image of business
  - 2.3.4 It is the moral thing to do
- 2.4 Arguments Against Social Responsibility of Business
  - 2.4.1 Responsibility of Government
  - 2.4.2 Conflicting considerations of private market mechanism and social responsibility
  - 2.4.3 Disregard of Market Mechanism
  - 2.4.4 Arbitrary Power to Businessmen
- 2.5 Obligations of Business towards different segments of the society
  - 2.5.1 Obligations towards owners or shareholders
  - 2.5.2 Obligations towards Customers
  - 2.5.3 Obligations towards Employees
  - 2.5.4 Responsibility towards Suppliers
  - 2.5.5 Obligations towards Government
  - 2.5.6 Obligation towards Society
- 2.6 Business Ethics
- 2.7 Types of Business Ethics
  - 2.7.1 Personal Responsibility
  - 2.7.2 Representative or Official Responsibility
  - 2.7.3 Personal Loyalties
- 2.8 Global and Comparative Management and the Basis of Global Management
- 2.9 Let us Sum up
- 2.10 Lesson-end Activities
- 2.11 Keywords
- 2.12 Questions for Discussion
- 2.13 Suggested Readings

---

## **2.0 AIMS AND OBJECTIVES**

---

In this lesson we will study the social responsibility of business and business ethics. After studying this lesson you will be able to:

- (i) describe social responsibility and obligations of business.
- (ii) know meaning and types of business ethics.
- (iii) understand issues and global business management.

---

## **2.1 INTRODUCTION**

---

Every individual living in the society has obligations towards society. Business men therefore have an obligation to run the business on those lines which make the business desirable from the point of view of society. Therefore, their decisions must be influenced by their obligations towards society. Traditionally, however the term business commonly referred to commercial activities aimed at making a profit for the owners. Therefore, the fundamental assumption was that profit maximization was the basic objective of every firm. Therefore some people argue that a business is an economic unit and therefore it does not have any responsibility towards society. However, this is not a right approach because it would be difficult to segregate the economic aspect from other aspects. Today, businessmen have reaffirmed their belief in the concept of "Social Responsibilities of Business". David and Blomstorm have observed that business is "a social institution, performing a social mission and having a broad influence on the way people live and work together".

---

## **2.2 SOCIAL RESPONSIBILITY OF BUSINESS**

---

One of the most revolutionary changes in capitalism over the last 50 years is the development of a 'conscience'. Private business which is the hard core of this economic system has realized and has been made to realize by several social, economic and political forces that it has social obligations to fulfil besides ensuring its own existence through profitable activity. Every individual living in the society has social obligations towards it. Viewed in this prospective, businessmen who are merely custodians of factors of production belonging to the society, have also an obligation to pursue those policies, to make those decisions and to follow those lines of action which are desirable in terms of the objectives and values of the society. Business managers are also a part of the society. So their decisions must be influenced by their obligations towards the society.

There is no denying the fact that part of this realization is not genuine and takes the form of lip service which is necessary to ensure the survival of private enterprises. But it cannot be denied also that private business does partly realize and recognize the hard reality that a privately owned firm cannot meet the challenge of socialism and allied doctrines unless it sets its house in order, changes its outlook and is prepared to play its legitimate role as an organ of society.

A careful study of the concept of social responsibility reveals that it has two different facets:

1. Businessmen recognize that since they are managing an economic unit in the society, they have a broad obligation to the society with regard to matters affecting employment, availability of goods and inflation.
2. Social responsibility refers to both socio-economic and socio-human obligations of the business. It indicates a businessman's obligation to nurture and develop human values such as motivation, morale, co-operation and self-realization in work.

It may be argued by some people that business is wholly an economic unit and therefore, its responsibilities are limited only to economic aspect of general public and it must be

judged by its economic performance. If this reasoning is accepted, the businessmen might be concerned with the economic costs of unemployment, but not with the loss of human dignity and social disorganization that accompany it. However, this is not right approach for it is very difficult to separate economic aspects of life from its other values. They are intermixed with each other. Social responsibility of business is not a new concept. Leading businessmen of the world have reaffirmed their belief in this concept. It affects their decisions and actions. They recognize that since they are managing an economic unit in the society, they have an obligation to the society with regard to their decisions and actions affecting social welfare.

It will be useful here to go into some of the forces and factors which have formed and persuaded businessmen to consider their responsibilities and the conditions which were favourable to the development of businessmen's concern with social responsibilities. Some of the more important among them are:-

1. The threat of public regulation or public ownership.
2. The pressure of the labour movement.
3. The development of moral values and social standards applicable to businessmen.
4. The development of business education and contact with government and its problems.
5. Recognition of human factors contributing to the long run interests of the business people.
6. The development of a professional managerial class with a different motivation and point of view due to the separation of ownership from management in the corporate enterprise.
7. The increased complexity of the decision-making processes in which various points of view and diverse interests are expressed.
8. The change in public opinion about the role of business in modern society.

These and a number of other social, ethical and economic forces have combined together to make business a socio-economic activity. Business is no longer a mere occupation; it is an economic institution operating in social environment – an institution that has to reconcile its short-term and long-range economic interests with the demands of the society in which it functions. Essentially, it is this which gives rise to the general and specific social responsibilities of business.

---

## **2.3 ARGUMENTS IN FAVOUR OF SOCIAL RESPONSIBILITY OF BUSINESS**

---

### **2.3.1 Business is a creation of society and therefore it should respond to the demands of the society**

Business managers are obliged to use its resources for the common good of society because the business uses resources which belong to the society. It is therefore necessary that every business enterprise should fulfil its obligations to society.

### **2.3.2 The self-interest of business is best served by meeting the aspirations of society**

The long-term self-interests of the business are best served when business assumes social responsibilities. People who have good environment, education and opportunity make better employees, and customers for the business. Hence there is a growing realization on the part of the enlightened business managers that it is in their self-interest to fulfil the aspirations of the society.

### **2.3.3 To improve the public image of business**

The business will retain the needed credibility with the public if it performs its social obligations. Good relations with workers, consumers and suppliers will lead to success of business.

### **2.3.4 It is the moral thing to do**

The social responsibilities of business managers must be proportionate to their social power. If the business managers do not assume social responsibility, their social power will be taken away by the society through government control and regulations and other measures.

---

## **2.4 ARGUMENTS AGAINST SOCIAL RESPONSIBILITY OF BUSINESS**

---

### **2.4.1 Responsibility of Government**

Welfare schemes are the sole responsibility of the government. Business should not have any relationship with welfare schemes. It is for the Government to adopt schemes and measures for the upliftment of the weaker sections of the society.

### **2.4.2 Conflicting considerations of private market mechanism and social responsibility**

Private market mechanism and social responsibilities are opposite to each other and therefore a businessman will have to be guided by any one of the two considerations.

### **2.4.3 Disregard of Market Mechanism**

Market mechanism is the appropriate way to allocate scarce resources to alternative use. The doctrine of social responsibility interferes with the market mechanism and results in an inappropriate way to allocate scarce resources.

### **2.4.4 Arbitrary Power to Businessmen**

Businessmen will get arbitrary powers in the matter of allocation of resources in the welfare of society. They should have no right to interfere with governmental responsibility.

#### **Check Your Progress 1**

1. What do you mean by social responsibility of business?
2. Give your arguments in favour of social responsibility of business.
3. What are the arguments against social responsibility of business?

---

## **2.5 OBLIGATIONS OF BUSINESS TOWARDS DIFFERENT SEGMENTS OF THE SOCIETY**

---

### **2.5.1 Obligations towards owners or shareholders**

In the case of sole trader ship and partnership concerns, the owners can look after their interest themselves. Whereas in the case of the company, the directors have the following responsibilities towards the shareholders:

- (A) **Reasonable Dividend:** shareholders are a source of funds for the company. They expect a high rate of dividend on the money invested by them and also the maximization of the value of their investment in the company.
- (B) **Protection of assets:** The assets of the company are purchased with shareholders funds. Therefore the company is responsible to safeguard these assets.
- (C) **Information:** It is the responsibility of the management to keep the shareholders informed about the financial position as well as the progress of the company.

### 2.5.2 Obligations towards Customers

Customer's satisfaction is the ultimate aim of all economic activity. Therefore, it is, the duty of management

- (a) To make goods of the right quality available to the right people at the right time and place and at reasonable prices.
- (b) The business should not indulge into unfair practices such as black marketing, hoarding, adulteration etc.
- (c) To provide prompt and courteous service to customers.
- (d) To handle customers grievances carefully.
- (e) To distribute the goods and services properly so that the customers do not face any difficulty in purchasing them.
- (f) To produce goods which meet the needs of the customer who belong to different classes, tastes and with different purchasing power.

### 2.5.3 Obligations towards Employees

Employees should be treated as human beings and their co-operation must be achieved for the realization of organizational goals. The business should fulfil the following obligations towards their employees.

- (a) **Fair wages:** Business should pay reasonable salaries so that their employee's may lead a good life and satisfy their needs.
- (b) **Adequate benefits:** Employees should be provided benefits like housing, insurance cover, medical facilities and retirement benefits.
- (c) **Good Working Conditions:** Good working conditions are necessary to maintain the health of the workers. Therefore they must be provided with good working conditions.
- (d) **Opportunity for Growth:** Business should give their employees opportunity to develop their capabilities through training and education.
- (e) **Recognition of Worker's Rights:** The business should recognize the worker's right to fair wages, to form trade unions, to collective bargaining etc.
- (f) **Co-operation:** The business must win the co-operation of the workers by creating the conditions in which workers are willing to put forward their best efforts towards the common goals of the business.

### 2.5.4 Responsibility towards Suppliers

The business must create healthy relations with the supplier. Management should deal with them judiciously. They should be provided with fair terms and conditions regarding price, quality, delivery of goods and payment.

### 2.5.5 Obligations towards Government

It is the duty of every business enterprise to manage its affairs according to the laws affecting it. It should pay taxes and other dues honestly. It should not encourage corruption, black marketing and other social evils. It should discourage the tendencies of concentration of economic power and monopoly and should encourage fair trade practices.

### 2.5.6 Obligation towards Society

Every business owes an obligation to the society at large. The following are the important obligations of business towards society.

- (a) **Socio-Economic Objectives:** A business should not indulge in any practice which is not fair from social point of view. The business should use the factors of production effectively and efficiently for the satisfaction of the needs of the society.
- (b) **Employment Opportunities:** It is the responsibility of management to help increase direct and indirect employment in the area where it is functioning.
- (c) **Efficient use of Resources:** The resources at the command of business belongs to the society. Therefore, the business should make the best possible use of the resources at its disposal for the well being of the society.
- (d) **Business Morality:** The business should not indulge into anti-social and unfair trade practices such as adulteration, hoarding and black marketing.
- (e) **Improving local environment:** Business should take preventive measures against water and air pollution. It can develop the surrounding area for the well being of the employees and the general public. A business can also contribute to the advancement of local amenities.

#### Check Your Progress 2

1. State the obligations of business towards shareholders.
2. Do business have an obligation towards its employees? State your reasons.
3. What are the obligations business have towards its customers?

---

## 2.6 BUSINESS ETHICS

---

Business is an integral part of the social system; and it influences other elements of society. The organization of the business, the way the business functions innovations, new ideas etc., may affect society. Business activities have greatly influenced social attitudes, values, outlooks, customs traits etc. Thus, it is true that business influences society. It is also true that society influences business. The type of products to be manufactured and marketed, the marketing strategies to be employed, and the way the business should be organized are all influenced by the society. Hence, a business has to adapt to these uncontrollable external environments.

Business, in general, refers to the totality of all enterprises in a country, engaged in manufacturing, industry, trade, finance, banking etc. In modern societies, business occupies a dominating place affecting the life of citizens in different ways. Traditionally, the term business commonly referred to commercial activities aimed at making a profit. The economic theory made a fundamental assumption that profit maximization was the basic objective of every firm. According to Milton Friedman, "there is only one social responsibility of business – to use its resources and engage in activities designed to increase its profits". The old concept of business, confining it to commerce and private profit, has undergone a radical change. Today, business is regarded as a social institution forming an integral part of the social system. Therefore, business has to contribute to man's happiness, his freedom and his mental, moral and spiritual growth.

According to Prof. Harold, "In a time when bribes, illegal pay-off, price conspiracies and accusations of irresponsibility continue to tarnish the image of American business, the problem of ethics in the free enterprise system remains a valid and difficult one".

Calkins is of the view that - "It is now recognized that the direction of business is important to the public welfare, that businessmen perform a social function".

David and Blomstorm remarks that business is "a social institution, performing a social mission and having a broad influence on the way people live and work together."

Thus the term business refers to the development and processing of economic values in society. As Rabbi Hillel put it - "If I am not for myself, then who is for me? And if I am not for others then who am I? Thus, the relations between the individual and his actions in the society demands that the need of the individual require that he be for others as well as for himself. According to Davis and Blomstorm, "Our modern view of society is an ecological one. Ecology is concerned with the mutual relations of human populations or systems with their environment. It is necessary to take this broad view because the influence and involvement of business are extensive. Business cannot isolate itself from the rest of society. Today the whole society is a business's environment".

---

## **2.7 TYPES OF BUSINESS ETHICS**

---

Chester Barnard refers to the following types of moralities in a company:

- Personal responsibility.
- Representative or official responsibility.
- Personal loyalties.
- Corporate responsibilities.
- Organizational loyalties.
- Economic responsibilities.
- Technical morality.
- Legal responsibility.

### **2.7.1 Personal Responsibility**

It refers to a man's personal code of ethics. If a man behaves in honesty, he will behave in a very honest and straight forward manner. According to Walton, "A morally responsible executive is one who knows the various kinds of value systems that may be employed in a particular situation and has a rather clear idea of what values hold ascendancy (precedence or priority) over others in a conflict". This definition of Walton is rather an over-simplification. A businessman may think he is acting ethically but others may not consider his behaviour as ethical.

### **2.7.2 Representative or Official Responsibility**

A manager's action often represents the position he holds or the office he occupies rather than his personal beliefs. This is so because the manager represents the business. He has to follow the rules and regulations of the business, e.g. a manager may want to do something but the regulations may forbid him from doing it and therefore his hands are tied and he may not do it.

### **2.7.3 Personal Loyalties**

Sometimes personal loyalties are so strong that ethical standards may not be applied when acting towards a particular individual. Personal loyalties include the loyalties of a subordinate to his superior and superior's loyalty towards his subordinate.



- (a) **Loyalties of a subordinate to his superior:** If a subordinate has strong personal loyalty towards their superior, they turn a blind eye towards the blunders committed by their superiors and attempt to defend their omissions and commissions. For example, if the branch manager of a bank is sanctioning loan without any security and this act on his part may bring disastrous financial troubles to the organization, his subordinates who were men of high moral character and who had close connections with the head office did not inform them of the financial irregularities because of strong personal loyalty towards their branch manager.
- (b) **Superior's loyalty towards his subordinate:** If a superior has strong personal loyalty towards their subordinates, they turn a blind eye towards the mistakes committed by their subordinates. This is done because the superior does not want to hurt the feeling of his subordinates because of their close personal contact. For example, if the subordinates who are close to the manager do not do their work properly, the manager may not reprimand (rebuke or scold) them for their poor performance. He may rather defend their poor quality work with his superiors because of his personal attachment towards his subordinates.
- (c) **Corporate Responsibilities:** Every individual living in society has a moral obligation towards it. Corporations are entities which are "artificial persons", therefore they too have moral responsibilities towards the society. Their moral responsibilities are not necessarily identical with the personal moral codes of the executives who run them. Every corporation must have moral codes which help it in deciding matters connected with shareholders, employees, creditors, customers, government and society.
- (d) **Organizational Loyalties:** Some employees have a deep sense of loyalty to the organization. Their loyalties to their organization are so strong that they even neglect their own self interest for the sake of the organization.
- (e) **Economic Responsibility:** According to Milton Friedman, "there is one and only one social responsibility of business – to use its resources efficiently and engage in activities designed to increase profits without deception or fraud". Therefore, every business must contribute to the general welfare of the society by making efficient and economical use of resource at their command. This type of morality guides individual action towards economy in the use of resources put at his disposal.
- (f) **Technical Morality:** In any country, the state of technology plays an important role in determining what products and services will be produced. Technological environment influences organizations in terms of investment in technology, consistent application of technology and the effects of technology. A manager having technical morality will refuse to compromise with quality. Every organization which is actively engaged in technological advancement will create more challenging situations for the organizations because they are not prepared to accept lower standards.
- (g) **Legal Responsibility:** Legal environment provides the framework within which the business is to function. The viability of business depends upon the ability with which a business can meet the challenges arising out of the legal framework. However, it must be observed here that legal responsibility is more than an intention to conform to laws, orders etc. It is a belief in the need for effective co-operation and justice in organized life. It is morality that transcends conformity to law.

**Check Your Progress 3**

1. What do you mean by business ethics?
2. List out the types of business ethics.

**Conclusion:** Business men have an obligation to run the business on those lines which make the business desirable from the point of view of society. Every individual living in

the society has social obligations towards it. Viewed in this prospective, businessmen who are merely custodians of factors of production belonging to the society, have also an obligation to pursue those policies, to make those decisions and to follow those lines of action which are desirable in terms of the objectives and values of the society. It may be argued by some people that business is wholly an economic unit and therefore, its responsibilities are limited only to economic aspect of general public and it must be judged by its economic performance. If this reasoning is accepted, the businessmen might be concerned with the economic costs of unemployment, but not with the loss of human dignity and social disorganization that accompany it. However, this is not right approach for it is very difficult to separate economic aspects of life from its other values.

---

## 2.8 GLOBAL AND COMPARATIVE MANAGEMENT AND THE BASIS OF GLOBAL MANAGEMENT

---

**Management for Global Business:** For businesses to remain competitive, they must continually evolve to tap into the global markets and emerging world opportunities. In this context, global business management can be defined as the fundamental principles and practice of conducting global business activities, the proper evaluation of international business opportunities and the optimum allocation of resources so as to attain the individual business objectives in a global environment. Domestic businesses in an attempt to become multinational or trans-national corporations face numerous concerns which can be duly addressed by global business management. In the wake of globalisation and rapidly integrated world in terms of preferences and culture the organisational and geographical complexity of global companies are getting even more pronounced. Some of the pivotal issues of global business management include:

- **International trade:** International trade constitutes an integral part of the global business management due to the increased restrictions imposed by many of the countries which hamper the movement of goods and services across the world. Global business management is greatly affected by the supply of materials and essential commodities to various branches of a global company.
- **Global human resource management:** Global Business Management (GBM) is enmeshed in the principles of global human resource management which deals with the issues of factor movements, namely migration from the less developed to the developed world. International migration is a burning issue around the world. Global business management has to devise methods of tackling the issue of international human resource management and the activities of outsourcing activities to countries where labour is abundant and cheap.
- **Global investment and global finance:** The issue of global investment and finance are an integral part of the activities of the global organisation. Global finance is a reflection of global business management with the effective allocation of financial resources to maximise the assets of the company. GBM is also affected by movements of capital and currencies between countries and the difference in the exchange rates between different currencies.

GBM is closely linked with business management strategy and business process management. Business management strategy is concerned with achieving the operational goals while Business process management (BPM) is concerned about the control, analysis and monitoring of the operational business processes.

---

## 2.9 LET US SUM UP

---

Every individual living in the society has obligations towards society. Businessmen therefore have an obligation to run the business on those lines which make the business desirable from the point of view of society. Leading businessmen of the world have reaffirmed

their belief in this concept. It affects their decisions and actions. They recognize that since they are managing an economic unit in the society, they have an obligation to the society with regard to their decisions and actions affecting social welfare. Business has obligations towards different segments of the society. Business is an integral part of the social system; and it influences other elements of society. The organization of the business, the way the business functions innovations, new ideas etc., may affect society. Business activities have greatly influenced social attitudes, values, outlooks, customs traits etc. Thus, it is true that business influences society. It is also true that society influences business. The type of products to be manufactured and marketed, the marketing strategies to be employed, and the way the business should be organized are all influenced by the society. Hence, a business has to adapt to these uncontrollable external environments. It is necessary to take this broad view because the influence and involvement of business are extensive. Business cannot isolate itself from the rest of society.

---

## **2.10 LESSON END ACTIVITY**

---

Explain the pivotal issues of global business management.

---

## **2.11 KEYWORDS**

---

Social Responsibility of Business

Obligations of Business

Business Ethics

---

## **2.12 QUESTIONS FOR DISCUSSION**

---

1. What is meant by social responsibility of business? How can a modern business discharge its social responsibility?
2. What is meant by business ethics? Why should a business make ethical decisions?
3. What are the responsibilities that business owes to the consumers, society and Government?
4. Explain the different types of business ethics.

---

## **2.13 SUGGESTED READINGS**

---

A Dassgupta, *Indian Business and Management*, Dept. of Business Management and Industrial Administration University of Delhi 1969.

Appley Lawrence, *Management in Action: The Art of Getting Things Done Through People*, American Management Association, New York, 1956.

Charles R. DeCarlo, *Systems Design and Nature of Work*, US Dept. of Labour Govt Printing Office, Washington D.C., 1969.

Louis A Allen, *Management and Organization*, McGraw Hill, New York, 1958.

Metcalf H C and L Urwick (Ed) *Dynamic Administration the Collected Papers of Mary Parket Follet*, Harper and Row, New York, 1941.

P.G. Aquinas, *Organizational Behaviour*, Excel Books, New Delhi.

---

# LESSON

## 3

### FUNCTIONS OF MANAGEMENT

#### CONTENTS

- 3.0 Aims and Objectives
- 3.1 Introduction
- 3.2 Managerial Functions
- 3.3 Planning
  - 3.3.1 Nature of Planning
  - 3.3.2 Importance of Planning
  - 3.3.3 Advantages of Planning
  - 3.3.4 Disadvantages of Planning
  - 3.3.5 Planning Process
- 3.4 Objectives
  - 3.4.1 Features of Objectives
  - 3.4.2 Advantages of Objectives
  - 3.4.3 Process of Setting Objectives
- 3.5 Strategies
  - 3.5.1 Characteristics of Strategy
  - 3.5.2 Strategy Formulation
  - 3.5.3 Business Strategy
- 3.6 Policies
  - 3.6.1 Essentials of Policy Formulation
  - 3.6.2 Importance of Policies
- 3.7 Decision Making
  - 3.7.1 Characteristics of Decision Making
  - 3.7.2 Types of Decisions
  - 3.7.3 Decision Making Process
  - 3.7.4 Characteristics of Effective Decisions
- 3.8 Global Planning
  - 3.8.1 Why Plan Globally?
  - 3.8.2 Global Strategic Planning Process
  - 3.8.3 Nature of Planning Process
- 3.9 Let us Sum up
- 3.10 Lesson-end Activities
- 3.11 Keywords
- 3.12 Questions for Discussion
- 3.13 Suggested Readings

### 3.0 AIMS AND OBJECTIVES

This lesson is intended to introduce the students and management about the different functions of management. After studying this lesson you will be able to:

- (i) Briefly describe the term-management
- (ii) Discuss various managerial function
- (iii) Explain different steps to be followed by a manager while performing controlling operation
- (iv) Differentiate between co-ordination and communication
- (v) Explore the nature of planning in an organisation
- (vi) Describe-objectives, policies and decision making concept
- (vii) Understand the need of globalisation for an International firm

### 3.1 INTRODUCTION

Management is an activity consisting of a distinct process which is primarily concerned with the important task of goal achievement. No business enterprise can achieve its objectives until and unless all the members of the enterprise make an integrated and planned effort under the directions of a central coordinating agency. This central coordinating agency is technically known as 'management' and the methodology of getting things done is known as 'management process'.

The process of management involves the determination of objectives and putting them into action. According to McFarland, "Management is the process by which managers create, direct, maintain and operate purposive organisations through systematic, coordinated and cooperative human effort".

According to G. R. Terry -"Management is a distinct process consisting of planning, organising, actuating and controlling, performed to determine and accomplish stated objectives by the use of human beings and other resources".

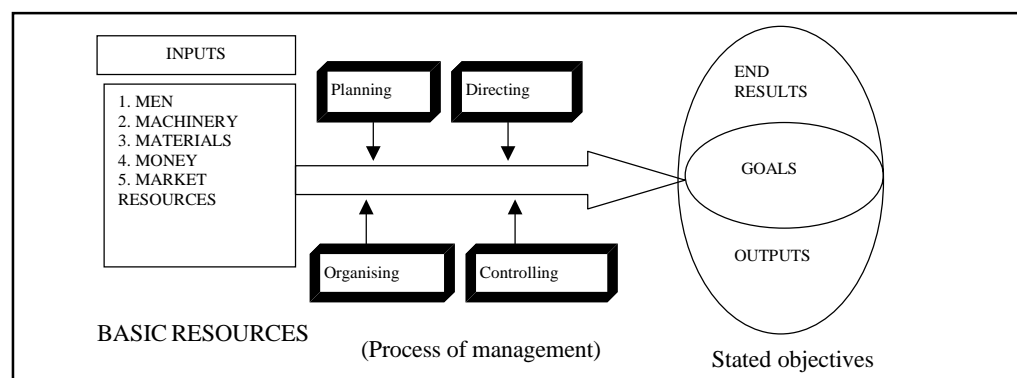


Figure 3.1: Process of Management

Under management as a process, management is considered as a continuing activity made up of basic management functions. The process is on going and continuing. It assumes a cyclical character.

- 1. **Planning:** Denotes the determination of short-to-long-range plans to achieve the objectives of organisation.
- 2. **Organising:** Indicates the development of sound organisation structure according to predetermined plans.
- 3. **Direction:** Means stimulating and motivation of personnel of the organisation according to predetermined plans.

4. **Controlling:** Offers assurance that directs action i.e., plan- in-action, is taking place as per plan.

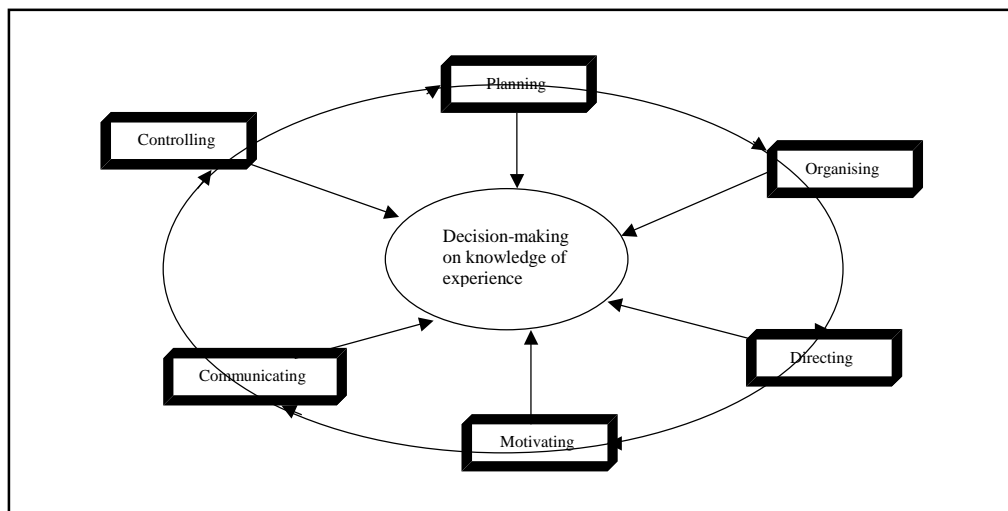
We have an ongoing cycle of planning - action - control - replanning. Control function closes the system loop by providing adequate and accurate feedback of significant deviations from planned performance in time. Feedback can affect the inputs or any of the managerial functions or the process so that deviations can be removed and goals can be accomplished.

## 3.2 MANAGERIAL FUNCTIONS

A manager is called upon to perform the following managerial functions:

- (1) Planning
- (2) Organising
- (3) Staffing
- (4) Directing
- (5) Motivating
- (6) Controlling
- (7) Co-ordinating and
- (8) Communicating.

The following figure explains the functions of Manager.



**Figure 3.2: Functions of Manager**

1. **Planning:** When management is reviewed as a process, planning is the first function performed by a manager. The work of a manager begins with the setting of objectives of the organisation and goals in each area of the business. This is done through planning. A plan is a predetermined course of action to accomplish the set objectives. It is today's projection for tomorrow's activity. Planning includes objectives, strategies, policies, procedures, programmes, etc. As it involves making choices, decision-making is the heart of planning.
2. **Organising:** Organising includes putting life into the plan by bringing together personnel, capital, machinery, materials etc., to execute the plans. While, planning decides what management wants to do, organising provides an effective machine for achieving the plans.
3. **Staffing:** Staffing involves filling the positions needed in the organisation structure by appointing competent and qualified persons for the job. This needs manpower

planning, scientific selection and training of personnel, suitable methods of remuneration and performance appraisal.

4. **Directing:** Direction involves managing managers, managing workers and the work through the means of motivation, proper leadership, effective communication as well as co-ordination. A manager must develop the ability to command and direct others.
5. **Motivating:** Motivation is a managerial function to inspire and encourage people to take required action. Motivation is the key to successful management of any enterprise. Motivation can set into motion a person to carry out certain activity.
6. **Controlling:** Control is the process of measuring actual results with some standard of performance, finding the reason for deviations of actual from desired result and taking corrective action when necessary. Thus, controlling enables the realisation of plans. A manager must adopt the following steps in controlling:
  - Identify potential problems.
  - Select mode of control.
  - Evaluate performance in terms of planning.
  - Spot significant deviations.
  - Ascertain causes of deviations.
  - Take remedial measures.
7. **Co-ordination:** Co-ordination is concerned with harmonious and unified action directed toward a common objective. It ensures that all groups and persons work efficiently, economically and in harmony. Co-ordination requires effective channels of communication. Person-to-person communication is most effective for co-ordination.
8. **Communication:** It means transfer of information and under-standing from person to person. Communication also leads to sharing of information, ideas and knowledge. It enables group to think together and act together.

#### Check Your Progress 1

1. Explain the process of management.
2. What are the functions of a manager?

### 3.3 PLANNING

Planning means looking ahead. It is deciding in advance what is to be done. Planning includes forecasting. According to Henry Fayol - "purveyance, which is an essential element of planning, covers not merely looking into the future but making provisions for it. A plan is then a projected course of action". All planning involves anticipation of the future course of events and therefore bears an element of uncertainty in respect of its success. Planning is concerned with the determination of the objectives to be achieved and course of action to be followed to achieve them. Before any operative action takes place it is necessary to decide what, where, when and who shall do the things. Decision-making is also an important element of planning. Planning determines both long-term and short-term objectives and also of the individual departments as well as the entire organisation. According to Fayol - "The plan of action is, at one and the same time, the result envisaged, the line of action to be followed, the stages to go through, and the methods to use. It is a kind of future picture wherein proximate events are outlined with some distinctness...." Planning is a mental process requiring the use of intellectual faculties' imagination, foresight, sound judgement etc.

Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes from among alternatives. A plan is a predetermined course of action to achieve a specified goal. It is a statement of objectives to be achieved by certain means in the future. In short, it is a blueprint for action.

According to Louis A Allen - "Management planning involves the development of forecasts, objectives, policies, programmes, procedures, schedules and budgets".

According to Theo Haimann - "Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action, for the future, attempting to achieve a consistent, co-ordinated structure of operations aimed at the desired results".

According to Koontz O'Donnel - "Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates".

### 3.3.1 Nature of Planning

1. **Planning is goal-oriented:** Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.
2. **Primacy of Planning:** Planning is the first of the managerial functions. It precedes all other management functions.
3. **Pervasiveness of Planning:** Planning is found at all levels of management. Top management looks after strategic planning. Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.
4. **Efficiency, Economy and Accuracy:** Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.
5. **Co-ordination:** Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.
6. **Limiting Factors:** A planner must recognise the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.
7. **Flexibility:** The process of planning should be adaptable to changing environmental conditions.
8. **Planning is an intellectual process:** The quality of planning will vary according to the quality of the mind of the manager.

### 3.3.2 Importance of Planning

As a managerial function planning is important due to the following reasons:-

1. **To manage by objectives:** All the activities of an organisation are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.
2. **To offset uncertainty and change:** Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.
3. **To secure economy in operation:** Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.
4. **To help in co-ordination:** Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organisation.
5. **To make control effective:** The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.



6. **To increase organisational effectiveness:** Mere efficiency in the organisation is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organisational effectiveness in the context of the stated objectives and take further actions in this direction.

### 3.3.3 Advantages of Planning

- All efforts are directed towards desired objectives or results. Unproductive work and waste of resources can be minimised.
- Planning enables a company to remain competitive with other rivals in the industry.
- Through careful planning, crisis can be anticipated and mistakes or delays avoided.
- Planning can point out the need for future change and the enterprise can manage the change effectively.
- Planning enables the systematic and thorough investigation of alternative methods or alternative solutions to a problem. Thus we can select the best alternative to solve any business problem.
- Planning maximises the utilisation of available resources and ensures optimum productivity and profits.
- Planning provides the ground work for laying down control standards.
- Planning enables management to relate the whole enterprise to its complex environment profitably.

### 3.3.4 Disadvantages of Planning

- Environmental factors are uncontrollable and unpredictable to a large extent. Therefore planning cannot give perfect insurance against uncertainty.
- Planning is many times very costly.
- Tendency towards inflexibility to change is another limitation of planning.
- Planning delays action.
- Planning encourages a false sense of security against risk or uncertainty.

### 3.3.5 Planning Process

The planning process involves the following steps:

1. **Analysis of External Environment:** The external environment covers uncontrollable and unpredictable factors such as technology, market, socio-economic climate, political conditions etc., within which our plans will have to operate.
2. **Analysis of Internal Environment:** The internal environment covers relatively controllable factors such as personnel resources, finance, facilities etc., at the disposal of the firm. Such an analysis will give an exact idea about the strengths and weakness of the enterprise.
3. **Determination of Mission:** The "mission" should describe the fundamental reason for the existence of an organisation. It will give firm direction and make out activities meaningful and interesting.
4. **Determination of Objectives:** The organisational objectives must be spelled out in key areas of operations and should be divided according to various departments and sections. The objectives must be clearly specified and measurable as far as possible. Every member of the organisation should be familiar with its objectives.
5. **Forecasting:** Forecasting is a systematic attempt to probe into the future by inference from known facts relating to the past and the present. Intelligent

forecasting is essential for planning. The management should have no stone unturned in reducing the element of guesswork in preparing forecasts by collecting relevant data using the scientific techniques of analysis and inference.

6. **Determining Alternative course of Action:** It is a common experience of all thinkers that an action can be performed in several ways, but there is a particular way which is the most suitable for the organisation. The management should try to find out these alternatives and examine them carefully in the light of planning premises.
7. **Evaluating Alternative Courses:** Having sought out alternative courses and examined their strong and weak points, the next step is to evaluate them by weighing the various factors.
8. **Selecting the Best:** The next step - selecting the course of action is the point at which the plan is adopted. It is the real point of decision-making.
9. **Establishing the sequence of activities:** After the best programme is decided upon, the next task is to work out its details and formulate the steps in full sequences.
10. **Formulation of Action Programmes:** There are three important constituents of an action plan:
  - The time-limit of performance.
  - The allocation of tasks to individual employees.
  - The time-table or schedule of work so that the functional objectives are achieved within the predetermined period.
11. **Reviewing the planning process:** Through feedback mechanism, an attempt is made to secure that which was originally planned. To do this we have to compare the actual performance with the plan and then we have to take necessary corrective action to ensure that actual performance is as per the plan.

---

## 3.4 OBJECTIVES

---

Objectives may be defined as the goals which an organisation tries to achieve. Objectives are described as the end- points of planning. According to Koontz and O'Donnell, "an objective is a term commonly used to indicate the end point of a management programme." Objectives constitute the purpose of the enterprise and without them no intelligent planning can take place.

Objectives are, therefore, the ends towards which the activities of the enterprise are aimed. They are present not only the end-point of planning but also the end towards which organizing, directing and controlling are aimed. Objectives provide direction to various activities. They also serve as the benchmark of measuring the efficiency and effectiveness of the enterprise. Objectives make every human activity purposeful. Planning has no meaning if it is not related to certain objectives.

### 3.4.1 Features of Objectives

- The objectives must be predetermined.
- A clearly defined objective provides the clear direction for managerial effort.
- Objectives must be realistic.
- Objectives must be measurable.
- Objectives must have social sanction.
- All objectives are interconnected and mutually supportive.

- Objectives may be short-range, medium-range and long-range.
- Objectives may be constructed into a hierarchy.

### 3.4.2 Advantages of Objectives

- Clear definition of objectives encourages unified planning.
- Objectives provide motivation to people in the organisation.
- When the work is goal-oriented, unproductive tasks can be avoided.
- Objectives provide standards which aid in the control of human efforts in an organisation.
- Objectives serve to identify the organisation and to link it to the groups upon which its existence depends.
- Objectives act as a sound basis for developing administrative controls.
- Objectives contribute to the management process: they influence the purpose of the organisation, policies, personnel, leadership as well as managerial control.

### 3.4.3 Process of Setting Objectives

Objectives are the keystone of management planning. It is the most important task of management. Objectives are required to be set in every area which directly and vitally effects the survival and prosperity of the business. In the setting of objectives, the following points should be borne in mind.

1. Objectives are required to be set by management in every area which directly and vitally affects the survival and prosperity of the business.
2. The objectives to be set in various areas have to be identified.
3. While setting the objectives, the past performance must be reviewed, since past performance indicates what the organisation will be able to accomplish in future.
4. The objectives should be set in realistic terms i.e., the objectives to be set should be reasonable and capable of attainment.
5. Objectives must be consistent with one and other.
6. Objectives must be set in clear-cut terms.
7. For the successful accomplishment of the objectives, there should be effective communication.

---

## 3.5 STRATEGIES

---

The term 'Strategy' has been adapted from war and is being increasingly used in business to reflect broad overall objectives and policies of an enterprise. Literally speaking, the term 'Strategy' stands for the war-art of the military general, compelling the enemy to fight as per out chosen terms and conditions. A strategy is a special kind of plan formulated in order to meet the challenge of the policies of competitors. This type of plan uses the competitors' plan as the background. It may also be shaped by the general forces operating in an industry and the economy.

Edmund P Learned has defined strategies as "the pattern of objectives, purposes or goals and major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be and the kind of company it is or is to be".

Haynes and Massier have defined strategy as "the planning for unpredictable contingencies about which fragmentary information is available".

According to David I Cleland and William R King, "Strategy is the complex plans for bringing the organisation from a given posture to a desired position in a further period of time".

In the words of Haimann, "Strategy is a policy that has been formulated by the top management for the purpose of interpreting and shaping the meaning of other policies".

According to C. T. Hardwick and B. F. Landuyt, "The word strategy is used to signify the general concept and salient aspect of gamesmanship as an administrative course designed to bring success".

According to Koontz and O' Donnell , "Strategies must often denote a general programme of action and deployment of emphasis and resources to attain comprehensive objectives".

Strategies are plans made in the light of the plans of the competitors because a modern business institution operates in a competitive environment. They are a useful framework for guiding enterprise thinking and action. A perfect strategy can be built only on perfect knowledge of the plans of others in the industry. This may be done by the management of a firm putting itself in the place of a rival firm and trying to estimate their plans.

### 3.5.1 Characteristics of Strategy

- (1) It is the right combination of different factors.
- (2) It relates the business organisation to the environment.
- (3) It is an action to meet a particular challenge, to solve particular problems or to attain desired objectives.
- (4) Strategy is a means to an end and not an end in itself.
- (5) It is formulated at the top management level.
- (6) It involves assumption of certain calculated risks.

### 3.5.2 Strategy Formulation

There are three phases in strategy formation

- Determination of objectives.
- Ascertaining the specific areas of strengths and weakness in the total environment.
- Preparing the action plan to achieve the objectives in the light of environmental forces.

### 3.5.3 Business Strategy

Seymour Tiles offers six criteria for evaluating an appropriate strategy.

**Internal consistency:** The strategy of an organisation must be consistent with its other strategies, goals, policies and plans.

**Consistency with the environment:** The strategy must be consistent with the external environment. The strategy selected should enhance the confidence and capability of the enterprise to manage and adapt with or give command over the environmental forces.

**Realistic Assessment:** Strategy needs a realistic assessment of the resources of the enterprise—men, money and materials—both existing resources as also the resources, the enterprise can command.

**Acceptable degree of risk:** Any major strategy carries with it certain elements of risk and uncertainty. The amount of risk inherent in a strategy should be within the bearable capacity of the enterprise.

**Appropriate time:** Time is the essence of any strategy. A good strategy not only provides the objectives to be achieved but also indicates when those objectives could be achieved.

**Workability:** Strategy must be feasible and should produce the desired results.

---

## 3.6 POLICIES

---

A policy is a standing plan. Policies are directives providing continuous framework for executive actions on recurrent managerial problems. A policy assists decision-making but deviations may be needed, as exceptions and under some extraordinary circumstances.

Policy-making is an important part of the process of planning. Policies may be described as plans which are meant to serve as broad guides to decision making in a firm. Policies exist at various levels of the enterprise—Corporate level, divisional level and departmental level. Policies are valuable because they allow lower levels of management to handle problems without going to top management for a decision each time.

### 3.6.1 Essentials of Policy Formulation

The essentials of policy formation may be listed as below:

- A policy should be definite, positive and clear. It should be understood by everyone in the organisation.
- A policy should be translatable into the practices.
- A policy should be flexible and at the same time have a high degree of permanency.
- A policy should be formulated to cover all reasonable anticipatable conditions.
- A policy should be founded upon facts and sound judgment.
- A policy should conform to economic principles, statutes and regulations.
- A policy should be a general statement of the established rule.

### 3.6.2 Importance of Policies

Policies are useful for the following reasons:

1. They provide guides to thinking and action and provide support to the subordinates.
2. They delimit the area within which a decision is to be made.
3. They save time and effort by pre-deciding problems and
4. They permit delegation of authority to managers at the lower levels.

#### Check Your Progress 2

1. What are the importance of planning?
2. Explain the steps in the process of planning.
3. Explain the phases in the formulation of strategies.
4. What are the essentials of policy formulation?

---

## 3.7 DECISION MAKING

---

The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable. Decision is a kind of choice of a desirable alternative. A few definitions of decision making are given below:

In the words of Ray A Killian, "A decision in its simplest form is a selection of alternatives".

Dr. T. G Glover defines decision "as a choice of calculated alternatives based on judgement".

In the words of George R. Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives".

Felix M. Lopez says that "A decision represents a judgement; a final resolution of a conflict of needs, means or goals; and a commitment to action made in face of uncertainty, complexity and even irrationally".

According to Rustom S. Davar, "Decision-making may be defined as the selection based on some criteria of one behaviour alternative from two or more possible alternatives. To decide means to cut off or in practical content to come to a conclusion".

Fremont A. Shull Andrew L Delbecq and Larry L Cummings define decision making as "a conscious human process involving both individual and social phenomenon based upon factual and value premises which concludes with a choice of one behavioural activity from among one or more alternatives with the intention of moving toward some desired state of affairs".

From the above definitions, we can conclude that, Decision Making involves the process of establishing goals, tasks and searching for alternatives for a decision problem.

### 3.7.1 Characteristics of Decision Making

Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results.

1. The decision-maker has freedom to choose an alternative.
2. Decision-making may not be completely rational but may be judgemental and emotional.
3. Decision-making is goal-oriented.
4. Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.
5. A decision may be expressed in words or may be implied from behaviour.
6. Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.
7. Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

### 3.7.2 Types of Decisions

**Programmed and Non-Programmed Decisions:** Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:

**Programmed decisions:** Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of management.

**Non-Programmed Decisions:** Non-programmed decisions are decisions taken to meet non-repetitive problems. Non-programmed decisions are relevant for solving unique/unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

**Strategic and Tactical Decisions:** Organizational decisions may also be classified as strategic or tactical.

**Strategic Decisions:** Basic decisions or strategic decisions are decisions which are of crucial importance. Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions

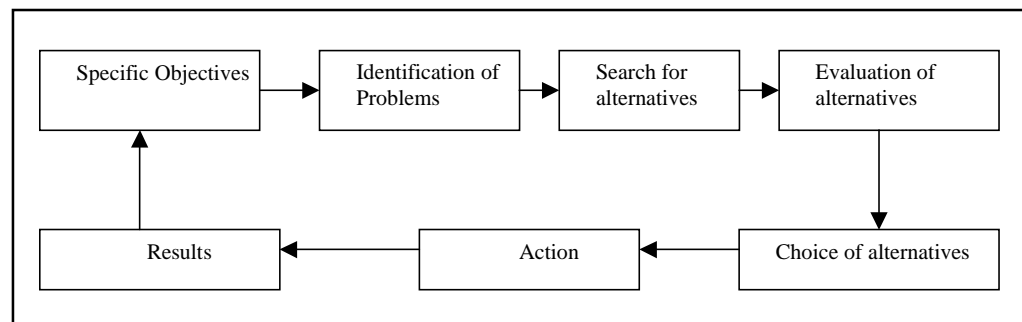
like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

**Tactical Decisions:** Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.
- The authority for making tactical decisions can be delegated to lower level managers because : first, the impact of tactical decision is narrow and of short-term nature and Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

### 3.7.3 Decision Making Process

The decision making process is presented in the figure below:



**Figure 3.3: Decision-making process**

**Specific Objective:** The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

**Problem Identification:** A problem is a felt need, a question which needs a solution. In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

1. **Diagnosis:** Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.
2. **Analysis:** Diagnosis gives rise to analysis. Analysis of a problem requires:
  - Who would make decision?
  - What information would be needed?
  - From where the information is available?

Analysis helps managers to gain an insight into the problem.

3. **Search for Alternatives:** A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to

find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker can use several sources for identifying alternatives:

- His own past experiences
  - Practices followed by others and
  - Using creative techniques.
4. **Evaluation of Alternatives:** After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.
  5. **Choice of Alternative:** The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.
  6. **Action:** Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.
  7. **Results:** When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.

### 3.7.4 Characteristics of Effective Decisions

An effective decision is one which should contain three aspects. These aspects are given below:

1. **Action Orientation:** Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment. Decisions should ultimately find their utility in implementation.
2. **Goal Direction:** Decision making should be goal-directed to enable the organization to meet its objectives.
3. **Effective in Implementation:** Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

#### Check Your Progress 3

1. What are the characteristics of Decision-Making?
2. Explain the types of decisions.
3. Explain the characteristics of effective decisions.

---

## 3.8 GLOBAL PLANNING

---

Globalisation reflects a business orientation based on the belief that the world is becoming more homogeneous and that distinctions between national markets are not only fading, but, for some products will eventually disappear. As a result, companies need to globalise their international strategy by formulating it across markets to take advantage of underlying market, cost, environmental and competitive factors.



### **3.8.1 Why Plan Globally?**

International firms have found it necessary to institute formal global strategic planning to provide a means for top management to identify opportunities and threats from all over the world, formulate strategies to handle them and stipulate how to finance the strategies implementation. Global strategic plans not only provide for constancy of action among the firm's managers worldwide but also require the participants to consider the ramifications of their actions on the other geographical and functional areas of the firm.

### **3.8.2 Global Strategic Planning Process**

Global strategic planning is the primary function of managers. The process of strategic planning provides a formal structure in which managers:

- Analyse the company's external environments
- Analyse the company's internal environments
- Define the company's business and mission
- Set corporate objectives
- Quantify goals
- Formulate strategies and
- Make tactical plans.

The steps mentioned above may not be in a sequential form. In practice, there is considerable flexibility in the order in which firms take up these items.

### **3.8.3 Nature of Planning Process**

Planning shapes strategy and defines the means to achieve goals. It is the matching of markets with products and other corporate resources so that the long term competitive advantage of the firm gets strengthened. In other words, the process of planning seeks to answer question regarding what the firm expects to achieve and what method the firm is going to use to this end. It decomposes problems and issues, applies rational tools on the basis of available information, and finalises action to achieve the goal. In small firm, planning may be ad hoc. But in large firms, especially in multinational corporations that operate in varying environments, the process of planning is more systematic and comprehensive.

---

## **3.9 LET US SUM UP**

---

No business enterprise can achieve its objectives until and unless all the members of the enterprise make an integrated and planned effort under the directions of a central coordinating agency. This central coordinating agency is technically known as 'management'. The process of management involves the determination of objectives and putting them into action. When management is reviewed as a process, planning is the first function performed by a manager. The work of a manager begins with the setting of objectives of the organisation and goals in each area of the business. This is done through planning. A plan is a predetermined course of action to accomplish the set objectives. decision involves cutting off of alternatives between those that are desirable and those that are not desirable. Decision is a kind of choice of a desirable alternative.

---

## **3.10 LESSON END ACTIVITY**

---

“Under management as a process, management is considered as a continuing activity made up of basic management functions.” Discuss.

---

### 3.11 KEYWORDS

---

Management Functions

Planning

Strategies

Strategy Formulation

Policies

Decision Making

---

### 3.12 QUESTIONS FOR DISCUSSION

---

1. Describe the process of management and explain how it can be used to accomplish results in any organisation?
2. Name the various functions which constitute the process of management and discuss each of them briefly.
3. "Decision making is the primary task of the management". Discuss this statement and explain the process of decision making.
4. What are the essential characteristics of a good decision? How can a manager make effective decisions?

---

### 3.13 SUGGESTED READINGS

---

A Dassgupta, *Indian Business and Management*, Dept. of Business Management and Industrial Administration, University of Delhi 1969.

Appley Lawrence, *Management in Action: The Art of Getting Things Done Through People*, American Management Association, New York, 1956.

Burack, Elmer H and Robert D Smith, *Personnel Management: Human Resources System Approach*, West Publishing Co., New York, 1977.

Charles R. DeCarlo, *Systems Design and Nature of Work*, US Dept. of Labor Govt Printing Office, Washington D.C., 1969. Louis A Allen, *Management and Organization*, McGraw Hill, New York, 1958.

Metcalf H C and L Urwick (Ed) *Dynamic Administration the Collected Papers of Mary Parket Follet*, Harper and Row, New York, 1941.

George R Terry, *Principles of Management*, Richard D Irwin Inc., Homewood, Illinois, 1968.

Institute of Personnel Management, *Functions of Personnel Department in India*, Calcutta 1973.

Louis A Allen, *Management and Organization*, McGraw Hill, New York, 1958.

Prasad L.M, "*Business Policy: Strategic Management*" Sultan Chand and Sons, New Delhi (2000)

Robert N. Anthony, "*Planning and Control Systems: A Framework for Analysis*" Harvard University Press, Boston (1965)

Terry T. R. *Principles of Management*, Richard D Irwin, Homewood, 1960.

P.G. Aquinas, *Organizational Behaviour*, Excel Books, New Delhi.

# **UNIT-II**

---

# LESSON

# 4

## ORGANISING

### CONTENTS

- 4.0 Aims and Objectives
- 4.1 Introduction
- 4.2 Definition of Organisation
- 4.3 Organisation as a Process
  - 4.3.1 Determination of Objectives
  - 4.3.2 Enumeration of Objectives
  - 4.3.3 Classification of Activities
  - 4.3.4 Assignment of Duties
  - 4.3.5 Delegation of Authority
- 4.4 Organisation Structure
  - 4.4.1 Significance of Organisation Structure
  - 4.4.2 Determining the kind of Organisation Structure
- 4.5 Principles of Organisation
- 4.6 Formal and Informal Organisation
  - 4.6.1 Formal Organisation
  - 4.6.2 Informal Organisation
  - 4.6.3 Management's Attitude Towards Informal Organisation
  - 4.6.4 Differences Between Formal and Informal Organisation
- 4.7 Importance of Organisation
  - 4.7.1 Facilitates Administration
  - 4.7.2 Facilitates Growth and Diversification
  - 4.7.3 Provides for Optimum use of Technological Improvements
  - 4.7.4 Encourages Human use of Human Beings
  - 4.7.5 Stimulates Creativity
  - 4.7.6 Facilitates Stability of the Organisation
  - 4.7.7 Reduces Employee Turnover
  - 4.7.8 Reduces Duplication of Activities
  - 4.7.9 Fosters Coordination
- 4.8 Organisation Charts and Manuals
  - 4.8.1 Meaning of Organisation Chart
  - 4.8.2 Advantages of Organisation Chart

*Contd...*

- 4.8.3 Disadvantages or Limitations of Organisation Chart
- 4.8.4 Types of Organisation Chart
- 4.8.5 Meaning of Organisation Manual
- 4.8.6 Types of Manuals
- 4.8.7 Advantages of Manuals
- 4.8.8 Disadvantages of Manual
- 4.9 Forms of Organisation
  - 4.9.1 Line Organisation
  - 4.9.2 Line and Staff Organisation
  - 4.9.3 Functional Organisation
  - 4.9.4 Committee Organisation
- 4.10 Organisational Culture
  - 4.10.1 Basic Elements of Culture
  - 4.10.2 Successful Organizational Culture
- 4.11 Global Organizing
- 4.12 Let us Sum up
- 4.13 Lesson-end Activity
- 4.14 Keywords
- 4.15 Questions for Discussion
- 4.16 Suggested Readings

---

## **4.0 AIMS AND OBJECTIVES**

---

This lesson is intended to study the various aspects of organising. After study this lesson you will be able to:

- (i) describe meaning and process of organising
- (ii) determine the kind of organisational structure
- (iii) know principles of organisation
- (iv) differentiate between formal and informal organisation
- (v) describe the importance of organisational structure
- (vi) understand meaning and features of organisational charts and manuals
- (vii) describe various types of organisation
- (viii) know the importance of organisational culture
- (ix) describe features of global organising

---

## **4.1 INTRODUCTION**

---

Organisation involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies. Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management. After the objectives of an enterprise are determined and the plan is prepared, the next step in the management process is to organise the activities of the

enterprise to execute the plan and to attain the objectives of the enterprise. The term organisation is given a variety of interpretations. In any case, there are two broad ways in which the term is used. In the first sense, organisation is understood as a dynamic process and a managerial activity which is necessary for bringing people together and tying them together in the pursuit of common objectives. When used in the other sense, organisation refers to the structure of relationships among positions and jobs which is built up for the realisation of common objectives. Without organising managers cannot function as managers. Organisation is concerned with the building, developing and maintaining of a structure of working relationships in order to accomplish the objectives of the enterprise. Organisation means the determination and assignment of duties to people, and also the establishment and the maintenance of authority relationships among these grouped activities. It is the structural framework within which the various efforts are coordinated and related to each other. Sound organisation contributes greatly to the continuity and success of the enterprise. The distinguished industrialist of America, Andrew Carnegie has shown his confidence in organisation by stating that: "Take away our factories, take away our trade, our avenues of transportation, our money, leave nothing but our organisation, and in four years we shall have re-established ourselves." That shows the significance of managerial skills and organisation. However, good organisation structure does not by itself produce good performance. But a poor organisation structure makes good performance impossible, no matter how good the individual may be.

---

## **4.2 DEFINITION OF ORGANISATION**

---

The term 'Organisation' connotes different things to different people. Many writers have attempted to state the nature, characteristics and principles of organisation in their own way. It can be used as a group of persons working together or as a structure of relationships or as a process of management. Now, let us analyse some of the important definition of organising or organisation, and understand the meaning of organisation.

According to Sheldon, "Organisation is the process of so combining the work which individuals or groups have to perform with facilities necessary for its execution, that the duties so performed provide the best channels for efficient, systematic, positive and co-ordinated application of available effort."

In the words of Chester I Bernard, "Organisation is a system of co-operative activities of two or more persons."

Mc Ferland has defined organisation as, "an identifiable group of people contributing their efforts towards the attainment of goals".

According to Louis A Allen, "Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

According to North Whitehead, "Organisation is the adjustment of diverse elements, so that their mutual relationship may exhibit more pre-determined quality."

In the words of Theo Haimann, "Organising is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organising function, the manager defines, departmentalises and assigns activities so that they can be most effectively executed."

In the words of Mooney and Railey, "Organisation is the form of every human association for the attainment of a common purpose."

According to John M Pfiffner and Frank P Sherwood, "Organisation is the pattern of ways in which large number of people, too many to have intimate face-to-face contact with all others, and engaged in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes."

In the words of Koontz and O'Donnell, "Organisation involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

According to Noirthcott, C H, "Organisation refers to arrangements by which tasks are assigned to men and women so that their individual efforts contribute effectively to some more or less clearly defined purpose for which they have been brought together."

In the words of G E Milward, "Organisation is a process of dividing work into convenient tasks or duties, of grouping such duties in the form of posts of delegating authority to each post and of appointing qualified staff to be responsible that the work is carried out as planned."

---

### **4.3 ORGANISATION AS A PROCESS**

---

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

#### **4.3.1 Determination of Objectives**

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

#### **4.3.2 Enumeration of Objectives**

If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organising group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as members of the group and will help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

#### **4.3.3 Classification of Activities**

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

### 4.3.4 Assignment of Duties

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

### 4.3.5 Delegation of Authority

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

---

## 4.4 ORGANISATION STRUCTURE

---

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

### 4.4.1 Significance of Organisation Structure

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

### 4.4.2 Determining the kind of Organisation Structure

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



- (i) **Activities Analysis:** The purpose of 'activities analysis' is to discover the primary activity of the proposed organisation, for it is around this that other activities will be built. It may be pointed out that in every organisation; one or two functional areas of business dominate. For example, designing is an important activity of the readymade garments manufacturer. After the activities have been identified and classified into functional areas, they should be listed in the order of importance. It is advisable to divide and sub-divide the whole work into smaller homogeneous units so that the same may be assigned to different individuals. Thus, in devising an organisational structure, it is important to divide the entire work into manageable units. It has rightly been said that the job constitutes the basic building block in building up an organisational structure.
- (ii) **Decision Analysis:** At this stage, the manager finds out what kinds of decisions will need to be made to carry on the work of the organisation. What is even more important, he has to see where or at what level these decisions will have to be made and how each manager should be involved in them. This type of analysis is particularly important for deciding upon the number of levels or layers in the organisation structure.

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

1. the degree of futurity in the decision
2. the impact that decision has on other functions
3. the character of the decision determined by a number of qualitative factors, such as, 'basic principles of conduct, ethical values, social and political beliefs etc., and
4. whether the decisions are periodically recurrent or rates as recurrent decisions may require a general rule whereas a rate decision is to be treated as a distinctive event.

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

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

---

## 4.5 PRINCIPLES OF ORGANISATION

---

1. **Consideration of unity of objectives:** The objective of the undertaking influences the organisation structure. There must be unity of objective so that all efforts can be concentrated on the set goals.
2. **Specialisation:** Effective organisation must include specialisation. Precise division of work facilitates specialisation.
3. **Co-ordination:** Organisation involves division of work among people whose efforts must be co-ordinated to achieve common goals. Co-ordination is the orderly arrangement of group effort to provide unity of action in the pursuit of common purpose.

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

#### Check Your Progress 1

1. Define organisation.
2. Explain the process of organisation.
3. What is the significance of organisation structure?
4. State the principles of organisation.

## 4.6 FORMAL AND INFORMAL ORGANISATION

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

### 4.6.1 Formal Organisation

Chester I Bernard defines formal organisation as -"a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability." The essence of formal organisation is conscious common purpose and comes into being when persons-

- (i) Are able to communicate with each other

- (ii) Are willing to act and
- (iii) Share a purpose.

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

- Division of labour
- Scalar and functional processes
- Structure and
- Span of control

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

#### ***Characteristic Features of formal organisation***

1. Formal organisation structure is laid down by the top management to achieve organisational goals.
2. Formal organisation prescribes the relationships amongst the people working in the organisation.
3. The organisation structure is consciously designed to enable the people of the organisation to work together for accomplishing the common objectives of the enterprise
4. Organisation structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.
5. In a formal organisation, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organisation arise from the pattern of responsibilities that are created by the management.
6. A formal organisation is bound by rules, regulations and procedures.
7. In a formal organisation, the position, authority, responsibility and accountability of each level are clearly defined.
8. Organisation structure is based on division of labour and specialisation to achieve efficiency in operations.
9. A formal organisation is deliberately impersonal. The organisation does not take into consideration the sentiments of organisational members.
10. The authority and responsibility relationships created by the organisation structure are to be honoured by everyone.
11. In a formal organisation, coordination proceeds according to the prescribed pattern.

#### ***Advantages of formal organisation***

1. The formal organisation structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.
2. A formal organisation is bound by rules, regulations and procedures. It thus ensures law and order in the organisation.
3. The organisation structure enables the people of the organisation to work together for accomplishing the common objectives of the enterprise

#### ***Disadvantages or criticisms of formal organisation***

1. The formal organisation does not take into consideration the sentiments of organisational members.
2. The formal organisation does not consider the goals of the individuals. It is designed to achieve the goals of the organisation only.
3. The formal organisation is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

## 4.6.2 Informal Organisation

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

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

### *Characteristics features of informal organisation*

1. Informal organisation is not established by any formal authority. It is unplanned and arises spontaneously.
2. Informal organisations reflect human relationships. It arises from the personal and social relations amongst the people working in the organisation.
3. Formation of informal organisations is a natural process. It is not based on rules, regulations and procedures.
4. The inter-relations amongst the people in an informal organisation cannot be shown in an organisation chart.
5. In the case of informal organisation, the people cut across formal channels of communications and communicate amongst themselves.
6. The membership of informal organisations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.
7. Membership of informal groups can be overlapping as a person may be member of a number of informal groups.
8. Informal organisations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organisation.

### *Benefits of Informal organisation*

1. It blends with the formal organisation to make it more effective.
2. Many things which cannot be achieved through formal organisation can be achieved through informal organisation.
3. The presence of informal organisation in an enterprise makes the managers plan and act more carefully.
4. Informal organisation acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
5. An informal organisation has a powerful influence on productivity and job satisfaction.
6. The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.
7. Informal organisation helps the group members to attain specific personal objectives.
8. Informal organisation is the best means of employee communication. It is very fast.
9. Informal organisation gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organisation because they get a platform to express their feelings.
10. It serves as an agency for social control of human behaviour.

### 4.6.3 Management's Attitude Towards Informal Organisation

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

### 4.6.4 Differences Between Formal and Informal Organisation

Formal Organisation	Informal Organisation
1. Formal organisation is established with the explicit aim of achieving well-defined goals.	1. Informal organisation springs on its own. Its goals are ill defined and intangible.
2. Formal organisation is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2. Informal organisation is characterised by a generalised sort of power relationships. Power in informal organisation has bases other than rational legal right.
3. Formal organisation recognises certain tasks and activities which are to be carried out to achieve its goals.	3. Informal organisation does not have any well-defined tasks.
4. The roles and relationships of people in formal organisation are impersonally defined	4. In informal organisation the relationships among people are interpersonal.
5. In formal organisation, much emphasis is placed on efficiency, discipline, conformity, consistency and control.	5. Informal organisation is characterised by relative freedom, spontaneity, homeliness and warmth.
6. In formal organisation, the social and psychological needs and interests of members of the organisation get little attention.	6. In informal organisation the socio-psychological needs, interests and aspirations of members get priority.
7. The communication system in formal organisation follows certain pre-determined patterns and paths.	7. In informal organisation, the communication pattern is haphazard, intricate and natural.
8. Formal organisation is relatively slow to respond and adapt to changing situations and realities.	8. Informal organisation is dynamic and very vigilant. It is sensitive to its surroundings.

---

## 4.7 IMPORTANCE OF ORGANISATION

---

Organisation, in its simplest sense, means a form of human association for the attainment of common objectives. Sound organisation is quite essential for every enterprise. Organised

thoughts have always been the basis of organised actions. Without sound organisation, no management can manage the various operations of the enterprise. Obviously, the better the organisation, the fuller would be the achievement of the common objectives and similarly, loose organisation of an enterprise implies a dangerous state of affairs. The importance of organisation can be clearly understood from the statement of Kenneth C Towe. According to him , "A sound form of organisation is the answer to every business problem, that a poor organisation could run a good product into the ground and that a good organisation with a poor product could run a good product out of the market." Some of the principal advantages of organisation may be outlined as below:

#### **4.7.1 Facilitates Administration**

A properly designed and balanced organisation facilitates both management and operation of the enterprise. It increases management's efficiency and promptness, avoids delay and duplication of work and motivates the employee to perform their job efficiently. By proper division of labour, consistent delegation and clear job definition, the organisation structure siphons off the routine duties and makes them the responsibility of lower rated positions.

#### **4.7.2 Facilitates Growth and Diversification**

The organisation structure is the framework within which the company grows. The organisation structure should provide for expansion and diversification of the enterprise otherwise, the enterprise will find itself in a serious administrative crisis. Thus, the organisation facilitates growth and diversification of the enterprise.

#### **4.7.3 Provides for Optimum use of Technological Improvements**

A sound organisation structure facilitates the optimum use of technological improvements like computer systems etc. The high cost of installation, operation and maintenance of such equipment calls for proper organisation.

#### **4.7.4 Encourages Human use of Human Beings**

A sound organisation provides for efficient selection, training and development of staff, job rotation and job enlargement. The organisation structure can profoundly affect the people of the company. Proper organisation facilitates the intensive use of human capital.

#### **4.7.5 Stimulates Creativity**

Organisation stimulates creativity. By providing well-defined areas of work and ensuring delegation of authority, organisation provides sufficient freedom to the managers and encourages their initiative, independent thinking and creativity.

#### **4.7.6 Facilitates stability of the organisation**

By ensuring delegation of authority, two-way communication, co-operation, effective leadership, employee morale and flexibility to adjust to changes in the conditions, a sound organisation facilitates stability of the organisation.

#### **4.7.7 Reduces Employee Turnover**

Organisation increases employee satisfaction, ensures better relations between the management and the workers, and thereby reduces employee turnover.

### 4.7.8 Reduces Duplication of Activities

Organisation avoids delay and duplication of activities and consequent confusion by ensuring well-defined responsibilities and authority.

### 4.7.9 Fosters Coordination

By providing the framework for holding together the various functions in an orderly pattern, organisation fosters co-ordination.

#### Check Your Progress 2

1. Explain the term formal organisation.
2. What is the attitude of management towards informal organisation?
3. Explain the difference between formal and informal organisation.
4. What is the importance of an organisation?

---

## 4.8 ORGANISATION CHARTS AND MANUALS

---

Organisation chart: The pattern of network of relations between the various positions in an organisation as well as between the persons who hold those positions is referred to as "Organisation chart". Organisation data are often shown in the form of graphic chart. Organisation charts are the important tool for providing information on managerial positions and relationships in an organisation.

### 4.8.1 Meaning of Organisation Chart

According to Harold Koontz and Cyril O' Donnell, "Every organisation can be charted, for a chart is nothing more than an indication of how departments are tied together along their principal lines of authority."

In the words of George R Terry, "A chart is a diagrammatical form which shows important aspects of an organisation including the major functions and their respective relationships, the channels of supervision, and the relative authority of each employee who is in charge of each respective function."

According to Louis A Allen, "The organisation chart is a graphic means of showing organisation data. Organisation charts are snap-shots; they show only the formal organisation and depict it for only a given moment in time."

In the word of J Batty, "An organisation chart is a diagrammatic representation of the framework or structure of an organisation."

According to Henry H Albens, "An organisation chart portrays managerial positions and relationships in a company or department unit."

From the above definitions, it is clear that an organisation chart is a diagrammatical form which shows important aspects of an organisation including the major functions and their respective relationships. It is a graphic portrayed of positions in the enterprise and of the formal lines of communication among them. It enables each executive and employee to understand his position in the organisation and to know to whom he is accountable. The organisation chart has the following characteristics:

- It is a diagrammatical presentation
- It shows principal lines of authority in the organisation

- It shows the interplay of various functions and relationships
- It indicates the channels of communication.

The organisation chart should not be confused with the organisation structure. An organisation chart is merely a type of record showing the formal organisational relationships which management intends should prevail. It is, therefore, primarily a technique of presentation.

#### **4.8.2 Advantages of Organisation Chart**

1. Organisation chart gives a clear picture of the organisation structure and the relationships that exist in an organisation.
2. It shows at a glance the lines of authority and responsibility. From it, the individuals can see who their associates are, to whom they report and from whom they get instructions.
3. By providing a detailed and clear picture of the authority relationships existing in an organisation, they help to avoid misunderstanding of jurisdictional problems and minimise organisational conflicts.
4. It plays a significant part in organisation improvement by pointing out inconsistencies and deficiencies in certain relationships. When management sees how its organisation structure actually looks, it may discover some unintended relationships.
5. With the help of an organisation chart, outsiders can easily know the persons whom they have to approach in connection with their work. This helps the outsiders to save their time and also to form a better opinion of the concern.
6. By providing a clear picture of the lines of authority and responsibilities, they help to avoid overlapping and duplication of authority and secure unity of command.
7. It serves as a valuable guide to the new personnel in understanding the organisation and for their training.
8. It provides a framework of personnel classification and evaluation systems. They show to the personnel what promotions they can expect, and what extra training is required for promotion to a higher position.

#### **4.8.3 Disadvantages or Limitations of Organisation Chart**

1. Organisation chart shows only the formal relationships and fails to show the informal relations within the organisation. Informal relationships are also important in any organisation.
2. Organisation charts, no doubt show the line of authority but they do not show the quantum of authority vested in different managerial positions. Thus, it is not able to answer the questions like how much authority can be exercised by a particular executive, how far he is responsible for his functions and to what extent he is accountable.
3. An organisation chart is incomplete. It is not possible to include all information affecting the organisation.
4. It shows a static state of affairs and does not represent flexibility which usually exists in the structure of a dynamic organisation.
5. When there is an organisation chart, the personnel in the organisation become too conscious of their responsibilities and boundary line. This injects rigidity and inflexibility into the organisation structure. Updating is not possible without disturbing the entire set-up.
6. Organisation chart gives rise to a feeling of superiority and inferiority which causes conflicts in the organisation and affects team-spirit adversely.
7. It does not show the relationships that actually exist in the organisation but shows only the "supposed to be" relationships.



8. The organisation charts just display the organisation structure. They neither guarantee a good organisation structure nor good management.

#### 4.8.4 Types of Organisation Chart

An organisation chart can be drawn in different forms. They are:

- Top-to-down chart or vertical chart
- Left-to-right chart or Horizontal chart
- Circular chart.

**Top-to-down chart or vertical chart:** Most organisations use this type of chart which presents the different levels of organisation in the form of a pyramid with senior executive at the top of the chart and successive levels of management depicted vertically below that. The following diagram illustrates this type of chart.

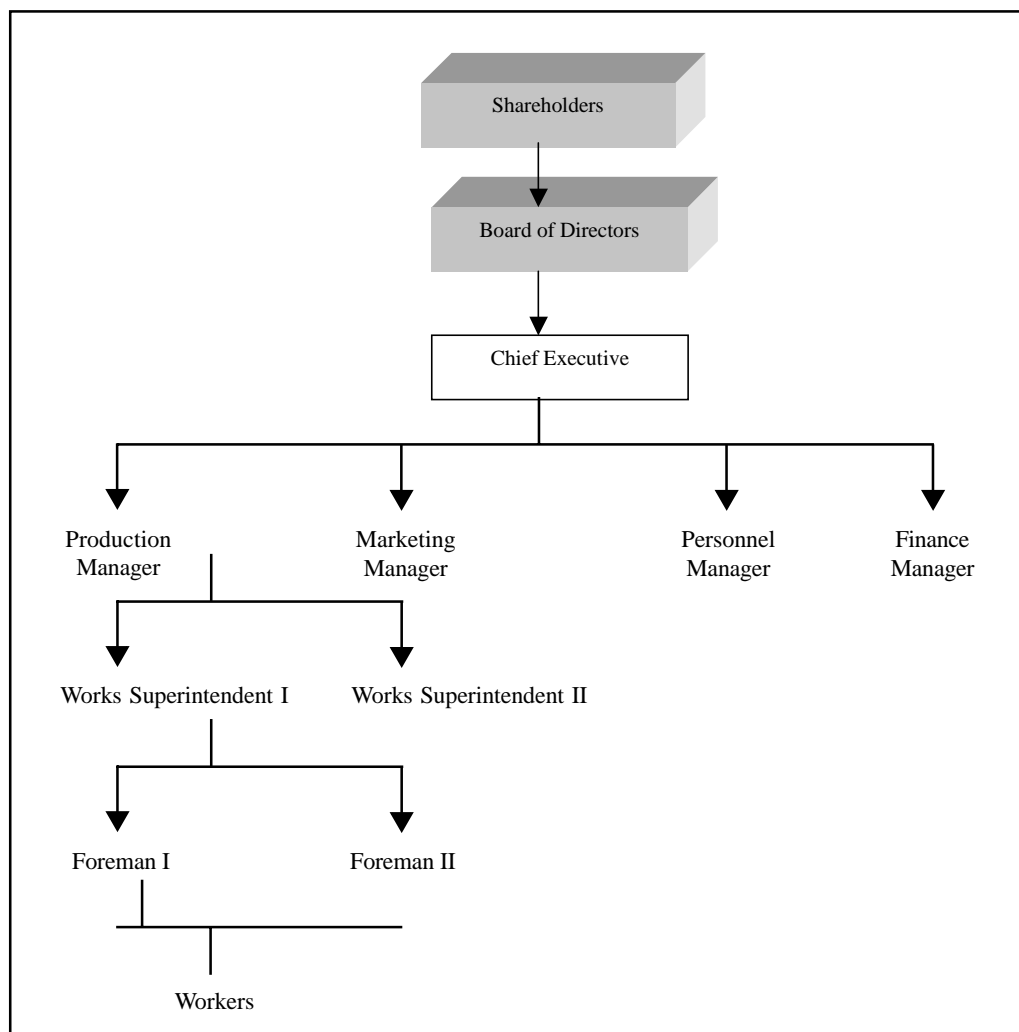
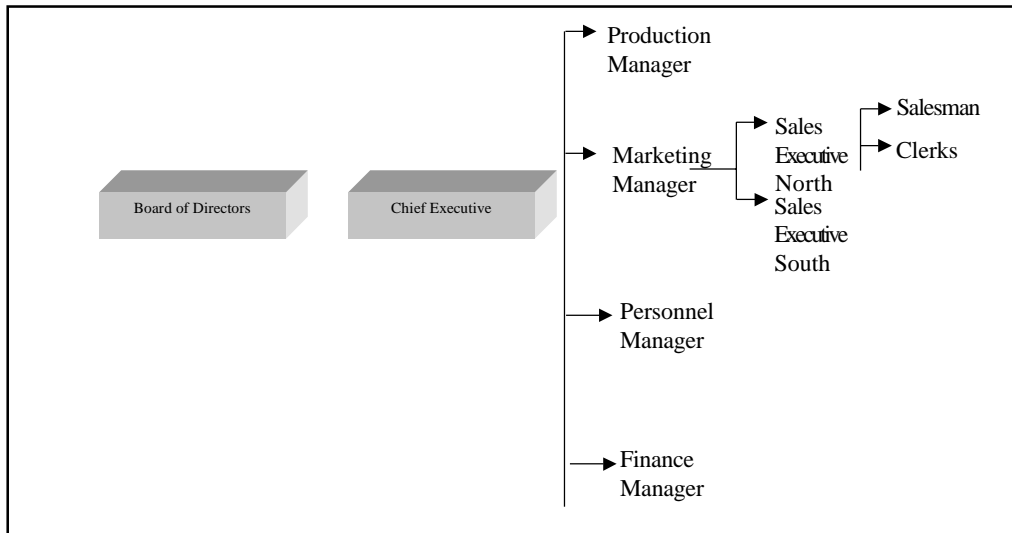


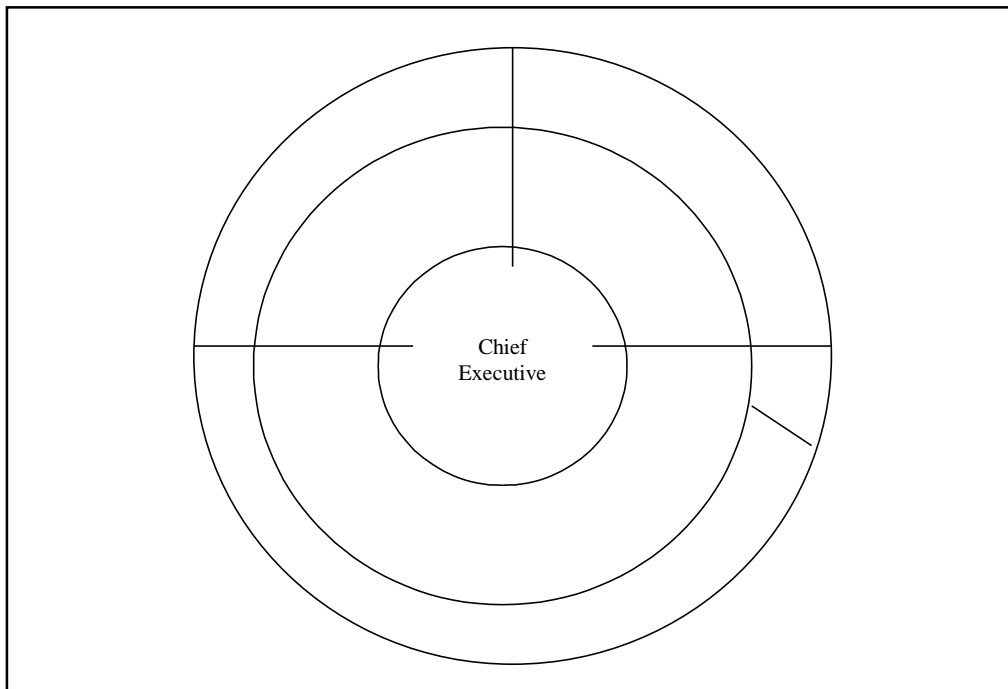
Figure 4.1: Top-to-down organisation chart

**Left-to-right or Horizontal Chart:** Horizontal charts which read from left to right are occasionally used. The pyramid lies horizontally instead of standing in the vertical position. The line of command proceeds horizontally from left to right showing top level at the left and each successive level extending to the right. The following diagram illustrates this type of chart:



**Figure 4.2: Horizontal organisation chart**

**Circular Chart:** In this chart, top positions are located in the centre of the concentric circle. Positions of successive echelons extend in all directions outward from the centre. Positions of equal status lie at the same distance from the centre on the same concentric circle. The following diagram illustrates the circular chart.



**Figure 4.3: Circular Organisational Chart**

#### 4.8.5 Meaning of Organisation Manual

An organisation chart shows who has the authority over whom but does not state that extent of authority or the duties each person in the organisation is expected to perform. In order to supplement the information of this chart, an organisation may prepare a Manual or Management Guide. Manual sets down in the form of a book or booklet all the details of the organisation, its objectives and policies, authorities, functions, duties and responsibilities of each unit and all information relating thereto.

A manual can be a useful instrument of management which more than justifies the amount of work and money involved in its compilation. Where a good manual is in use, each person can determine the responsibilities of his job and its proper relationship with other jobs in the organisation. Jurisdictional conflicts and overlapping can be avoided. A

manual provides quick settlement of all misunderstandings. It relieves the manager from the botheration of repeating the same information time and again. It provides uniformity and consistency in the procedures and practises. If, a good organisation manual is in use, each personnel in the organisation can know the responsibilities of his job and its relationship with other jobs in the organisation. Good organisation manual has the following contents.

1. Nature of the enterprise
2. Objectives of the enterprise
3. Policies of the management
4. Job Descriptions
5. Duties and responsibilities of various personnel
6. Instructions relating to the performance of standard as well as non-standard jobs.

#### **4.8.6 Types of Manuals**

The different types of manuals are:

1. **Policy Manuals:** It describes the overall limitations within which activities are to take place and thus reveals the broad courses of managerial action likely to take place under certain conditions.
2. **Operations Manual:** It is prepared to inform the employees of established methods, procedures and standards of doing the various kinds of work.
3. **Organisation Manual:** It explains the organisation, the duties and responsibilities of various departments, and their respective sub-divisions. Promotional charts may be included in the organisation manual which will show possible promotional lines throughout the entire organisation.
4. **Departmental Practice Manual:** It deals in detail with the internal policies, organisation and procedures of one department.
5. **Rules and Regulations Manual:** It gives information about the operating rules and employment regulations. It is a handbook of employment rules.

#### **4.8.7 Advantages of Manuals**

1. It contains in writing all-important decisions relating to internal organisation of the enterprise.
2. It avoids conflicts and overlapping of authority.
3. It enables new employees to know the various procedure and practice in the shortest possible time.
4. It enables quick decisions.
5. It contains rules and regulations which employees must follow.

#### **4.8.8 Disadvantages of Manual**

1. The preparation of manual is costly and time consuming and process.
2. Manuals leave little scope of individual's initiative and direction.
3. Manuals bring rigidity to the organisation.
4. Manuals may put on record those relationships which no one would like to see exposed.

---

### **4.9 FORMS OF ORGANISATION**

---

Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. Organisation structure is primarily concerned with the allocation of tasks and delegation of authority. The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate

the efforts of different individuals in an efficient manner. According to the different practices of distributing authority and responsibility among the members of the enterprise, several types of organisation structure have been evolved. They are:

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

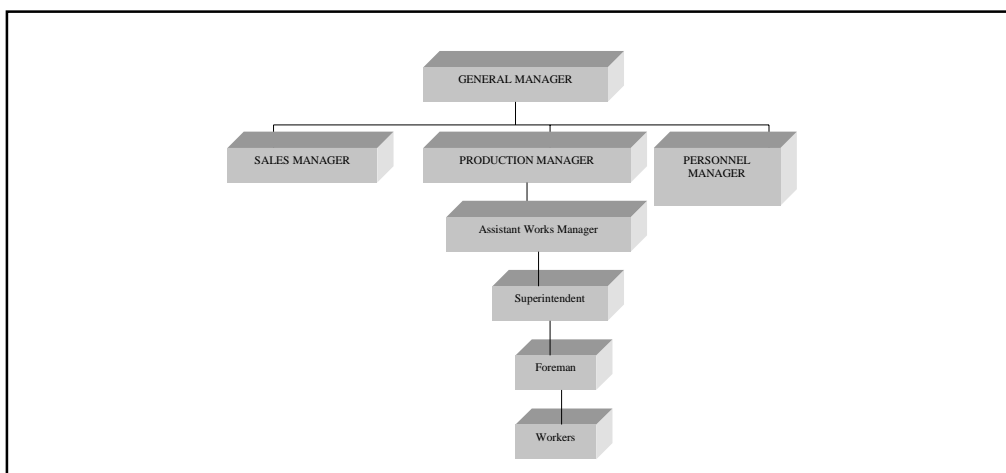
#### 4.9.1 Line Organisation

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

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

1. Commands should be given to subordinates through the immediate superior; there should be no skipping of links in the chain of command.
2. There should be only one chain. That is, command should be received from only one immediate superior.
3. The number of subordinates whose work is directly commanded by the superior should be limited.

The following picture depicts the line organisation:



**Figure 4.4: Chart showing a line organisation**

#### *Advantages or merits of line organisation*

1. It is the easiest to establish and simplest to explain to the employers.
2. It fixes responsibility for the performance of tasks in a definite manner upon certain individuals.

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

***Disadvantages or demerits of line organisation***

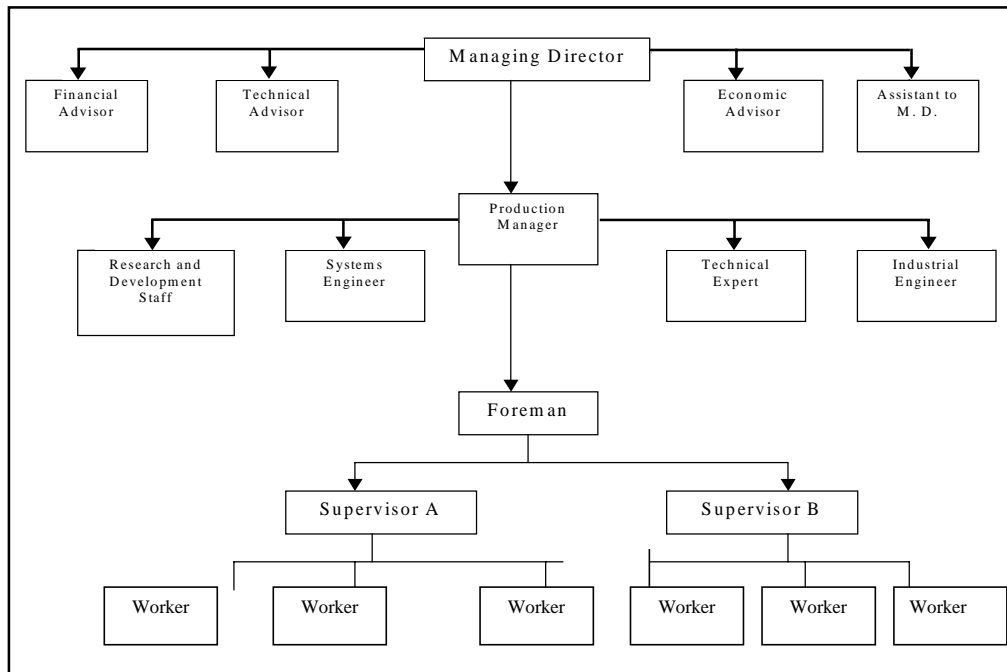
1. With growth, the line organisation makes the superiors too overloaded with work. Since all work is done according to the wishes of one person alone, the efficiency of the whole department will come to depend upon the qualities of management displayed by the head of that department. If therefore, something happens to an efficient manager, the future of the department and of the concern as a whole would be in jeopardy.
2. Being an autocratic system, it may be operated on an arbitrary, opinionated and dictatorial basis.
3. Under this system, the subordinates should follow the orders of their superior without expression their opinion on the orders. That means there is limited communication.
4. There may be a good deal of nepotism and favouritism. This may result in efficient people being left behind and inefficient people getting the higher and better posts.
5. The line organisation suffers from lack of specialised skill of experts. Modern business is so complex that it is extremely difficult for one person to carry in his head all the necessary details about his work in this department.
6. Line organisation is not suitable to big organisations because it does not provide specialists in the structure. Many jobs require specialised knowledge to perform them.
7. If superiors take a wrong decision, it would be carried out without anybody having the courage to point out its deficiencies.
8. The organisation is rigid and inflexible.
9. There is concentration of authority at the top. If the top executives are not capable, the enterprise will not be successful.

Prof. Florence, sums up the inefficiencies of the line organisation system under three heads-"(i) Failure to get correct information and to act upon it; (ii) red-tape and bureaucracy; (iii) Lack of specialised skill or experts... while commands go down the line under the hierarchical system information is supposed to be coming up the line." In

spite of these drawbacks, the line organisation structure is very popular particularly in small organisations where there are less number of levels of authority and a small number of people.

#### 4.9.2 Line and Staff Organisation

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



**Figure 4.5: Line and staff Organisation**

#### *Types of Staff*

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

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

## **Features of line and staff organisation**

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

### ***Advantages or merits of line and staff organisation***

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

### ***Disadvantages or demerits of line and staff organisation***

- Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organisation as to the functions and positions of staff members with relation to the line supervisors.
- There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.
- Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.
- The staff experts may be ineffective because they do not get the authority to implement their recommendations.
- This type of organisation requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.
- Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.
- Since staff managers are not accountable for the results, they may not be performing their duties well.
- Line mangers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organisation.

### 4.9.3 Functional Organisation

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

- (i) Route Clerk
- (ii) Instruction Card Clerk
- (iii) Time and Cost Clerk
- (iv) Shop disciplinarian.

The four specialists or bosses at the shop level are:

1. Gang Boss
2. Speed Boss
3. Inspector
4. Repair Boss

- **The Route Clerk:** To lay down the sequence of operations and instruct the workers concerned about it.
- **The Instruction Card Clerk:** To prepare detailed instructions regarding different aspects of work.
- **The Time and Cost Clerk:** To send all information relating to their pay to the workers and to secure proper returns of work from them.
- **The Shop Disciplinarian:** To deal with cases of breach of discipline and absenteeism.
- **The Gang Boss:** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.
- **The Speed Boss:** To ensure that machines are run at their best speeds and proper tools are used by the workers.
- **The Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.
- **The Inspector:** To show to the worker how to do the work.

The following chart depicts the functional foremanship:

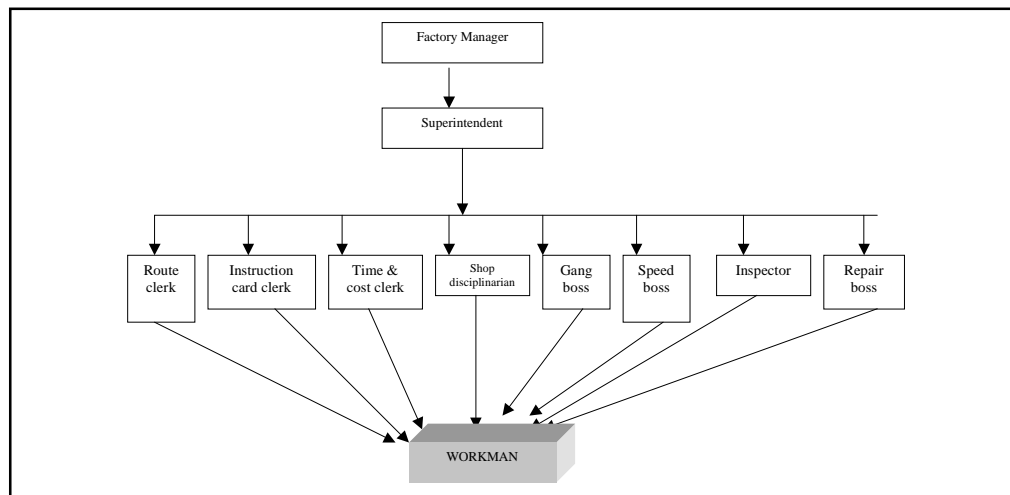


Figure 4.6: The chart showing functional foremanship



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

### **Features of functional organisation**

The features of functional organisation are as follows:

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

### ***Advantages of functional organisation***

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

### ***Disadvantages or demerits of Functional organisation***

- a) It is unstable because it weakens the disciplinary controls, by making the workers work under several different bosses. Thus, functional organisation violates the principle of unity of command.
- b) Under this type of organisation, there are many foremen of equal rank. This may lead to conflicts among them.
- c) The co-ordinating influence needed to ensure a smoothly functioning organisation may involve heavy overhead expenses.
- d) The inability to locate and fix responsibility may seriously affect the discipline and morale of the workers through apparent or actual contradiction of the orders.
- e) This system is very costly as a large number of specialists are required to be appointed.

- f) A functional manager tends to create boundaries around himself and think only in term of his own department rather than of the whole enterprise. This results in loss of overall perspective in dealing with business problems.
- g) It is difficult for the management to fix responsibility for unsatisfactory results.

#### 4.9.4 Committee Organisation

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

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

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

A committee may formulate plans, make policy decisions or review the performance of certain units. In some cases, it may only have the power to make recommendations to a designated official. Whatever may be the scope of their activities, committees have come to be recognised as an important instrument in the modern business as well as non-business organisations.

##### *Objectives of committees*

Committees are constituted to achieve one or more of the following objectives:

- To have consultations with various persons to secure their view-points
- To give participation to various groups of people
- To secure cooperation of different departments
- To coordinate the functioning of different departments and individuals by bringing about unity of directions.

##### *Types of committees*

1. *Line committee*: If a committee is vested with the authority and responsibility to decide and whose decisions are implemented, it is known as line committee.
2. *Staff committee*: If a committee is appointed merely to counsel and advise, it is known as a staff committee.
3. *Formal committee*: When a committee is constituted as a part of the organisation structure and has clear-cut jurisdiction, it is a formal committee.
4. *Informal committee*: An informal committee is formed to advice on certain complicated matters. It does not form part of the organisation structure.
5. *Coordinating committee*: It is constituted to coordinate the functioning of different departments.
6. *Executive committee*: It is a committee which has power to administer the affairs of the business.
7. *Standing committee*: are formal committees that are of permanent character.
8. *Ad hoc committee*: They are temporary bodies. It is appointed to deal with some special problem and stops functioning after its job are over.

### ***Advantages or merits of committee type of organisation***

1. A committee is an effective method of bringing the collective knowledge and experience of a number of persons. Therefore, many multi-dimensional and complex problems of modern enterprises, which cannot be solved satisfactorily by individual managers, can be solved by committees.
2. Committees offer scope for group deliberations and group judgment. Results obtained by group deliberation and group judgment are likely to be better than those obtained by individual judgment.
3. When it is necessary to integrate varying points of view, which cannot conveniently be coordinated by individuals, the committee may be used to bring about coordination.
4. The management can give representation to the employees in various committees. This will motivate the employees for better performance as they feel that they have a say in the affairs of the organisation.
5. A committee form of organisation facilitates pooling of authority of individual managers for making some type of decisions of an inter-departmental nature.
6. A committee form of organisation tends to promote organisational cohesiveness. Group endeavour, team spirit and collective responsibility are control to the philosophy of committees.

### ***Disadvantages of committee type of organisation***

- (a) If a manager has an opportunity to carry a problem to a committee, he may take it as a means of avoiding decision-making or to escape the consequences of an unpopular decision.
- (b) Sometimes, a committee may not be able to take the needed decision because of the conflicting views of the members.
- (c) Committees take more time in procedural matters before any decision is taken. In some cases, slowness seriously handicaps the administration of the organisation.
- (d) Committees are an expensive device both in terms of cost and time.
- (e) When the committee findings represent a compromise of different viewpoints, they may be found to be weak and indecisive.
- (f) No member of a committee can be individually held responsible for the wrong decision taken by the committee.
- (g) It is very difficult to maintain secrecy regarding the deliberations and the decisions taken by a committee, especially when there are many members in the committee.

#### **Check Your Progress 3**

1. Explain with a neat diagram the different types of organisation charts.
2. What is an organisation manual?
3. Explain the different forms of organisations.

---

## **4.10 ORGANISATIONAL CULTURE**

---

When we talk about culture, we are typically referring to the pattern of development reflected in a society's system of knowledge, ideology, values, laws, social norms and day-to-day rituals. Accordingly, culture varies from one society to another. The word

“culture” has been derived metaphorically from the idea of “cultivation” the process of tilling and developing land. Thus, culture can be considered as a constellation of factors that are learned through our interaction with the environment.

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

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

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

Joanne Martin defines cultures in organization in the following words “As individuals come into contact with organizations, they come into contact with dress norms ... the organization’s formal rules and procedures, its formal codes of behaviour rituals .... And so on. These elements are some of the manifestations of organizational culture”.

Edgar Schein defines organizational culture as “a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valuable and, therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems”.

#### 4.10.1 Basic Elements of Culture

From the above definitions it is clear that culture is how an organization has learned to deal with its environment. It is a complex mixture of assumptions, behaviours, myths and other ideas that fit together to define what it means to work in a particular organization. Edgar H Schein suggests that culture exists on three levels: artefacts, espoused values and underlying assumptions.

1. **Artefacts:** According to Schein, Artefacts are the first level of organizational culture. Artefacts are the things that come together to define a culture and reveal what the culture is about to those who pay attention to them. They include products, services, and even behaviour patterns of the members of an organization. Schein has defined Artefacts as things that “one sees, hears, and feels when one encounters a new group with an unfamiliar culture”.
2. **Espoused Values:** Espoused values are the second level of organizational culture. Values are things worth doing, or the reasons for doing what we do. Values are the answers to the “why” questions. For examples, why are you reading this book? To know more about Organization Behaviour. Why is that Important? To be a better HR Manager. Why do you need more money? To fulfil my wife’s desire to own a farm house. Such questions go on and on, until you reach the point where you no longer want something for the sake of something else. At this point, we have arrived at a value. Corporations have values, such as size, profitability, or making a quality product.

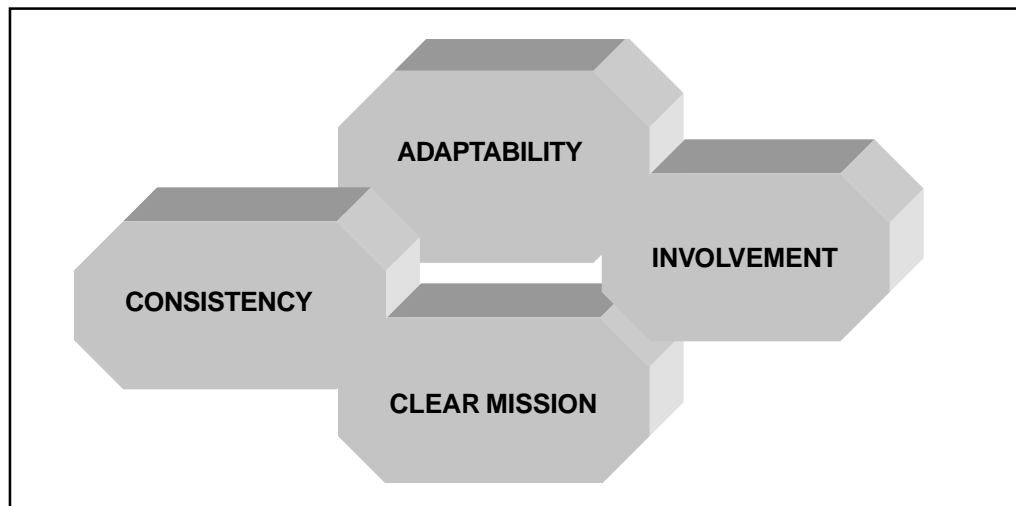
Espoused values are the reasons that we give for doing what we do. Schein argues that most organizational cultures can trace their espoused values back to the founders of the culture.

3. **Basic Assumptions:** The third level of organizational culture, are the beliefs that organization members take for granted. Culture prescribes “the right way to do things” at an organization, often through unspoken assumptions.

#### 4.10.2 Successful Organisational Culture

Research conducted by D.R Denison and A.K Mishra, show that organizational culture is related to organizational success. Organizational culture is a framework that guides day-to-day behaviour and decision making for employees and directs their actions toward completion of organizational goals. Culture is what gives birth to and defines the organizational goals. Culture must be aligned with the other parts of organizational actions, such as planning, organizing, leading, and controlling; indeed, if culture is not aligned with these tasks, then the organization is in for difficult times.

The figure below shows that culture based on adaptability, involvement, a clear mission and consistency can help companies achieve higher sales growth, return on assets, profits, quality and employee satisfaction.



**Successful Organizational Cultures**

**Source:** D.R Denison and A.K Mishra, "Toward a Theory of Organizational Culture and Effectiveness", Organization Science Vol.6 (1995) Page 204 – 223.

#### **Note:**

- **Adaptability:** is the ability to notice and respond to changes in the organization's environment.
- **Involvement:** In cultures that promote higher levels of employment in decision making employees feel a greater sense of ownership and responsibility.
- **Clear Mission:** Mission is a company's purpose or reason for existing. In organizational cultures in which there is a clear organizational vision, the organization's strategic purpose and direction are apparent to everyone in the company.
- **Consistency:** In consistent organizational cultures, the company actively defines and teaches organizational values, beliefs and attitudes. Consistent organizational cultures are also called strong cultures, because the core beliefs and widely shared and strongly held.

**Conclusion:** Organisational culture refers to a system of shared meaning held by members that distinguishes the organisation from other organisations. Organisational culture is concerned with how employees perceive the characteristics of an organisation's culture. It represents a common perception held by the organisation's members. Culture performs a number of functions within an organisation.

1. It has a boundary-defining role. It creates distinctions between one organisation and another organisation.

2. Organisational culture conveys a sense of identity for organisation members.
3. Culture facilitates the generation of commitment to something larger than one's individual self-interest.
4. Organisation culture enhances the stability of the social system.
5. Culture guides and shapes the behaviour and attitude of employees.

#### Check Your Progress 4

1. What is organizational culture?
2. Describe the seven dimensions of organizational culture.

---

## 4.11 GLOBAL ORGANIZING

---

Organising normally follows planning because the organisation must implement the strategic plan. The planning process itself, because it encompasses an analysis of all the firm's activities, often discloses a need to alter the organisation.

In designing the organisational structure, management is faced with two concerns:

1. finding the most effective way to departmentalise to take advantage of the efficiencies gained from the specialisation of labour and
2. Co-ordinating the firm's activities to enable it to meet its overall objectives.

**Organisational Structure:** Organisational structure provides a route and locus for decision making. It also provides a system, or a basis, for reporting and communication networks. The basics of an organisation chart are similar for both domestic firms and international firms. But since international firms have to face complex problems, the form of the organisational structure is specific to them. The structure of an organisation becomes complex with the growing degree of internationalisation.

**Co-ordination among the branches/units:** The different branches/units need to be well co-ordinated in order to make the organisational structure effective. Proper co-ordination smoothens communication between one branch and another. It is true that there are impediments to effective co-ordination. Managers at different units may have varying orientation. The geographic distance may be too much to ensure effective coordination.

Formal co-ordination can be ensured through direct contact among the managers of different branches/units. It can also be ensured by giving a manager of a unit the responsibility for coordinating with his counterpart in another unit. A number of international firms have adapted the practice of direct reporting to headquarters by managers.

---

## 4.12 LET US SUM UP

---

Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management. Organisation is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational goals effectively and efficiently. Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. Organisation structure is primarily concerned with the allocation of tasks and delegation of authority. The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate the efforts of different individuals in an efficient manner.

---

### **4.13 LESSON END ACTIVITY**

---

"Good committee management is through adherence to the basic precepts of the human relations approach to organisation". Do you agree with this? Give suggestions to make committees more effective.

---

### **4.14 KEYWORDS**

---

Organisations

Organisation Structure

Formal Organisation

Informal Organisation

Organisation Chart

Manual

Functional Organisation

Committee Organisation

---

### **4.15 QUESTIONS FOR DISCUSSION**

---

1. Define organising and explain the importance of organising in the present business environment.
2. "Organisation is the backbone of management". Comment.
3. Enunciate and explain the important principles of organisation.
4. What is an organisation chart?
5. Define organisation as a structure and give its basic principles.
6. Discuss the uses and limitations of organisation charts.
7. Compare line, functional and line-staff organisations. Which of these will be appropriate for a large manufacturing enterprise?
8. "A committee is made up of the unfit selected by the unwilling to do the unnecessary". Comment.
9. Discuss the merits and limitations of line and staff organisation.
10. What are the merits and demerits of management by committees?
11. What is the source of an organisation's culture?
12. Explain the elements of a successful organizational culture.

---

### **4.16 SUGGESTED READINGS**

---

Alfred D. Chandler, *"Strategy and Structure"* MIT Press, Cambridge: Mass (1962)

Chris Argyris, *"Personality and Organisation"* Harper and Row, New York (1959)

Douglas M. McGregor *"The Human Side of Enterprise"* McGraw-Hill, New York (1967)

Earnest Dale *"Management : Theory and Practice"* McGraw-Hill, New York (1968)

Louis A. Allen *"Management and Organization"* McGraw-Hill, New York (1978)

Lyndall F. Urwick, *"The Manager's Span of Control"*, Harvard Business Review, (May-June 1956)

- John M. Pfifner and Frank P Sherwood *"Administrative Organisation"* Prentice-Hall of India, New Delhi (1968)
- John Seiler, *"System Analysis in Organizational Behaviour"* Richard D Irwin, Homewood III (1967)
- Keith Davis *"Human Behaviour at Work"* Tata McGrew-Hill, New Delhi (1981)
- Henry Mintzberg, *"The Structuring of Organisations: A synthesis if the Research"* Prentice-Hall, Upper Saddle River N.J (1979)
- Peter F. Drucker *"Management Task, Responsibilities and Practices"* Harper Brothers, New York (1971)
- Ralph C. Davis *"The Fundamentals of Top Management"* Harper Brothers, New York (1971)
- Richard H. Hall, *"Organisation: Structure and Process"*, Prentice Hall, Englewood Cliffs, N.J (1972)
- Rocco Carzo and John N Yanouzas *"Formal Organizations: A system approach"* Richard D. Irwin : Homewood III (1967)
- Joan Woodward, *"Industrial Organization: Theory and Practice"* Oxford University Press, London (1965)
- Tom Burns and G. M Stalker *"The Management of Innovation"* Tavistock (1961)
- Warren G. Bennis *"Organisation Development: Its Nature, Origin, and Prospects"* Addison Wesley, Cambridge: Mass (1969)
- Willan G Scott, *"Organisation Theory: An overview"*, journal of Academy of Management, April 1961 page 7 - 26.
- William R Scott, *"Theory of organisations"* in Robert E.R Farris (ed) *"Handbook of Modern Sociology"* Rand McNally, Chicago (1974)
- P.G. Aquinas, *Organizational Behaviour*, Excel Books, New Delhi.

## Case

### The Lowering of the Pirates' Flag at Apple

The combination seemed ideal. Steven P. Jobs, charismatic co-founder and chairman of Apple Computer, Inc., Woos John Sculley, the young, dynamic president of Pepsi-Cola USA, to be president of Apple. While Jobs oversaw technical innovation, Sculley was to boost Apple's marketing expertise and improve its relationship with retailers and customers. The ultimate goal was to break IBM's stronghold on the business market for personal computers. Under Jobs, the company had had almost a singular focus on products, and Jobs had piqued the imagination of employees with predictions of "insanely great" new computers. One of Sculley's first moves was reorganizing the company's nine product-oriented and highly decentralized divisions into two major divisions, one for the Apple II and one, headed by Jobs himself, for the forthcoming Macintosh. The reorganization allowed resources to be focused on the company's two major product lines and facilitated Sculley's emphasise on marketing them, particularly to the business community.

With Jobs ensconced in the Macintosh division, the reorganization seemed to work at first. Jobs devoted his attention to the further development of the Macintosh, which was not selling quite as well as had been expected. Meanwhile, the Apple II division turned in a record sales performance with the less sophisticated, but highly profitable, Apple IIe. Unfortunately, trouble began to develop. The Mac division employees, touted by Jobs as being superstars, viewed themselves as the Apple elite, since they were developing the new technology. Indicative of these feelings, a pirates' flag flew over the building in which the Macintosh division was housed. Morale in the Apple II division was not helped when Jobs addressed the Apple II marketing staff as members of the "dull and boring product

Contd...



division." However, with the largest block of stock (11.3 percent) and the job of chairman, Jobs was an unusually powerful general manager.

Troubles accelerated when sales of personal computers began to slump nationally; the Mac, in particular, continued to sell less well than anticipated. The situation was exacerbated by the fact that the Mac division chronically missed deadlines for the development of crucial parts of the Mac system. Pushed by the board of directors to take greater control, Sculley finally proposed a new organization structure that would, in effect, eliminate the Mac division and with it the general manager position held by Jobs. The proposal (which was ultimately approved by the board) was aimed in part at reducing the duplication of position, in such areas as marketing, human resources, and manufacturing, that has been necessary under the division by products. It called for a functional structure, which included product operations (comprising R&D, manufacturing, service, and distribution), marketing and sales, finance and management information systems, legal services, and human resources. With the Mac division dissolved, Jobs resigned his position as chairman and left the company.

With 18 months, sales of the Mac, with its technologically advanced desktop publishing capability and its relative ease of use for computer novices, started to take off. But other companies, including IBM, quickly began to develop products to match the Mac capabilities. Although Sculley professed that Job's vision of putting a computer into every person's hands and thus changing the world remained intact, Apple watchers wondered whether Apple could keep innovating under Sculley.

To Foster product innovation further, Sculley purchased a super-computer, doubled the R&D budget, and increased the number of engineers to more than 1000.

Meanwhile, Apple sales had grown from about \$580 million in 1984 to more than \$5 billion by 1989. The number of employees almost doubled to more than 10,000 worldwide during the same period. This massive growth led Sculley to reorganize once again, this time into major geographic divisions (Apple USA, Apple Pacific, and Apple Europe) with a separate division for Apple products. The Apple products division was responsible for all aspects of product development, ranging from basic research and product definition all the way to manufacturing, introduction, and coordination of marketing. This integrated approach was aimed at competing with Japan on price and quality while incorporating the latest technology and innovation. The major geographic divisions were responsible for selling and servicing the various products in their respective regions.

1. Use your knowledge of organization design to assess the probable effectiveness of Apple's new organization structure.
2. What evidence of the differential paradox related to innovation is manifested in this situation?
3. Trace the various reorganizing efforts by Sculley, and explain his reasons for each reorganization.

*Source:* Deborah Wise and Catherine Harris, "Apple's New Crusade", Business Week, November 26, 1984. Page 146 - 156.

---

# LESSON

# 5

## HUMAN FACTORS AND MOTIVATION

### CONTENTS

- 5.0 Aims and Objectives
- 5.1 Introduction
- 5.2 Definition of Motivation
- 5.3 Nature and Characteristics of Motivation
  - 5.3.1 Motivation is an Internal Feeling
  - 5.3.2 Motivation is Related to Needs
  - 5.3.3 Motivation Produces Goal-directed Behaviour
  - 5.3.4 Motivation can be Either Positive or Negative
- 5.4 Importance and Benefits of Motivation
- 5.5 Types of Motivation
  - 5.5.1 Positive or Incentive Motivation
  - 5.5.2 Negative or Fear Motivation
- 5.6 Theories of Motivation
  - 5.6.1 McGregor's Theory X and Theory Y
  - 5.6.2 Maslow's Need-Hierarchy Theory of Motivation
  - 5.6.3 Herzberg's Theory of Motivation
  - 5.6.4 Victor Vroom's Expectancy Theory
  - 5.6.5 McClelland's Need for Achievement Theory
- 5.7 Requirements of a Sound Motivation System
- 5.8 Methods of Motivating People
- 5.9 Let us Sum up
- 5.10 Lesson-end Activity
- 5.11 Keywords
- 5.12 Questions for Discussion
- 5.13 Suggested Readings

---

### 5.0 AIMS AND OBJECTIVES

---

The purpose of this lesson is to highlight the importance of enhancing employee motivation. After studying this lesson you will be able to:

- (i) describe meaning, nature and types of motivation
- (ii) understand various theories related to motivation

- (iii) explain the pre-requisites of motivation
- (iv) know the methods of motivation

---

## **5.1 INTRODUCTION**

---

Motivation is the process of channelling a person's inner drives so that he wants to accomplish the goals of the organization. Motivation concern itself with the will to work. It seeks to know the incentives for work and tries to find out the ways and means whereby their realization can be helped and encouraged. Managers, by definition, are required to work with and through people, so they must gain at least some understanding of the forces that will motivate the people they are to manage. People are complex and they are uniquely different. What motivates one person may not motivate another. Most successful managers have learned to understand the concept of human motivation and are able to use that understanding to achieve higher standards of subordinate work performance.

---

## **5.2 DEFINITION OF MOTIVATION**

---

"Motivation" is a Latin word, meaning "to move". Human motives are internalised goals within individuals. Motivation may be defined as those forces that cause people to behave in certain ways. Motivation encompasses all those pressures and influences that trigger, channel, and sustain human behaviour. Most successful managers have learned to understand the concept of human motivation and are able to use that understanding to achieve higher standards of subordinate work performance.

Motivation has been defined by Michael J Juicus as "the act of stimulating someone or oneself to get a desired course of action".

In the words of Lewis Allen, "Motivation is the work a manager performs to inspire, encourage and impel people to take required action".

According to Dubin, Motivation is, "The complex of forces starting and keeping a person at work in an organization. To put it generally, motivation starts and maintains an activity along a prescribed line. Motivation is something that moves the person to action, and continuous him in the course of action already initiated".

According to William G Scott, "Motivation means a process of stimulating people to action to accomplish desired goals".

According to Koontz and O'Donnell, "Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces".

In the words of Brech, "Motivation is a general inspiration process which gets the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks they have accepted and generally to play an effective part in the job that the group has undertaken".

In the words of Dalton E McFarland, "Motivation refers to the way in which urges, drives, desires, aspirations, striving or needs direct, control or explain the behaviour of human beings".

In the words of Tolman, "The term motivation has been called an intervening variable. Intervening variables are internal and psychological process which are not directly observable and which, in turn, account for behaviour".

The Encyclopaedia of Management observes: "Motivation refers to the degree of readiness of an organism to pursue some designated goal, and implies the determination of the nature and locus of the forces, including the degree of readiness".

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

Motivation is a process by which a need or desire is aroused and a psychological force within our mind sets us in motion to fulfil our needs and desire. An unsatisfied need becomes the motive for a person to spend his energy in order to achieve a goal. In a business organization the 4 P's praise, prestige promotion and pay are the best positive motivators.

---

### **5.3 NATURE AND CHARACTERISTICS OF MOTIVATION**

---

Psychologists generally agree that all behaviour is motivated, and that people have reasons for doing the things they do or for behaving in the manner that they do. Motivating is the work a manager performs to inspire, encourage and impel people to take required action. The process of motivation is characterized by the following:-

#### **5.3.1 Motivation is an Internal Feeling**

Motivation is a psychological phenomenon which generates in the mind of an individual the feeling that he lacks certain things and needs those things. Motivation is a force within an individual that drives him to behave in a certain way.

#### **5.3.2 Motivation is Related to Needs**

Needs are deficiencies which are created whenever there is a physiological or psychological imbalance. In order to motivate a person, we have to understand his needs that call for satisfaction.

#### **5.3.3 Motivation Produces Goal-Directed Behaviour**

Goals are anything which will alleviate a need and reduce a drive. An individual's behaviour is directed towards a goal.

#### **5.3.4 Motivation can be either Positive or Negative**

Positive or incentive motivation is generally based on reward. According to Flippo - "positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward".

Negative or fear motivation is based on force and fear. Fear causes persons to act in a certain way because they are afraid of the consequences if they don't.

---

### **5.4 IMPORTANCE AND BENEFITS OF MOTIVATION**

---

A manager's primary task is to motivate others to perform the tasks of the organization. Therefore, the manager must find the keys to get subordinates to come to work regularly and on time, to work hard, and to make positive contributions towards the effective and efficient achievement of organizational objectives. Motivation is an effective instrument in the hands of a manager for inspiring the work force and creating confidence in it. By motivating the work force, management creates "will to work" which is necessary for the achievement of organizational goals. The various benefits of motivation are:-

- (i) Motivation is one of the important elements in the directing process. By motivating the workers, a manager directs or guides the workers' actions in the desired direction for accomplishing the goals of the organization.

- (ii) Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization thereby increasing productivity.
- (iii) For performing any tasks, two things are necessary. They are: (a) ability to work and (b) willingness to work. Without willingness to work, ability to work is of no use. The willingness to work can be created only by motivation.
- (iv) Organizational effectiveness becomes, to some degree, a question of management's ability to motivate its employees, to direct at least a reasonable effort towards the goals of the organization.
- (v) Motivation contributes to good industrial relations in the organization. When the workers are motivated, contented and disciplined, the frictions between the workers and the management will be reduced.
- (vi) Motivation is the best remedy for resistance to changes. When changes are introduced in an organization, generally, there will be resistance from the workers. But if the workers of an organization are motivated, they will accept, introduce and implement the changes whole heartily and help to keep the organization on the right track of progress.
- (vii) Motivation facilitates the maximum utilization of all factors of production, human, physical and financial resources and thereby contributes to higher production.
- (viii) Motivation promotes a sense of belonging among the workers. The workers feel that the enterprise belongs to them and the interest of the enterprise is their interests.
- (ix) Many organizations are now beginning to pay increasing attention to developing their employees as future resources upon which they can draw as they grow and develop.

---

## **5.5 TYPES OF MOTIVATION**

---

If a manager wants to get work done by his employees, he may either hold out a promise of a reward (positive motivation) or he may install fear (negative motivation). Both these types are widely used by managements.

### **5.5.1 Positive or Incentive Motivation**

This type of motivation is generally based on reward. A positive motivation involves the possibility of increased motive satisfaction. According to Flippo - "Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward". Incentive motivation is the "pull" mechanism. The receipt of awards, due recognition and praise for work-well done definitely lead to good team spirit, co-operation and a feeling of happiness.

Positive motivation include:-

- Praise and credit for work done
- Wages and Salaries
- Appreciation
- A sincere interest in subordinates as individuals
- Delegation of authority and responsibility

### **5.5.2 Negative or Fear Motivation**

This type of motivation is based on force and fear. Fear causes persons to act in a certain way because they fear the consequences. Negative motivation involves the possibility of decreased motive satisfaction. It is a "push" mechanism.

The imposition of punishment frequently results in frustration among those punished, leading to the development of maladaptive behaviour. It also creates a hostile state of mind and an unfavourable attitude to the job. However, there is no management which has not used the negative motivation at some time or the other.

### Check Your Progress 1

1. Define Motivation?
2. Explain the nature and characteristics of motivation.
3. What is the benefits of motivation?
4. Explain the types of motivation.

## 5.6 THEORIES OF MOTIVATION

Motivation to work is very complex. There are many internal and environmental variables that affect the motivation to work. Behavioural scientists started to search new facts and techniques for motivation. These theories are termed as theories of motivation. The most important theories are explained below.

### 5.6.1 McGregor's Theory X and Theory Y

Different styles of management have a different bearing on the motivation of workers in the organization. The style adopted by a manager in managing his subordinates is basically dependent upon his assumption about human behaviour. Theory X is negative, traditional and autocratic style while Theory Y is positive, participatory and democratic. Thus, these labels describe contrasting set of assumptions about human nature.

Douglas McGregor has classified the basic assumption regarding human nature into two parts and has designated them as 'theory X' and 'theory Y'.

**Theory X:** This is the traditional theory of human behaviour, which makes the following assumptions about human nature:

1. Management is responsible for organizing the elements of productive enterprises - money, material, equipment, and people - in the interest of economic ends.
2. With reference to people it is a process of directing their efforts, motivating them, controlling their actions, modifying their behaviour in order to be in conformity with the needs of the organization.
3. Without this active intervention by management, people would be passive – even resistant to organizational needs. Hence they must be persuaded, rewarded, punished and properly directed.
4. The average human being has an inherent dislike of work and will avoid it if he can.
5. He lacks ambition, dislikes responsibility and prefers to be led.
6. He is inherently self-centred, indifferent to organizational needs.
7. He is by nature resistant to change.
8. He is gullible, not very bright.

**Theory Y:** The assumption of theory Y, according to McGregor are as follows:-

1. Work is as natural as play or rest, provided the conditions are favourable; the average human being does not inherently dislike work.
2. External control and the thrust of punishment are not the only means for bringing about efforts towards organizational objectives. Man can exercise self-control and self-direction in the service of objectives to which he is committed.

3. Commitment to objectives is a result of the rewards associated with their achievement. People select goals for themselves if they see the possibilities of some kind of reward that may be material or even psychological.
4. The average human being, under proper conditions does not shirk responsibility, but learn not only to accept responsibility but also to seek it.
5. He has capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems in widely, not narrowly distributed in the population.
6. Under conditions of modern industrial life the intellectual potentialities of people are only partially utilized. As a matter of fact, men, have unlimited potential.

**Comparison of Theory X and Theory Y**

THEORY X	THEORY Y
1. Theory X assumes human beings inherently dislike work and are distasteful towards work.	1. Theory Y assumes that work is as natural as play or rest
2. Theory X emphasizes that people do not have ambitions and they shrink responsibility	2. Theory Y assumes just the reverse. Given proper conditions, people have ambitions and accept responsibility
3. Theory X assumes that people in general have little capacity for creativity	3. According to Theory Y the creativity is widely distributed in the population
4. According to Theory X, people lack self motivation and require be externally controlling and closely supervising in order to get maximum output.	4. While in Theory Y people are self-directed and creative and prefer Self-control
5. Theory X emphasise upon centralization of authority in decision-making process	5. Theory Y emphasizes decentralisation and greater participation in decision-making process

**5.6.2 Maslow's Need-Hierarchy Theory of Motivation**

According to Abraham Maslow, a U.S psychologist, man is a wanting animal. He has a variety of wants or needs. All motivated behaviour of man is directed towards the satisfaction of his needs. The theory postulated that people are motivated by multiple needs, which could be arranged in a hierarchy.

Maslow offers a general theory of motivation called the 'need hierarchy theory'.

The features of his theory are as follows:-

1. People have a wide range of needs which motivate them to strive for fulfilment.
2. Human needs can be definitely categorized into five types:
  - Physical needs,
  - Safety or security needs,
  - Affiliation or social needs,
  - Esteem needs and
  - Self-actualisation needs.
3. These needs can be arranged into a hierarchy. Physical needs are at the base whereas self-actualisation needs are at the apex.
4. People gratify their physical needs first, when the need is satisfied, they feel the urge for the next higher level need.
5. Relative satisfaction of lower level need is necessary to activate the next higher level need.

6. A satisfied need does not motivate human behaviour. It only triggers or activates the urge for the next higher level of needs.

**Deficit and Progression Principles:** In order to comprehend the full meaning of Maslow's theory, it is necessary to understand the deficit and progression principles.

**Deficit Principle:** According to Maslow, once a need is fairly well satisfied, it is no longer a stronger motivator of behaviour. People are motivated to satisfy only those needs that are perceived to be deficient.

**Progression Principle:** Maslow contends that the five categories of needs exist in a hierarchy. A need at a given level is not activated until the need directly below it is fairly well gratified. Thus, the person is expected to progress step-by-step up the need hierarchy.

The need-hierarchy theory must not be viewed as a rigid structure to be applied universally in all situations. The hierarchy represents a typical pattern that operates most of the time.

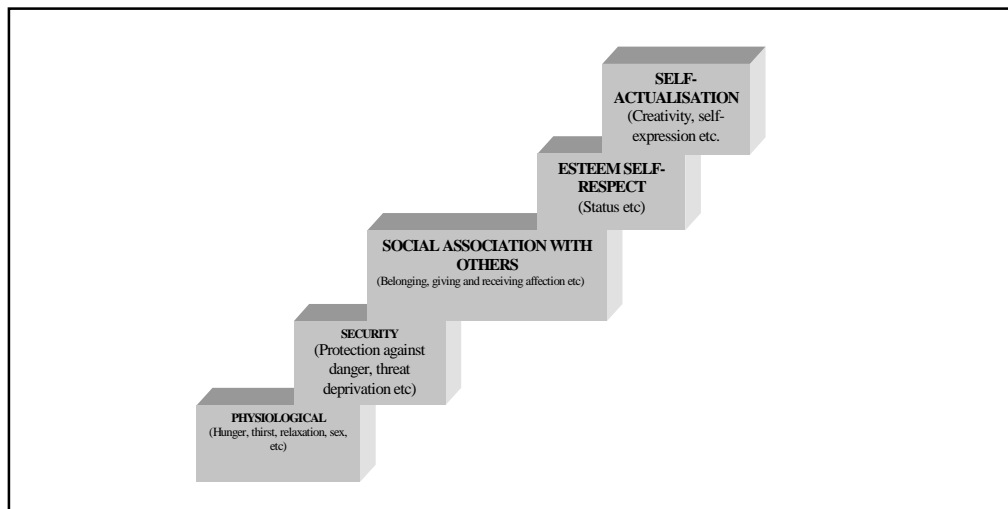


Figure 5.1: Maslow's Hierarchy of needs.

### 5.6.3 Herzberg's Theory of Motivation

Herzberg developed a theory of motivation on the premise that human nature has two separate elements - The motivators and maintenance factors. According to this theory of motivation the items that determine job content are considered motivational factors e.g.:- Achievement, recognition, responsibility, advancement and the work itself. The elements that influence the job context are the hygiene or maintenance factors e.g.:- company policy, salary, inter-personal relations, working conditions etc. They must be adequate and if they are absent or inadequate, they will create dissatisfaction.

- (a) **Hygiene Factors:** Hygiene factors represent the need to avoid pain in the environment. They are not an intrinsic part of a job, but they are related to the conditions under which a job is performed. They are associated with negative feelings. They must be viewed as preventive measures that remove sources of dissatisfaction from environment. Herzberg believed that hygiene factors created a zero level of motivation and if maintained at proper level prevents negative type of motivation from occurring.

Thus, hygiene factors, when absent, increase dissatisfaction with the job. When present, help in preventing dissatisfaction but do not increase satisfaction or motivation.

- (b) **Motivators:** Motivators are associated with positive feelings of employees about the job. They make people satisfied with their job. Motivators are necessary to keep job satisfaction and job performance high. On the other hand, if they are not



present they do not prove highly satisfying. Motivational factors or satisfiers are directly related to job content itself, the individual's performance of it, its responsibilities and the growth and recognition obtained from it. Motivators are intrinsic to the job.

Thus, when motivators are absent, prevent both satisfaction and motivation. When, motivators are present, they lead to satisfaction and motivation.

To apply the two-factor theory to the workplace, Herzberg suggests a two-step process

- (i) The supervisor should attempt to eliminate the hygiene factors that are found to be more basic than factors that lead to satisfaction.
- (ii) Once the dissatisfies have been somewhat neutralized, the supervisor may be able to motivate workers through the introduction of motivational factors.

#### 5.6.4 Victor Vroom's Expectancy Theory

Expectancy Theory was developed by Victor H Vroom. It is based on the notion that human behaviour depends on people's expectations concerning their ability to perform tasks and to receive desired rewards. The expectancy theory argues that the strength of a tendency to act in a certain way depends in the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of the outcome to the individual. It includes three variables which Vroom refers to as -

- (i) **Valance:** Valence means the strength of an individual's preference for a particular outcome. A valence of zero occurs when the individual is indifferent towards the outcome. The valance is negative when the individual prefers not attaining the outcome to attaining it.
- (ii) **Instrumentality:** Instrumentality refers to the relationship between performance and reward. It refers to a degree to which a first level outcome (e.g.: -superior performance) will lead to a desired second level outcome (e.g.: - promotion). If people perceive that their performance is adequately rewarded the perceived instrumentality will be positive. On the other hand, if they perceive that performance does not make any difference to their rewards, the instrumentality will be low.
- (iii) **Expectancy:** People have expectancies about the likelihood that an action or effort on their part will lead to the intended performance. Workers will be motivated by the belief that their performance will ultimately lead to payoffs for them. Expectancy is the probability that a particular action will lead to a particular first level outcome.

In sum, Vroom emphasizes the importance of individual perceptions and assessments of organizational behaviour. The key to "expectancy" theory is the "understanding of an individual's goals" - and the linkage between "effort" and "performance" between "performance" and "rewards" and between "rewards" and "individual-goal satisfaction". It is a contingency model, which recognizes that there is no universal method of motivating people. Because we understand what needs an employee seeks to satisfy does not ensure that the employee himself perceives high job performance as necessarily leading to the satisfaction of these needs.

#### 5.6.5 McClelland's Need for Achievement Theory

David C McClelland, a Harvard Psychologist, has proposed that there are three major relevant motives most needs in work-place situations. According to him, the motives are:-

- The need for achievement i.e., strives to succeed.
- The need for affiliation i.e., warm relationship with others.
- The need for power i.e., controls other people.

According to McClelland, every motive is acquired except striving for pleasure and avoiding pain. He proposed that people acquire these needs for achievement, power and affiliation through experiences over the time. On the job, people are motivated by these needs, and the manager can learn to recognize these needs in workers and use them to motivate behaviour.

McClelland used the Thematic Apperception Test (TAT) to study human needs. The TAT process involves asking respondents to look at pictures and write stories about what they see in the pictures. The stories are then analysed to find certain themes that represent various human needs. From his research, McClelland found that, achievement motive is a "desire to perform in terms of a standard of excellence or to be successful in competitive situations". They (employees) seek situations where:

1. They can attain personal responsibility for finding solutions to problems.
2. They can receive immediate feedback information on how they are progressive towards a goal.
3. They can set moderately challenging goals.
4. They find accomplishing a task intrinsically satisfying.

"High achievers" differentiate themselves from others by their desire to do things better.

**Evaluation:** Achievement motivated people is the backbone of any organization. As such considerable time and attention must be devoted to constructing ways of developing the achievement motive at the managerial level. Organizational climate must be conducive to high achievement. Managers must try to raise the achievement need level of subordinates by creating the proper work environment, increasing responsibility and autonomy and rewarding excellence in performance.

#### Check Your Progress 2

1. Explain theory X and theory Y.
2. Explain the need hierarchy theory.
3. Explain the term 'valance' and 'expectancy'.
4. Explain the features of the need achievement theory.

## **5.7 REQUIREMENTS OF A SOUND MOTIVATION SYSTEM**

It is very difficult for an average manager to sort through all the different motivational theories and models and know when and how to maximize their application in widely differing situations. There should be a sound system of motivation to make the workers put forth their best efforts. A sound system of motivation should have the following essential features.

1. A sound motivation system should satisfy the needs and objectives of both organization and employees.
2. Motivational system should change with the changes in the situation.
3. Jobs should be designed in such a way as to provide challenge and variety.
4. Managers should recruit the active co-operation of subordinates in improving the organization's output. Subordinates should be made to realize that they are stakeholders in the organization.
5. The motivational system should satisfy the different needs of employees. It should be directly related to the efforts of the employers.

6. The motivational system should be simple so that it is easily understood by the workers.

---

## 5.8 METHODS OF MOTIVATING PEOPLE

---

Several factors influence human behaviour. There are numerous drives and needs which can act as good motivators moving people to work and getting things done through them as per the plan. People respond to physiological needs, social needs and egoistic needs. Human needs and desires are the door ways through which the manager channelises his motivation efforts. There are three types of motivational programmes to improve a person's behaviour towards his job. These are:-

1. Pay incentive plans,
2. Job enrichment and
3. Management by objectives.

### Factors Determining Response to Motivation

There are four important factors governing employee response to the measures of motivation:

- The intensity or urge of the Drive.
- Past Experience - can he rely upon the promises given by the boss.
- Amount of Reward - The quantity and quality of the reward can influence the amount of extra effort put forth by the employee.
- Time Relationship of Response to Reward - Long range promises are less effective than immediate fulfilment.

#### Check Your Progress 3

1. What are the requirements of a sound motivation system?
2. Explain the methods of motivating people.
3. What are the factors determining the response to motivation?

---

## 5.9 LET US SUM UP

---

People are complex and they are uniquely different. What motivates one person may not motivate another. Most successful managers have learned to understand the concept of human motivation and are able to use that understanding to achieve higher standards of subordinate work performance. Motivation is the process of channelling a person's inner drives so that he wants to accomplish the goals of the organization. Motivation concern itself with the will to work. The Encyclopaedia of Management observes: "Motivation refers to the degree of readiness of an organism to pursue some designated goal, and implies the determination of the nature and locus of the forces, including the degree of readiness". Motivation facilitates the maximum utilization of all factors of production, human, physical and financial resources and thereby contributes to higher production. Motivation promotes a sense of belonging among the workers. The workers feel that the enterprise belongs to them and the interest of the enterprise is their interests. Many organizations are now beginning to pay increasing attention to developing their employees as future resources upon which they can draw as they grow and develop. If a manager wants to get work done by his employees, he may either hold out a promise of a reward

(positive motivation) or he may install fear (negative motivation). Both these types are widely used by managements. Positive or Incentive Motivation is generally based on reward. There are three types of motivational programmes to improve a person's behaviour towards his job. These are Pay incentive plans, Job enrichment and Management by objectives. Motivation to work is very complex. There are many internal and environmental variables that affect the motivation to work. Behavioural scientists started to search new facts and techniques for motivation. These theories are termed as theories of motivation.

---

## 5.10 LESSON END ACTIVITY

---

Elaborate the following statement:

“Motivation is a process by which a need or desire is aroused and a psychological force within our mind sets us in motion to fulfill our needs and desire.”

---

## 5.11 KEYWORDS

---

Motivation

Hygiene Factors

Valance

Instrumentality

Expectancy

---

## 5.12 QUESTIONS FOR DISCUSSION

---

1. Define Motivation. What is its importance?
2. "Management is essentially a process of motivation". Explain.
3. Critically examine Maslow's need priority theory. How far up the hierarchical ladder do most people progress?
4. Distinguish between motivators and hygiene factors. Why is it important to make this distinction?
5. Does money play any role in motivating people? Explain.
6. Define "morale" and explain its importance in an organization.
7. Explain the requirements of a sound motivational system.

---

## 5.13 SUGGESTED READINGS

---

Abraham H. Maslow, *"Motivation and Personality"* Harper and Row, New York (1954)

Abraham K. Korman, *"Organizational Behaviour"* Prentice-Hall, Englewood Cliffs, N.J (1977)

Bernard Berelson and Garry A. Steiner *"Human Behaviour"* Harcourt, Brace & World, New York (1964)

Clayton P. Alderfer, *"Existence, Relatedness and Growth: Human Needs in Organisational Settings"* Free Press, New York (1972)

Dalton E. McFarland, *"Management Principles and Practices"* Macmillan, New Yorks (1974)

Douglas McGregor, *"The Human Side of Enterprise"* McGraw-Hill, New York (1954)

- David C. McClelland, *"The Achievement Motive"* Appleton-Century-Crofts, New York (1953)
- Elmer H. Burack and Robert D. Smith, *"Personnel Management - A Human Resource Systems Approach"* John Wiley, New York 1982)
- Frederick Herzberg, *"Work and the Nature of Man"* World Publishing, Cleveland (1966)
- International Labour Organisation, *"Payments by results"* Oxford & IBH, New Delhi (1951)
- John W. Newstrom and Keith Davis, *"Organisational Behaviour: Human Behaviour at Work"* Tata McGraw-Hill, New Delhi (1998)
- Peter F. Drucker, *"How to be an Employee"*, Psychology Today, (March 1968)
- Rensis Likert, *"New Patterns of Management"* McGraw-Hill, New York (1961)
- Robert Dubin, *"Human Relations in Administration"* Prentice-Hall of India, New Delhi (1974)
- Robert L. Mathis and J.H Jackson, *"Personnel - Contemporary Perspectives and Applications"* West Publishing New York (1982)
- Robert N. Ford, *"Motivation Through the Work Itself"*, American Management Association, New York (1969)
- P.G. Aquinas, *Organizational Behaviour*, Excel Books, New Delhi.

#### Case

#### Sri Ram Pharmacy

K.U Nayak is the Managing Director of Sri Ram Pharmacy, a medium sized pharmaceutical firm in Mangalore. He holds a M.S degree in pharmacy. He has been managing the company from its inception in 1980. For more than two decades, the company is doing reasonably well.

Of late, Mr. Nayak has noticed that the workers are not working to their full potential. It is a well-known fact that they filled their days with unnecessary and unproductive activities and worked only for the sake of wages. About a year back, the situation has become quite alarming as the organisation began to crumble under the weight of uneconomical effort. The situation demanded prompt remedial measure to check the detrimental trend that was noticed in the last year. Mr. Nayak knew very well that the only way to progress and prosper is to motivate workers to peak performance through various incentive plans.

Mr. Nayak summoned the HR Manager and enquired - What is the problem with the workers? We pay the highest in the industry. Our working conditions are excellent. Our fringe benefits are the best in the industry. Still the workers are not motivated. Find out what the workers really want? Unless productivity increases we are doomed.

The HR Manager made a detailed investigation and comes out with the following reply - The wages, fringe benefits and working conditions are not enough. Other things are equally important. I have found out from the workers that work and efficiency go unnoticed and unrewarded in the company. The promotions and benefit plans are tied to the length of service. Even unproductive workers enjoy all the benefits in the organisation, which in fact, according to the workers, should go only to those who work hard. As a result more and more workers are joining the bandwagon of non-performers. This has become quite alarming as workers refuse to perform.

#### Questions:

1. Explain the motivational problem in this case by relating it to Herzberg's theory.
2. Analyse the problem in depth and find out a solution to the problem.
3. If you were the HR Manager how would you motivate the employees so that they work better?

---

# LESSON

# 6

## LEADERSHIP AND GROUP DECISION MAKING

### CONTENTS

- 6.0 Aims and Objectives
- 6.1 Introduction
- 6.2 Definitions and Meaning of Leadership
- 6.3 Nature or Characteristic Features of Leadership
- 6.4 Leadership Styles and Patterns
- 6.5 Leadership Skill
  - 6.5.1 Human Skill
  - 6.5.2 Conceptual Skill
  - 6.5.3 Technical Skill
  - 6.5.4 Personal Skill
- 6.6 Importance of Leadership
- 6.7 Functions of a Leader
- 6.8 Type of Leaders
  - 6.8.1 Autocratic or Task Management Leadership
  - 6.8.2 Participative or Democratic Leadership
  - 6.8.3 Laissez Faire or Free-rein Leadership
  - 6.8.4 Paternalistic Leadership
- 6.9 Leadership Committee
  - 6.9.1 Selecting Members for a Committee
  - 6.9.2 Selecting the Chairman for the Committee
- 6.10 Group Decision Making
  - 6.10.1 Advantages of Group Decision Making
  - 6.10.2 Disadvantages of Group Decision Making
- 6.11 Groupthink
- 6.12 Let us Sum up
- 6.13 Lesson-end Activity
- 6.14 Keywords
- 6.15 Questions for Discussion
- 6.16 Suggested Readings

---

## **6.0 AIMS AND OBJECTIVES**

---

This lesson is intended to discuss the concept and importance of leadership and group decision making in an organisation. After studying this lesson you will be able to:

- (i) know meaning and nature of leadership
- (ii) describe leadership styles and patterns
- (iii) know kinds of leadership skill
- (iv) describe the importance of leadership in an organisation
- (v) understand types and functions of leadership styles
- (vi) know about the leadership committee and importance of group decision making

---

## **6.1 INTRODUCTION**

---

The problem of leadership has been one of man's major concerns since the days of antiquity. Leadership was a matter of concern even in biblical times. The children of Israel needed someone to guide them out of their bondage in Egypt, and Moses stepped forward to lead them in their journey to the promised holy land of Israel. In the 20th century, Great Britain needed the leadership of Winston Churchill to successfully combat her enemies in the 2nd World War. In the same way Franklin D Roosevelt provided leadership to the American people, Adolph Hitler in Germany, Stalin in USSR and M.K. Gandhi in India.

Coming to the business enterprises, people working there need leaders, who could be instrumental in guiding the efforts of groups of workers to achieve the goals of both individuals and the organization. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal. Peter F Drucker considers "leadership" as a human characteristic which lifts a man's vision to higher sights, raises a man's performance to higher standards and builds man's personality beyond its normal limitations.

---

## **6.2 DEFINITIONS AND MEANING OF LEADERSHIP**

---

Leadership is a great quality and it can create and convert anything. There are many definitions of leadership. Some of the definitions of leadership are reproduced below:-

"Leadership" according to Alford and Beatty "is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion".

According to Chester I Barnard, "It (leadership) refers to the quality of the behaviour of the individual whereby they guide people on their activities in organized efforts".

According to Terry, "a leader shows the way by his own example. He is not a pusher, he pulls rather than pushes".

According to Koontz and O'Donnell - Managerial leadership is "the ability to exert inter-personal influence by means of communication, towards the achievement of a goal. Since managers get things done through people, their success depends, to a considerable extent upon their ability to provide leadership".

In the words of R.T. Livingston - Leadership is "the ability to awaken in others the desire to follow a common objective".

According to the Encyclopedia of the Social Sciences - "Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him".

According to Peter Drucker - Leadership "is not making friends and influencing people i.e., salesmanship. Leadership is the lifting of man's vision to higher sights, the raising of man's performance to higher standards, the building of man's personality beyond its normal limitations".

According to Louis A Allen - "A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behaviour".

In the words of Theo Haimann - "Leadership is the process by which an executive imaginatively directs, guides and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction".

In the words of James Gibbon - Leadership is "a process of influencing on a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates people to strive willingly to attain organizational objectives, giving them the experience of helping attain the common objectives and satisfaction with the type of leadership provided".

According to Katz and Kalm - "In the descriptions of organizations, no word is used with such varied meanings. The word leadership is sometimes used to indicate that it is an attribute of personality; sometimes, it is used as if it were a characteristic of certain positions, and sometimes as an attribute of behaviour".

From the above definitions we can conclude that leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading the people in an organization towards attainment of the objectives of the enterprise.

---

### 6.3 NATURE OR CHARACTERISTIC FEATURES OF LEADERSHIP

---

1. **Leadership implies the existence of followers:** We appraise the qualities of leadership by studying his followers. In an organization leaders are also followers for e.g.:- Supervisor works under a branch head. Thus, in a formal organization a leader has to be able to be both a leader as well as a follower, and be able to relate himself both upward and downward.
2. **Leadership involves a community of interest between the leader and his followers:** In other words, the objectives of both the leader and his men are one and the same. If the leader strives for one purpose and his team of workers work for some other purpose, it is no leadership.
3. **Leadership involves an unequal distribution of authority among leaders and group members:** Leaders can direct some of the activities of group members, i.e., the group members are compelled or are willing to obey most of the leader's directions. The group members cannot similarly direct the leader's activities, though they will obviously affect those activities in a number of ways.
4. **Leadership is a process of Influence:** Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates legitimate directions.
5. **Leadership is the function of stimulation:** Leadership is the function of motivating people to strive willingly to attain organizational objectives. A successful leader allows his subordinates (followers) to have their individual goals set up by themselves in such a way that they do not conflict with the organizational objectives.
6. **A leader must be exemplary:** In the words of George Terry - "A Leader shows the way by his own example. He is not a pusher, he pulls rather than pushes". According to L.G. Urwick - "it does not what a leader says, still less what he



writes, that influences subordinates. It is what he is. And they judge what he is by what he does and how he behaves". From the above explanation it is clear that a leader must set an ideal before his followers. He must stimulate his followers for hard and sincere work by his personal behaviour. In other words a leader must set an exemplary standard before his followers.

7. **A Leader ensures absolute justice:** A leader must be objective and impartial. He should not follow unfair practices like favouritism and nepotism. He must show fair play and absolute justice in all his decisions and actions.

## 6.4 LEADERSHIP STYLES AND PATTERNS

Tannenbaum and Schmidt have described the range of possible leadership behaviour available to a manager. Each type of action is related to the degree of authority used by the boss and to the degree of freedom available to his subordinates in reaching decisions. The figure below shows the different leadership styles and patterns.

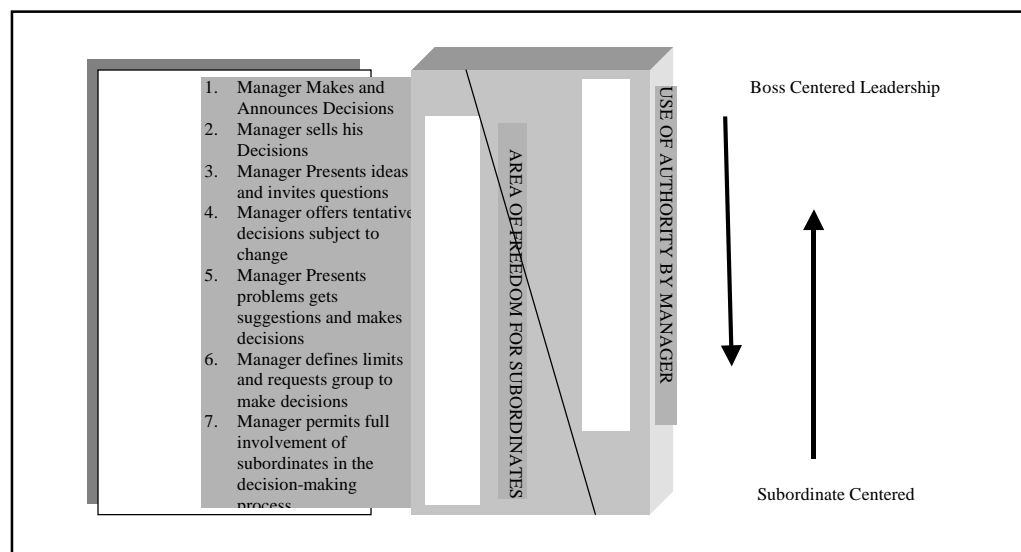


Figure 6.1: Range of leadership styles

### Leadership Styles

1. **The Manager makes decision and announces it:** It is an extreme form of autocratic leadership whereby decisions are made by the boss who identifies the problem, considers alternative solutions, selects one of them and then reports his decision to his subordinates for implementation.
2. **The Manager sells his decisions:** It is a slightly improved form of leadership wherein the manager takes the additional step of persuading the subordinates to accept his decision.
3. **The Manager presents his ideas and invites questions:** There is greater involvement of the employees in this pattern. The boss arrives at the decision, but provides a full opportunity to his subordinates to get fuller explanation of his thinking and intentions.
4. **The manager presents a tentative decision subject to change:** Herein the decision is tentatively taken by the manager but he is amenable to change and influence from the employees.
5. **The manager may present the problem, get the suggestions and then take his own decision:** Herein sufficient opportunity is given to the employees to make suggestions that are coolly considered by the Manager.

6. ***The Manager may define the limits and request the group to make a decision:*** A manager of this style of management lets the group have the right to make the decision. The subordinates are able to take the decision to the limits defined by the manager.
7. ***The Manager may permit full involvement of the subordinates in the decision-making process:*** It is often designated as 'Democratic' leadership.

Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organizational goals. As different leadership styles have their own merits and demerits, it is difficult to prefer one leadership styles to another. The selection of a leadership style will depend on the consideration of a number of factors. Tannenbaum and Schmidt have pointed out the important factors that affect the choice of a style of leadership. They are:-

- \* Forces in the manager i.e., the manager's personality, experience and value system.
- \* Forces in the subordinates i.e., the subordinates readiness for making decisions, knowledge, interest, need for independence etc.
- \* Forces in the situation i.e., complexity of the problem, pressure of time etc.

### Check Your Progress 1

1. Define leadership.
2. Explain the characteristics of leadership.
3. What are the different leadership styles?

## **6.5 LEADERSHIP SKILL**

The leader is expected to play many roles and therefore, must be qualified to guide others to organizational achievement. Although no set of absolute traits or skills may be identified, the individuals who possess abilities to lead others must have certain attributes to help them in performing their leadership rolls. In a broad way the skills which are necessary for an industrial leader may be summarized under four heads:-

- (a) Human skill
- (b) Conceptual skill
- (c) Technical skill and
- (d) Personal skill.

### **6.5.1 Human Skill**

A good leader is considerate towards his followers because his success largely depends on the co-operation of his followers. He approaches various problems in terms of people involved more than in terms of technical aspects involved. A leader should have an understanding of human behaviour. He should know people; know their needs, sentiments, emotions, as also their actions and reactions to particular decisions, their motivations etc. Thus, a successful leader possesses the human relations attitude. He always tries to develop social understanding with other people. The human skill involves the following:-

- (a) ***Empathy:*** A leader should be able to look at things objectively. He should respect the rights, belief and sentiments of others. He should equip himself to meet the challenges emanating from the actions and reactions of other people. The leader should be empathetic towards his followers so that he can carefully judge their strengths, weakness, and ambitions and give them the attention they deserve.

- (b) **Objectivity:** A good leader is fair and objective in dealing with subordinates. He must be free from bias and prejudice while becoming emotionally involved with the followers. His approach to any issue or problem should be objective and not based on any pressure, prejudice or preconceived notions. Objectivity is a vital aspect of analytical decision making. Honesty, fairplay, justice and integrity of character are expected of any good leader.
- (c) **Communication Skill:** A leader should have the ability to persuade, to inform, stimulate, direct and convince his subordinates. To achieve this, a leader should have good communication skill. Good communications seem to find all responsibilities easier to perform because they relate to others more easily and can better utilize the available resources.
- (d) **Teaching Skill:** A leader should have the ability to demonstrate how to accomplish a particular task.
- (e) **Social Skill:** A leader should understand his followers. He should be helpful, sympathetic and friendly. He should have the ability to win his followers confidence and loyalty.

### 6.5.2 Conceptual Skill

In the words of Chester Barnard -"the essential aspect of the executive process is the sensing of the organization as a whole and the total situation relevant to it". Conceptual skills include -

- (a) The understanding of the organization behaviour,
- (b) Understanding the competitors of the firm, and
- (c) Knowing the financial status of the firm.

A leader should have the ability to look at the enterprise as a whole, to recognize that the various functions of an organization depend upon one another and are interrelated, that changes in one affect all others. The leader should have skill to run the firm in such a way that overall performance of the firm in the long run will be sound.

### 6.5.3 Technical Skill

A leader should have a thorough knowledge of, and competence in, the principles, procedures and operations of a job. Technical skill involves specialized knowledge, analytical skill and a facility in the use of the tools and techniques of a specific discipline. Technical competence is an essential quality of leadership.

### 6.5.4 Personal Skill

The most important task of the leader is to get the best from others. This is possible only if he possesses certain qualities. These personal skills include-

- (a) **Intelligence:** Intellectual capacity is an essential quality of leadership. Leaders generally have somewhat higher level of intelligence than the average of their followers.
- (b) **Emotional Maturity:** A leader should act with self-coincidence, avoid anger, take decisions on a rational basis and think clearly and maturely. A leader should also have high frustration tolerance. According to Koontz and O'Donnell - "Leaders cannot afford to become panicky, unsure of themselves in the face of conflicting forces, doubtful of their principles when challenged, or amenable to influence".
- (c) **Personal Motivation:** This involves the creation of enthusiasm within the leader himself to get a job done. It is only through enthusiasm that one can achieve what one wants. Leaders have relatively intense achievement type motivational drive.

He should work hard more for the satisfaction of inner drives than for extrinsic material rewards.

- (d) **Integrity:** In the words of F.W Taylor - "integrity is the straight forward honesty of purpose which makes a man truthful, not only to others but to himself; which makes a man high-minded, and gives him high aspirations and high ideals".
- (e) **Flexibility of Mind:** A leader must be prepared to accommodate other's viewpoints and modify his decisions, if need be. A leader should have a flexible mind, so that he may change in obedience to the change in circumstances. Thomas Carle has said - "A foolish consistency is the hobgoblin of a little mind".

In sum, a leader must have a dynamic personality, intellectual attainment, amiable disposition, unassuming temperament and knowledge of how to deal with his followers.

**Difference between Leadership and Management:** Leadership is different from management. The main differences between these two terms are:-

1. A manager is required to plan, organize, direct and control. But a leader is one who gets others to follow him.
2. A manager depends on his authority. But a leader depends on his confidence and goodwill. He inspires enthusiasm.
3. Management is concerned with the formulation of broad policies to guide the operations of an enterprise. But leadership is concerned with the initiation of action for the accomplishment of the goals.
4. An individual is a leader in the true sense if he is accepted as a leader by the group. A manager is appointed and he derives his authority by virtue of his office.
5. Management is associated with the organized structure. But leadership may be associated with unorganised groups.

---

## 6.6 IMPORTANCE OF LEADERSHIP

---

The importance of leadership in an organization cannot be denied. People working in an organization need individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization. The leader guides the action of others in accomplishing these tasks. A good leader motivates his subordinates, creates confidence and increases the morale of the workers. In the words of Peter F Drucker - "Good leadership is a must for the success of a business but the business leaders are the scarcest resources of any enterprise". The following points highlight the importance of leadership:-

1. Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.
2. An effective leader motivates the subordinates for higher level of performance.
3. Leadership promotes team - spirit and team - work which is quite essential for the success of any organization.
4. Leadership is an aid to authority. A leadership helps in the effective use of formal authority.
5. Leadership creates confidence in the subordinates by giving them proper guidance and advice.

The history of business is full of instances where good leaders led their business concerns to unprecedented peaks of success .To quote George R Terry - " The will to do is triggered by leadership and lukewarm desires for achievement are transformed into burning passe.. for successful accomplishments by the skilful use of leadership."

---

## 6.7 FUNCTIONS OF A LEADER

---

According to Peter Drucker - "An effective leader is one who can make ordinary men do extraordinary things, make common people do uncommon things. Leadership is a lifting of a man's sights to a higher vision, the raising of man's standard to a higher performance, the building of a man's personality beyond its normal limitations." This view point of Peter Drucker stresses the leaders' obligation to attain organizational goals and gives attention to the needs of the individuals who are his subordinates. The important functions of a business leader may be briefly summarized as follows:-

1. **To take the initiative:** A leader initiates all the measures that are necessary for the purpose of ensuring the health and progress of the undertaking in a competitive economy. He should not expect others to guide or direct him. He should lay down the aims and objectives, commence their implementation and see that the goals are achieved according to the predetermined targets.
2. **He identifies group goals:** A leader must always help the group identify and attain their goals. Thus, a leader is a goal setter.
3. **He represents the organization:** A leader represents the organization and its purpose, ideals, philosophy and problems to those working for it and to the outside world. In other words, a leader is a true representative of the entire organization.
4. **He acts as an arbitrator:** When groups experience internal differences, whether based on emotional or intellectual clashes, a leader can often resolve the differences. He acts as an arbitrator to prevent serious group differences.
5. **To assign reasons for his action:** It is a delicate task of leaders to assign reasons to his every command. He has to instruct things in such a way that they are intelligible to all concerned and their co-operation is readily forthcoming.
6. **To interpret:** He interprets the objectives of the organization and the means to be followed to achieve them; he appraises his followers, convinces them, and creates confidence among them.
7. **To guide and direct:** It is the primary function of the leader to guide and direct the organization. He should issue the necessary instructions and see that they are properly communicated.
8. **To encourage team work:** A leader must try to win the confidence of his subordinates. He must act like the captain of a team.
9. **He manages the organization:** Last, but not the least, he administers the undertaking by arranging for the forecast, planning, organization, direction, co-ordination and control of its activities.

### Check Your Progress 2

1. What are the skills that a leader should possess?
2. What are the differences between leadership and management?
3. What is the importance of leaders?
4. Explain the functions of a leader.

---

## 6.8 TYPE OF LEADERS

---

The different types of leadership styles are:-

1. Autocratic or task Management Leadership,
2. Participative or democratic leadership,

3. Laissez faire or Free-rein Leadership, and
4. paternalistic Leadership.

### 6.8.1 Autocratic or Task Management Leadership

The autocratic Leader gives order which he insists shall be obeyed. He determines policies for the group without consulting them, and does not give detailed information about future plans, but simply tells the group what steps must they take. In other words, an autocratic leader is one who centralizes the authority in himself and does not delegate authority to his subordinates. He is dictatorial by nature, and has no regard for the subordinates. He drives himself and his subordinates with one thought uppermost in his mind- action must produce results. An autocratic close the entire planning and cells upon his subordinates to execute what he has planned. An Autocratic leader operates on the following assumptions:-

- (a) An average human being has inherent dislikes of work and will avoid it if he can.
- (b) His assumption is that if his subordinate was intelligent enough, he would not be in that subordinate position.
- (c) He assumes that unintelligent subordinates are immature, unreliable and irresponsible persons. Therefore, they should be constantly watched in the course of their work.
- (d) As he has no regard for his subordinates, he gets the work done by his subordinates through negative motivation i.e. through threats of penalty and punishment.

Thus under this style all decision-making power is centralized in the leader. The autocratic leader stresses his prerogative to decide and order and subordinates obligation to do what they are told to carry out. He does not give subordinates the freedom to influence his behaviour.

#### *Types of autocratic leadership*

*Strict autocratic leaders:* A strict autocratic relies on negative influence and gives orders which the subordinates must accept. He may also use his power to disperse rewards to his group.

*Benevolent Autocrat:* The benevolent is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

*Manipulative Autocrat:* A manipulative autocratic leader is one who makes the subordinates feel that they are participating in decision making process even though he has already taken the decision.

### 6.8.2 Participative or Democratic Leadership

A democratic leader is one who consults and invites his subordinates to participate in the decision making process. He gives orders only after consulting the group; sees to it that policies are worked out in group decisions and with the acceptance of group. The manager largely avoids the use of power to get a job done. He behaves that a desired organizational behaviour can be obtained if employees' needs and wants are satisfied. Therefore, he not only issues orders but interprets them and sees to it that the employees have the necessary skill and tool to carry out their assignments. He assigns a fair work load to his personal and recognizes the job that is well done; there is a team approach to the attainment of organizational goals. He recognizes human value for greater concern for his subordinates. A participative leader operates on the following assumptions:-

- (a) Subordinates are capable of doing work and assuming the responsibility if they are given opportunities and incentives.

- (b) Subordinates are supervised, guided and aided rather than threatened and commanded to work.
- (c) Mistakes are not viewed seriously. The assumption is that disciplinary action breeds discontent and frustration among employees and creates an unhealthy work environment.

### 6.8.3 Laissez Faire or Free-rein Leadership

A free-rein leader does not lead, but leaves the group entirely to itself. The leader avoids using power and interest the decision making authority to his subordinates. He does not direct his subordinates and there is complete freedom for the subordinates. Group of members work themselves and provide their own motivation. The manager exits as a contact man with outsiders to bring for his group the information and resources it needs to accomplish its job. A free-rain leadership operates on the following assumption:-

- (a) He follows the rule of minimum exposure to accountability.
- (b) He relieves himself of responsibilities and is ready to blame his subordinates if something goes wrong.
- (c) He has no clear idea of the goals to be attained.
- (d) He is more security conscious than status conscious.

This mode of direction can produce good and quick results if the subordinates are highly educated and brilliant people who have a will to go ahead and perform their responsibility.

### 6.8.4 Paternalistic Leadership

Under this type of leadership, the leader assumes that his function is fatherly. His attitude is that of treating the relationship between the leader and his groups that of family with the leader as the head of the family. The leader works to help to work to help, guide, protect and keep his followers happily working together as members of a family. He provides them with good working condition, fringe benefits and employee services. It is said that employees under such leadership well work harder out of gratitude.

#### Check Your Progress 3

1. What are the different types of leaders?
2. What are the different types of autocratic leaders?
3. What do you mean by paternalistic leadership?

---

## 6.9 LEADERSHIP COMMITTEE

---

A committee is a small group of people formed from a larger group of employees assigned with a particular task. A committee member may be appointed or the employee concerned may also volunteer to become a member. The ideal size of a committee for most of the tasks is 3 to 5 persons. The first person named in a committee is usually considered as the chairman of the committee.

### 6.9.1 Selecting Members for a Committee

In selecting committee members we have to remember the contribution that participating members can make to the committee. The following guidelines may be followed in selecting a committee member:

- He/She should be interested in the work to be done.

- He/She should honour the appointment and be committed to the job.
- The person should have special skills needed for the job.
- He/ She should not be overloaded with conflicting commitments.
- He/She should be willing to contribute to the group.
- The chairman should consider him/her as useful and desirable for the committee.
- He/She should be compatible with other members and should cooperate with them.

### 6.9.2 Selecting the Chairman for the Committee

Utmost care is needed in selecting the chairman of the committee than in selecting its members. The chairman has the primary responsibility to give leadership to the group and to stimulate them to their higher productivity both individually and as members of the group. He/ She should be able to organise the individual members into a working group. It is always desirable to have a chairman who had previously served as a member of a committee or has had similar experience.

The chairman may also be chosen for his/ her ability to lead the group. The one who proposes an idea or alternatively, the committee may select the leader by themselves.

---

## 6.10 GROUP DECISION MAKING

---

Major decisions in organizations are most often made by more than one person. Managers use groups to make decisions for the following reasons.

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

### 6.10.1 Advantages of Group Decision Making

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

- (a) More knowledge and information through the pooling of group member resources;
- (b) Increased acceptance of, and commitment to, the decision, because the members had a voice in it;
- (c) Greater understanding of the decision, because members were involved in the various stages of the decision process;
- (d) An increased number of alternatives can be developed;
- (e) Members develop knowledge and skills for future use.

### 6.10.2 Disadvantages of Group Decision Making

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

- (a) Pressure within the group to conform and fit in;
- (b) Domination of the group by one forceful member or a dominant clique, who may ramrod (ramifications) the decision;
- (c) It is usually more time consuming, because a group is slower than an individual to make a decision;



- (d) Disagreements may delay decisions and cause hard feelings;
- (e) Groupthink may cause members to overemphasize gaining agreement.

Given the emphasis on teams in the workplace, many managers believe that groups produce better decisions than do individuals, yet the evidence is mixed. Two potential liabilities are found in group decision: Groupthink and Group polarization. These problems are discussed below:

---

## 6.11 GROUPTHINK

---

One liability of a cohesive group is its tendency to develop groupthink a dysfunctional process. Group think is the tendency in cohesive groups to seek agreement about an issue at the expense of realistically appraising the situation. With groupthink, group members are so concerned about preserving the cohesion of the group that they are reluctant to bring up issues that may cause disagreements or to provide information that may prove unsettling to the discussion. Irving Janis, the originator of the groupthink concept, describes group think as "a deterioration of mental efficiency, reality testing and moral judgement" resulting from in-group pressures.

Certain conditions favour the development of group think.

- (a) Highly cohesive groups tend to avoid conflicts and to demand conformity.
- (b) Another condition (antecedents) includes directive leadership, high stress, insulation of the group, and lack of methodical procedures for developing and evaluating alternatives.
- (c) Having to make a highly consequential decision that has great impact on the group members and on outside parties.
- (d) When group members feel that they have limited time in which to make a decision, they may rush through the process.

These antecedents cause members to prefer concurrence in decisions and to fail to evaluate one another's suggestions critically. Such tendencies can have disastrous consequences when major issues are being considered.

A group suffering from groupthink shows recognizable symptoms. The figure below presents these symptoms and makes suggestions on how to avoid groupthink.

### Symptoms of Group Think and How to Prevent It

#### SYMPTOMS OF GROUP THINK

- Illusions of invulnerability. Group members feel they are moral in their actions and therefore above reproach. This symptom leads the group to ignore the ethical implications of their decisions.
- Illusions of unanimity. Group members believe there is unanimous agreement on the decisions. Silence is misconstrued as consent.
- Rationalization. Group members concoct explanations for their decisions to make them appear rational and correct. The results are that other alternatives are not considered, and there is an unwillingness to reconsider the group's assumptions.
- Stereotyping the enemy. Competitors are stereotyped as evil or stupid. This leads the group to underestimate its opposition.
- Self-censorship. Members do not express their doubts or concerns about the course of action. This prevents critical analysis of the decisions.

*Contd...*

- Peer pressure. Any member who express doubts or concerns and pressured by other group members, who question their loyalty.
- Mindguards. Some members take it upon themselves to protect the group from negative actions.

#### GUIDELINES FOR PREVENTING GROUPTHINK

- Ask each group member to assume the role of the critical evaluator who actively voices objections or doubts.
- Have the leader avoid stating his or her position on the issue prior to the group decision.
- Create several groups that work on the decision simultaneously.
- Bring in outside experts to evaluate the group process.
- Appoint a devil's advocate to question the group's course of action consistently.
- Evaluate the competition carefully, posing as many different motivations and intentions as possible.
- Once consensus is reached, encourage the group to rethink its position by reexamining the alternatives.

*Source:* Irving L Janis, "Groupthink: Psychological Studies of Policy Decisions and Fiascoes" (second edition) Houghton Mifflin Company (1982)

**Group Polarization:** Group polarization is the tendency for group discussion to produce shifts towards more extreme attitudes among members. The tendency toward polarization has important implications for group decision making. Groups whose initial views lean a certain way can be expected to adopt more extreme views following interaction. Several ideas have been proposed to explain why group polarization occurs. They are -

- The Social Comparison Approach:** Prior to group discussion, individuals believe they hold better views than the other members. During group discussion, they see that their views are not so far from average, so they shift to more extreme position.
- Persuasive Arguments View:** It contends that group discussion reinforces the initial views of the members, so they take a more extreme position.

Both these processes cause the group to develop more polarized attitudes. Group polarization leads groups to adopt extreme attitudes. In some cases, this can be disastrous.

#### Check Your Progress 4

1. What do you mean by group decision-making?
2. How does the syndrome of groupthink take place?

## 6.12 LET US SUM UP

People working in business enterprises need leaders who could be instrumental in guiding the efforts of groups of workers to achieve the goals of both the individual and the organization. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal. Leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading the people in an organization towards attainment of the objectives of the enterprise. People working in an organization need individuals (leaders) who could

be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization. The leader guides the action of others in accomplishing these tasks. Major decisions in organizations are most often made by more than one person. Managers use groups to make decisions. One liability of a cohesive group is its tendency to develop groupthink a dysfunctional process. Group think is the tendency in cohesive groups to seek agreement about an issue at the expense of realistically appraising the situation

---

### **6.13 LESSON END ACTIVITY**

---

"Leadership is the driving force for which gets thing done by others." Discuss.

---

### **6.14 KEYWORDS**

---

Leader  
Leadership  
Human Skill  
Communication Skill  
Empathy  
Teaching Skill  
Social Skill  
Conceptual Skill  
Technical Skill  
Personal Skill  
Personal Motivation  
Integrity

---

### **6.15 QUESTIONS FOR DISCUSSION**

---

1. What is leadership? What are its characteristics?
2. "A good leader is one who understands his subordinates, their needs and their sources of satisfaction." Comment.
3. Briefly discuss the essential opacities of leadership.
4. Critically examine the different approaches to the study of leadership behaviour. Is there one best style of leadership?
5. Explain the various Theories of leadership.
6. "A Successful Leader is not necessarily effective." Comment.
7. Explain the qualities of a good leader.
8. Explain managers use groups to make decisions.
9. What are the symptoms of Groupthink and how to Prevent it?

---

### **6.16 SUGGESTED READINGS**

---

A.G Jagpo and Victor H. Vroom, "*Hierarchical Level and leadership style*," Organizational Behaviour and Human Performance No. 18 (1977)

Barnard Keys and Thomas Case, "*How to Become an Influential Manager*", Academy of Management Executive (November 1990).

Bernard M. Bass, *"From Transactional Leadership to Transformational Leadership: Learning to share the vision"*, Organisational Dynamics (winter 1990).

Fred E. Fiedler, *"A Theory of Leadership Effectiveness"* McGraw Hill, New York (1967)

George R. Terry, *"Principles of Management"* Richard D. Irwin, Homewood III (1988).

John P. Kotter, *"A Force for Change: How Leadership Differs from Management"*. Free Press, New York (1990)

Ralph M. Stogdill, *"Personal Factors Associated with Leadership: A survey of the Literature"*, Journal of Psychology (January 1948)

Rensis Likert, *"The Human Organisation"* McGraw Hill, New York (1967)

Robert Tannenbaum and Warrant H. Schmidt, *"How to choose a Leadership Pattern"*, Harvard Business Review (March - April, 1958).

Roger M. Stogdill and Alvin E. Coons, *"Leadership Behaviour: Its Description and Measurement"*, The Ohio State University, Ohio (1957)

Paul Hersey and Kenneth H. Blanchard, *"Management of Organizational Behaviour"*, Prentice-Hall, Englewood Cliffs (1988)

P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.

**Case**

**UNWANTED PROMOTION**

Vinod was a scientist in the R and D department of the Indian Space Research Organization (ISRO). He worked for the Institution ever since he received his degree 15 years earlier and he was clearly recognized as one of the best researchers in the area. He spent many hours keeping current on the literature, and he knew how to set up tight research designs. Knowledgeable in space research, he had a reputation for sticking to his guns about how specific research studies should be conducted. He believed that if something was not done well, it should not be done at all.

A number of his discoveries had saved the company of millions of dollars in foreign exchange. His colleagues frequently came to him for advice about how to proceed on various projects. He was convinced about the correctness of his advice. In short, Vinod was a star in the organization.

Early in February 2000, Roney would retire as head of R& D. The decision about his successor was in the hands of Dr Arun the chairman of ISRO. Roney recommended Vinod because his record of his outstanding service. The new position required large amounts of administrative work and less research.

Roney and Dr. Arun discussed some of these issues with Vinod. He would no longer be in charge of specific research projects, but because everyone came to him for advice, he could still be actively involved in research. Vinod thought long about the offer. The promotion meant more money and recognition. Starting June 1, Vinod became the head of the R& D department.

It was not long before things started to go wrong. First, of all, Vinod had more difficulty keeping up with the literature. Other priorities seemed to always interfere with his reading time. He also noticed a distinct cooling in the way his colleagues treated him. At first they had continued to come to him with questions and problems. Vinod responded as he always had "Here's how it has to be done". In few cases his advice was not followed.

He also got into a number of arguments with Dr Arun. In many cases he demanded more financial support from Dr Arun to conduct various research projects in the way he felt it

Contd...

should be done. It got to the point where almost every interaction between the two resulted in an argument.

Finally, Dr. Arun knew that something had to be changed. He went to Vinod and told him that he had to (1) compromise more and accept the realities of his job. (2) Step down from his position, or (3) leave ISRO.

**Questions:**

1. Why do you think Vinod was not successful at this job?
2. Why did problem start to occur between Vinod and his colleagues?
3. Do you think the selection of Vinod to the position of R and D Head was the right move? How should this process of selection have been conducted?

---

# LESSON

# 7

## COMMUNICATION

### CONTENTS

- 7.0 Aims and Objectives
- 7.1 Introduction
- 7.2 Definitions of Communication
- 7.3 Importance of Communication
- 7.4 Functions of Communication
  - 7.4.1 Control
  - 7.4.2 Information
  - 7.4.3 Motivation
  - 7.4.4 Emotional Expression
- 7.5 Communication Styles
- 7.6 The Communication Process
  - 7.6.1 Source
  - 7.6.2 Encoding
  - 7.6.3 The Message
  - 7.6.4 The Channel
  - 7.6.5 Decoding
  - 7.6.6 The Receiver
  - 7.6.7 Feedback
- 7.7 Directions of Communication in the Organization
  - 7.7.1 Downward Communication
  - 7.7.2 Upward Communication
  - 7.7.3 Lateral Communication
- 7.8 Communication Networks
  - 7.8.1 Chain Network
  - 7.8.2 Y Network
  - 7.8.3 Wheel Network
  - 7.8.4 Circle Network
  - 7.8.5 The All-Channel Network or the Star Network
- 7.9 Informal Communication
  - 7.9.1 The Grapevine
  - 7.9.2 The Old-Boy Network

*Contd...*

- 7.10 Non-Verbal Communication
  - 7.10.1 Proxemics
  - 7.10.2 Kinesics
  - 7.10.3 Paralanguage
  - 7.10.4 Object Language
  - 7.10.5 Territory
  - 7.10.6 Physical Appearance
- 7.11 Barriers to Effective Communication
  - 7.11.1 Filtering
  - 7.11.2 Selective Perception
  - 7.11.3 Emotions
  - 7.11.4 Language
  - 7.11.5 Stereotyping
  - 7.11.6 Status Difference
  - 7.11.7 Use of Conflicting Signals
  - 7.11.8 Reluctance to Communicate
  - 7.11.9 Projection
  - 7.11.10 The "Halo Effect"
- 7.12 Keys to Effective Supervisory Communication
  - 7.12.1 Expressive Speakers
  - 7.12.2 Empathetic Listeners
  - 7.12.3 Persuasive Leaders
  - 7.12.4 Sensitive to Feelings
  - 7.12.5 Informative Managers
- 7.13 How Communication Leads Globally?
- 7.14 Let us Sum up
- 7.15 Lesson-end Activity
- 7.16 Keywords
- 7.17 Questions for Discussion
- 7.18 Suggested Readings

---

## **7.0 AIMS AND OBJECTIVES**

---

The purpose of this lesson is to know the meaning, functions, types and importance of communication in an organisation. After study this lesson you will be able to:

- (i) understand meaning, importance and functions of communication
- (ii) describe steps involved in communication process
- (iii) know the downward, upward and lateral communication in the organisation
- (iv) describe patterns of direction (communication network)
- (v) differentiate between formal and informal action communication within an organisation
- (vi) describe barriers to effective communication.

---

## 7.1 INTRODUCTION

---

Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever group of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation. Communication also functions to build and reinforce interdependence between various parts of the organization. As a linking mechanism among the different organizational subsystems, communication is a central feature of the structure of groups and organizations. It helps to coordinate tasks and activities within and between organizations.

---

## 7.2 DEFINITIONS OF COMMUNICATION

---

Whenever a group of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation. The term "communication" is derived from the Latin word "communis" which means "common". This stands for the sharing of ideas in common. It is the process of passing information and understanding from one person to another.

According to Theo Haimann, "Communication, fundamental and vital to all managerial actions, is the process of imparting ideas and making oneself understood by others".

According to Dalton McFarland, "Communication may be broadly defined as the process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understandings are reached among human beings".

According to Louis A Allen, "Communication is the sum of all the things one person does when he wants to create understanding in the mind of another. It is a bridge of meaning. It involves a systematic and continuous process of telling, listening and understanding".

In the words of Newman and Summer, "Communication is an exchange of fact, ideas, opinions or emotions by two or more persons".

According to Hudson, "Communication in its simplest form is conveying of information from one person to another".

According to Charles E Redfield, communication is "the broad field of human interchange of facts and opinions and not the technologies of telephone, telegraph, radio and the like".

According to Koontz and O'Donnell, "Communication, is an intercourse by words, letters symbols or messages, and is a way that the organization members shares meaning and understanding with another".

In the words of Jacques, "Communication is the sum total of directly and indirectly, consciously and unconsciously transmitted feeling, attitudes and wishes".

In the words of Mockler, "Communication is the process of passing information, ideas or even emotions from one person to another".

In the words of Kelly, "Communication is a field of knowledge dealing with systematic application of symbols to acquire common information regarding an object or event".

In the words of Brown, communication is "a process of transmitting ideas or thoughts from one person to another, for the purpose of creating understanding in the thinking of the person receiving the communication".



According to Sigmund, Communication is "the transmission and reception of ideas, feelings and attitudes both verbally and non-verbally eliciting a response. It is a dynamic concept underlying all lands of living systems".

According to Ordeay Tead, "Communication is a composite:

- Of information given and received,
- Of learning experience in which certain attitudes, knowledge and skills change, carrying with them alternations of behaviour,
- Of a listening effort by all involved,
- Of a sympathetic fresh examination of issues by communicator himself,
- Of a sensitive interaction of points of view – leading to a higher level of shared understanding and common intention".

It should be clear from the above definitions that communication is not merely sending or receiving message. It is much more than that. It includes proper understanding of message, its acceptance and action on it. Unless common meanings are shared, managers find it extremely difficult to influence others. Communication is a critical part of every manager's job. Without effective communication, even the most brilliant strategies and the best-laid plans may not be successful. As a result, it is not surprising that high-level executives, as well as managers at other levels, often mention effective communication skills, both oral and written, as crucial elements for managerial success. Communication is thus an attempt to share understanding by two or more persons. It is a two-way process and is completed when there is some response from the receiver of information. It has two basic objectives:

To transmit message, ideas or opinions, and

To create an impression or understanding in the minds of the receiver of information.

---

### 7.3 IMPORTANCE OF COMMUNICATION

---

Communication is an indispensable activity in all organizations. No organization can think of its existence without effective communication. That is why, Chester Bernard remarked, "the first executive function is to develop and maintain a system of communication". An organization's very survival depends on its employees' ability to communicate with one another and with the members of its environment. The free flow of ideas and information is an essential ingredient in the drive for quality and continuous improvement. The organization relies on communications to learn what its customers want, to foster cooperation among its employees, and to identify and adapt to changes in the environment. An effective communication system is essential to pass messages, ideas and information for explaining objectives and plans, controlling, performance and taking corrective action.

#### Outrageous

P.O.S: T. Scott Gross has it; and he thinks every other entrepreneur should, too. P.O.S stands for Positively Outrageous Service. It is also the title of his book, which encourages entrepreneurs to provide customers with service that 1) is random and unexpected; 2) is out of proportion to the circumstances; 3) invites the customer to play or be highly involved; 4) creates compelling word of mouth; and 5) results in lifetime buying decisions. Who is T. Scott Gross, and what does P.O.S have to do with communication?

Gross is a consultant in "participative service," which is service that "actively involves the customer, while you market one customer at a time". He also owns a restaurant, which allows him to put his ideas into practice. Communications are a vital part of his philosophy – between business owner and customer as well as between manager and employee.

Communication with the customer is necessary – and fun. The random, unexpected, and out-of-proportion communication can be fun (such as when Phil Romano, owner of a restaurant called Macaroni's announced one evening that all his dinner guests were truly *guests* – they would not be charged for their meals). It also requires imagination and courage.

On a more serious note, Gross insists on constant communication with the customer, including asking the customer's opinion about various aspects of one's goods and/or services. He considers it essential to future success.

Communications between management and employees actually compose a substantial portion of Gross's P.O.S ten rules of management. "Give immediate feedback to employees and customers with a highly visible customer response system" he advises in rule #2. "The communications system should get information immediately into the hands of the employees involved, so they can make the mental connection between their behavior and customer attitudes toward the company."

"Your company's communications and meeting should regularly feature stories about outstanding customer service." He says in rule#3. "Public praise turns ordinary clerks into heroes and encourages future service excellence."

Gross has built his own career on good communication skills and has gone a long way toward improving the skills of other managers and entrepreneurs. There's nothing outrageous about that.

*Source:* T. Scott Gross, "Outrageous!" *Success*, March 1992, Page 40 - 42.

The importance of communication in management can be judged from the following:

1. Gaining acceptance of policies, winning cooperation of others, getting instructions and ideas clearly understood and bringing about the desired changes in performance are dependent upon effective communication.
2. Communication helps the management in arriving at vital decisions. In its absence, it may not be possible for the top-level management to come in closer contact with each other and discuss the important problems pertaining to the organization.
3. Constant communication with personnel helps the management to remain informed about their problems, difficulties and grievances. Appropriate steps can be taken in time to remove the worker's difficulties. Conflicts often arise because of communication gap. They can be averted by setting up a regular arrangement of keeping contact with the workers through communication media.
4. Communication is quite essential for coordination, which is the essence of effective management. It brings about mutual understanding between the personnel at all levels and fosters the spirit of cooperation. In the words of Mary Crushing Niles, "Good communications are essential to coordination. They are necessary upward, downward and sideways, through all the levels of authority and advise for the transmission, interpretation and adoption of policies, for the sharing of knowledge and information, and for the more subtle needs of good morale and mutual understanding".
5. Greater, better and cheaper production are the aims of all managers. In today's organizations; the information passes through a variety of filters and there is always a chance for misinterpretation. An effective system of communication can play a vital role in avoiding this illusion. The employees should be told clearly what exactly to do and the way in which an instruction is to be carried out. In this process certain directions are to be given, certain feelings must be expressed and a certain amount of interpersonal perceptions must be exchanged. In the words of Shobhana Khandwala, "For this, management has to sell ideas, motivate the workers to work with a will, and build up higher morale in the company. Communication, as an

influence, process, plays a vital role here. It becomes, thus, a part of education, propaganda, leadership and guidance function of the management".

6. Under an effective system of communication it is quite convenient for the employees to express their grievances, and bring all their problems to the notice of the management. Proper communications between the interested parties reduce the point of friction and minimize those that inevitably arise. Hence by effective communication, a group having 'skill' and 'will' to do is to be built up.
7. Communication helps in securing the largest possible participation or consultation in decision making, planning and general administration. This will give democratic character to managerial process and strengthen the morale of the staff.

---

## 7.4 FUNCTIONS OF COMMUNICATION

---

Communication serves four major functions within an organization.

### 7.4.1 Control

Communication acts to control the employees' behaviour. Organizations have authority hierarchies and formal guidelines that employees are required to follow. The control mechanism can work only when the communication – oral and written, is effective. Informal communication also controls behaviour.

### 7.4.2 Information

Communication is a vital necessity to an organization, just as the bloodstream is to the person. It is essential that information must be communicated to the managers on the basis of which the plans can be developed; these plans must be communicated to the operating managers and employees.

### 7.4.3 Motivation

Communication fosters motivation by clarifying to employees what is to be done, how well they are doing and what can be done to prove performance if it is unsatisfactory.

### 7.4.4 Emotional Expression

Communication provides a release for the emotional expression of feelings and for fulfillment of social needs. Employees show their frustrations and feelings of satisfaction through communication.

#### Check Your Progress 1

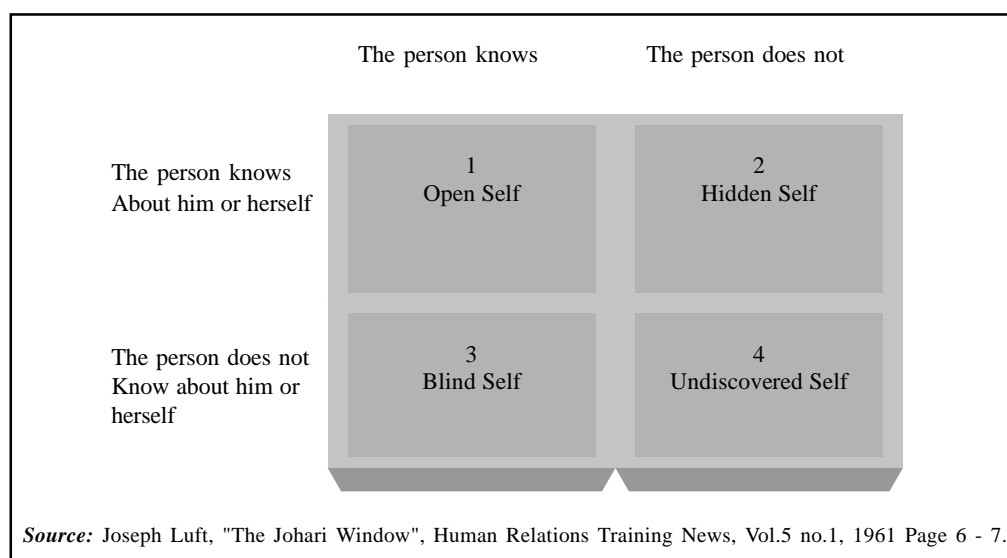
1. Define communication?
2. What is the importance of communication?
3. State the functions of communication?

---

## 7.5 COMMUNICATION STYLES

---

When people communicate, they differ not only in non-verbal behaviours and language but in the degree to which they provide and seek information. Such differences constitute various communication styles. A popular model for describing differences in communication style is the Johari window developed by Joseph Luft and Harry Ingham. The name Johari is derived from the first names of its developers. The Johari window is a grid that describes tendencies for facilitating or hindering interpersonal communication.



**Figure 7.1: The Johari Window**

The model classifies an individual's tendencies to facilitate or hinder interpersonal communication along two dimensions: exposure and feedback. Exposure is defined as the extent to which an individual openly and candidly divulges feelings, experiences, and information when trying to communicate. Feedback is the extent to which an individual successfully elicits exposure from others. As shown in the figure above, these dimensions translate into four "windows" – open self, hidden self, blind self and undiscovered self.

1. **Open Self:** The open self is the arena information known to the person and to others. A large arena results from behaviour that is high in both exposure and feedback. There would generally be openness and compatibility and little reason to be defensive. This type of interpersonal relationship would tend decrease interpersonal conflict.
2. **Hidden Self:** In this situation the hidden information is known to the person but not to others; it encompasses those things or feelings that we are aware of but don't share with others for fear they will think less of us or possibly use the information against us. Very large hidden knowledge can cause problems if the person expends too much effort in keeping secrets or others if suspicious about the lack of disclosure. There is potential interpersonal conflict in this situation because the person may keep his or her true feelings or attitudes secret and will not open up to the others.
3. **Blind Self:** The blind self are information known to others but not to yourself. This is the result of no one ever telling you or because you are defensively blocking them out. The person may be unintentionally irritating to the other. The other could tell the person but may be fearful of hurting the person's feelings. Such a configuration is rarely total human resources. Furthermore, the person is likely to make many blunders, reflecting insensitivity to others. As in the "hidden self", there is potential interpersonal conflict in this situation.
4. **Undiscovered Self:** The undiscovered self includes feelings, experience, and information that neither you nor others are aware of. It arises from lack of communication. A manager whose unknown area is very large tends to be an autocratic leader, perceived as aloof. Employees may have trouble discerning what this person wants. In other words, there is much misunderstanding and interpersonal conflict and is almost sure to result.

The Johari window only points out possible interpersonal styles. It does not necessarily describe but rather helps analyze possible interpersonal conflict situations. The National Training Laboratory (NTL) recommends seven guidelines for providing feedback for

effective interpersonal relations. These guidelines given below can help to decrease the potential for interpersonal conflict.

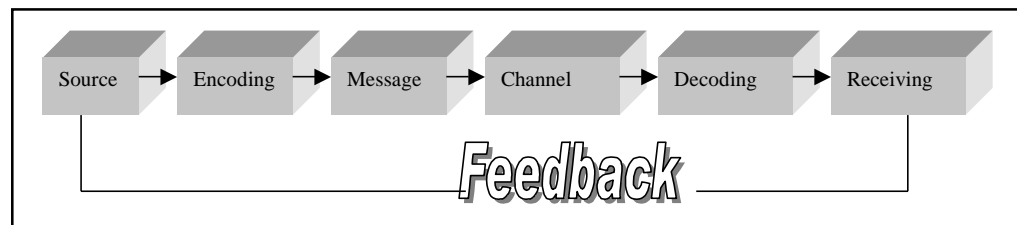
<b>Guidelines for Effective Interpersonal Relations</b>	
1.	Be descriptive rather than judgmental.
2.	Be specific rather than general.
3.	Deal with things that can be changed.
4.	Give feedback when it is desired.
5.	Consider the motives for giving and receiving feedback.
6.	Give feedback at the time the behaviour takes place.
7.	Give feedback when its accuracy can be checked with others.

*Source:* - National Training Laboratories "Summer Reading Book", NTL Institute for Applied Behavioral Science, Bethel, Maine, 1968.

## 7.6 THE COMMUNICATION PROCESS

Communication is important in building and sustaining human relationships at work. It cannot be replaced by the advances in information technology and data management that have taken place over the past several decades. Communication can be thought of as a process or flow. Before communication can take place, a purpose, expressed as a message to be conveyed is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another.

The figure below depicts the communication process. This model is made up of seven parts: (1) the communication source, (2) encoding, (3) the message, (4) the channel, (5) decoding, (6) the receiver, and (7) feedback.



**Figure 7.2: The Communication Process Model.**

### 7.6.1 Source

The source initiates a message. This is the origin of the communication and can be an individual, group or inanimate object. The effectiveness of a communication depends to a considerable degree on the characteristics of the source. Aristotle believed that acceptance of the source's message could be increased by:-

- Pathos – Playing on the emotions of the receiver.
- Logos – Generating logical arguments or
- Ethos – Asking for message acceptance because the source is trustworthy.

The person who initiates the communication process is known as sender, source or communicator. In an organization, the sender will be a person who has a need or desire to send a message to others. The sender has some information which he wants to communicate to some other person to achieve some purpose. By initiating the message, the sender attempts to achieve understanding and change in the behaviour of the receiver.

### 7.6.2 Encoding

Once the source has decided what message to communicate, the content of the message must be put in a form the receiver can understand. As the background for encoding

information, the sender uses his or her own frame of reference. It includes the individual's view of the organization or situation as a function of personal education, interpersonal relationships, attitudes, knowledge and experience.

Three conditions are necessary for successful encoding the message.

- **Skill:** Successful communicating depends on the skill you possess. Without the requisite skills, the message of the communicator will not reach the receiver in the desired form. One's total communicative success includes speaking, reading, listening and reasoning skills.
- **Attitudes:** Our attitudes influence our behaviour. We hold predisposed ideas on a number of topics and our communications are affected by these attitudes.
- **Knowledge:** We cannot communicate what we don't know. The amount of knowledge the source holds about his or her subject will affect the message he or she seeks to transfer.

### 7.6.3 The Message

The message is the actual physical product from the source encoding. The message contains the thoughts and feelings that the communicator intends to evoke in the receiver. The message has two primary components:-

- **The Content:** The thought or conceptual component of the message is contained in the words, ideas, symbols and concepts chosen to relay the message.
- **The Affect:** The feeling or emotional component of the message is contained in the intensity, force, demeanour (conduct or behaviour), and sometimes the gestures of the communicator.

According to D.K Berlo - "when we speak, the speech is the message. When we write, the writing is the message. When we paint, the picture is the message. When we gesture, the movements of our arms, the expressions on our faces are the message".

### 7.6.4 The Channel

The actual means by which the message is transmitted to the receiver (Visual, auditory, written or some combination of these three) is called the channel. The channel is the medium through which the message travels. The channel is the observable carrier of the message. Communication in which the sender's voice is used as the channel is called oral communication. When the channel involves written language, the sender is using written communication. The sender's choice of a channel conveys additional information beyond that contained in the message itself. For example, documenting an employee's poor performance in writing conveys that the manager has taken the problem seriously.

Channel	Required Source of Activity	Required Receiver Activity	Some Examples
1. Auditory	Speaking Use of mechanical sending device	Listening	Telegraph signals Radio Telephone conversations
2. Visual	Action	Observing	Ship-to-shore visual signals. Hand signals Color emphasis Flag waving
3. Written	Composition	Reading	Reports Company policy manuals Books

Contd...

4. Auditory-visual combination	Speaking and action	Listening and observing	Television, movies Ballet Students listening to a lecture
5. Visual-written combination	Action and composition	Observing and reading	Billboard advertising Magazines Newspapers Transit advertising
6. Auditory-written combination	Speaking and composition	Listening and reading	Students following handouts provided by the instructor

*Source:* Jerry L Gray and Frederick A Strake "Organizational Behavior - Concepts and Applications" Charles E Merrill Publishing Company, Columbus (Third Edition) Page 307.

### 7.6.5 Decoding

Decoding means interpreting what the message means. The extent to which the decoding by the receiver depends heavily on the individual characteristics of the sender and receiver. The greater the similarity in the background or status factors of the communicators, the greater the probability that a message will be perceived accurately. Most messages can be decoded in more than one way. Receiving and decoding a message are a type of perception. The decoding process is therefore subject to the perception biases.

### 7.6.6 The Receiver

The receiver is the object to whom the message is directed. Receiving the message means one or more of the receiver's senses register the message - for example, hearing the sound of a supplier's voice over the telephone or seeing the boss give a thumbs-up signal. Like the sender, the receiver is subject to many influences that can affect the understanding of the message. Most important, the receiver will perceive a communication in a manner that is consistent with previous experiences. Communications that are not consistent with expectations is likely to be rejected.

### 7.6.7 Feedback

The final link in the communication process is a feedback loop. Feedback, in effect, is communication travelling in the opposite direction. If the sender pays attention to the feedback and interprets it accurately, the feedback can help the sender learn whether the original communication was decoded accurately. Without feedback, one-way communication occurs between managers and their employees. Faced with differences in their power, lack of time, and a desire to save face by not passing on negative information, employees may be discouraged from providing the necessary feedback to their managers.

---

## 7.7 DIRECTIONS OF COMMUNICATION IN THE ORGANIZATION

---

Within organizations, there are three directions in which communications flow: downward, upward and laterally (horizontal).

### 7.7.1 Downward Communication

Downward communication involves a message travelling to one or more receivers at the lower level in the hierarchy. The message frequently involves directions or performance feedback. The downward flow of communication generally corresponds to the formal organizational communications system, which is usually synonymous with the chain of command or line of authority. This system has received a great deal of attention from both managers and behavioural scientists since it is crucial to organizational functioning.

## 7.7.2 Upward Communication

In upward communication, the message is directed toward a higher level in the hierarchy. It often takes the form of progress reports or information about successes and failures of the individuals or work groups reporting to the receiver of the message. Sometimes employees also send suggestions or complaints upward through the organization's hierarchy.

The upward flow of communication involves two distinct manager-subordinate activities in addition to feedback:

- (a) The participation by employees in formal organizational decisions.
- (b) Employee appeal is a result against formal organization decisions. The employee appeal is a result of the industrial democracy concept that provides for two-way communication in areas of disagreement.

### Is Clear Communication Always Desirable?

Virtually all writing about communication exhorts people to be clear, precise, and succinct when they communicate. It is argued that that clarity, precision, and succinctness lead to communication effectiveness. But is this always so? Isn't it sometimes beneficial (and necessary) to be vague in order to be effective?

Consider the manager who is faced with a personality dispute between two subordinates who must work together. Each subordinate will undoubtedly give a somewhat different version of the problem as well as some other comments about the other person in the dispute. Does the manager communicate these comments? NO. Rather, the manager facilitates resolution of the dispute without communicating certain remarks that each person may have made about the other. In this way the problem may be resolved by focusing on the areas of agreement rather than the areas of conflict. The problem may thus be solved by leaving certain things unsaid rather than clarifying them.

Source: Jerry L. Gray and Frederick A. Starke "Organizational Behavior - Concepts and Applications" (third edition), Charles E. Merrill Publishing Company, Columbus. (Page 315).

### Stimulating Upward Communication

Although most managers agree on the need for upward communication, it is often not clear what actions can be taken to stimulate it. Given this situation, it is important to develop ways to stimulate upward communication. Planty and Machaver give the following suggestions.

#### Stimulating Upward Communication

1. **Coverage must be systematic and balanced.** While spontaneous communication is often useful, efforts at stimulating upward communication must be planned, systematic, and balanced. The planning requirement assures that communication is not left to chance, while the balance requirement attempts to prevent upward communication originating from only a few sources. Many times only the most vocal organizational members are heard, whereas the less vocal may have important things to say as well. In following these principles, management obtains information from a wider variety of sources, and communication is not limited to crisis situations. The old adage "no news is good news" does not hold for upward organizational communication.
2. **The flow of communication must be directed.** Communication that is not directed to the proper receivers becomes rumour and finds its way through the organization according to who will listen. Proper directed communication, however, reaches those individuals who are in a position to take action. Employees who are dissatisfied and wish to communicate with management must be directed to the correct channels, and these channels should be known to everyone.

Contd...



3. **Listening must be sensitive.** Because of the fundamental nature of hierarchical systems, employees may be conditioned to tell management what they think management wants to hear rather than what they actually feel. Complaints are often disguised in ways that prevent them from being obvious to the listener. Consequently, management must attempt to respond not only to the spoken word, but to the meaning of the words. To a large degree, the sensitivity of the manager determines the amount and type of communication that is directed upward from subordinates.
4. **Listening must be objective.** Upward communication will be selective and infrequent if employees think their communications are not being perceived in an objective fashion. It is easy for managers to show more interest in favorable communication than unfavorable or seek out those employees who will agree with them and ignore those who do not. Objectivity in upward communication means that management must make a conscious effort to avoid these biases.
5. **Listening implies action.** Communication is not an end in itself but a means to an end. While listening to employees is certainly important, unless some kind of action is forthcoming, the listening function loses its value. In some cases, listening itself can give the employee the impression that action will be taken, and management must be cautious not to leave the impression that communication efforts guarantee results. If, for example, employees offer suggestions for work improvements that cannot be implemented, they should be told why.

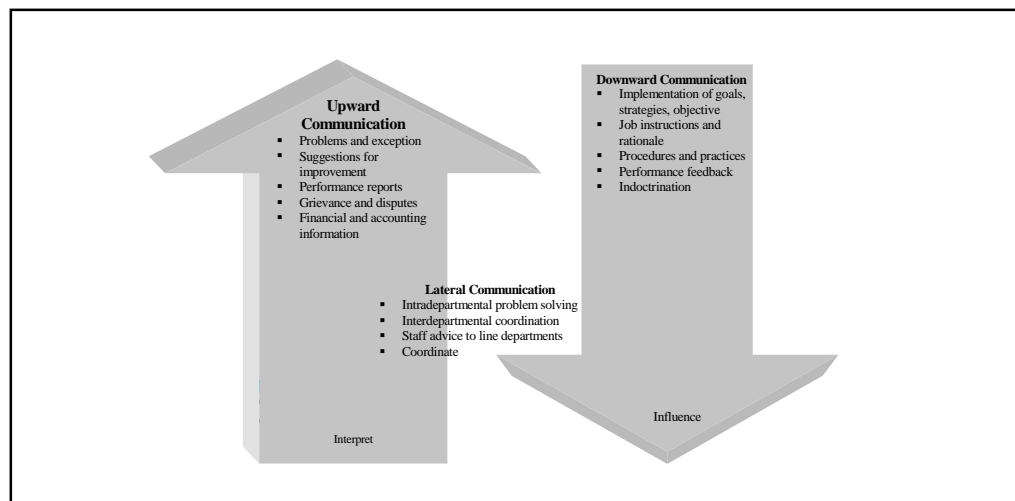
*Source:* Earl G Planty and William Machaver, "Stimulating Upward Communication," in *Effective Communication on the Job* (American Management Association, 1956)

If properly utilized, upward communication is potentially one of the most useful managerial practices. Upward communication keeps managers aware of how employees feel about their jobs, co-workers and the organization in general. Managers also rely on upward communication for ideas on how things can be improved.

### 7.7.3 Lateral Communication

When takes place among members of the same work group, among members of work groups at the same level, among managers at the same level or among any horizontally equivalent personnel, we describe it as lateral communications. In lateral communication, the sender and receiver(s) are at the same level in the hierarchy. Formal communications that travel laterally involve employees engaged in carrying out the same or related tasks. The messages might concern advice, problem solving, or coordination of activities.

The direction of communication in organizations explained above is summarized in the figure below.



*Source:* Richard L Daft and Richard M Steers, "Organizations: A micro / macro approach".

**Figure 7.3: Directions of Communication in Organization**

## 7.8 COMMUNICATION NETWORKS

A communication network is the pattern of directions in which information flows in the organization. Channels of communication (networks by which information flows) are either formal networks or informal networks. Formal networks follow the authority chain and are limited to task-related communications. The informal network (grapevine) is free to move in any direction, skip authority levels, and is as likely to satisfy group members' social needs as it is to facilitate task accomplishments.

The basic types of communication networks are shown in the figure below:

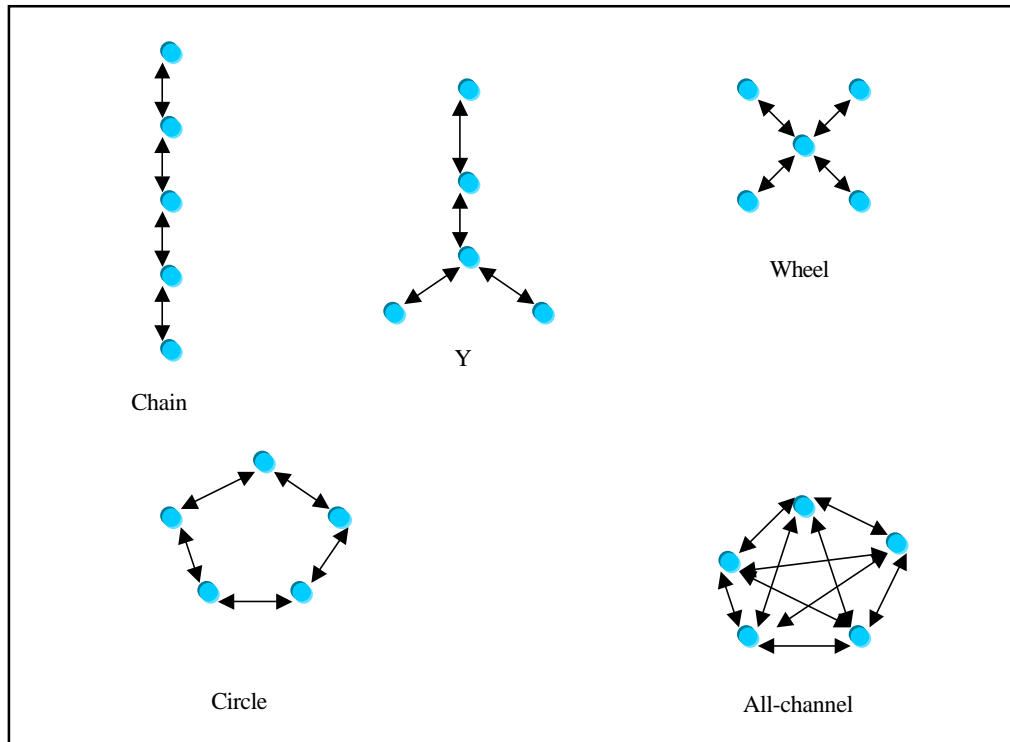


Figure 7.4: Types of Communication Networks

### 7.8.1 Chain Network

In chain network, communication travels up and down through the hierarchy. Each person communicates with only the person directly above or below in terms of reporting relationships. The chain network rigidly follows the formal chain of command.

### 7.8.2 Y Network

In the Y network, the flow of communication resembles an upside down Y; information flows upward and downward through the hierarchy, widening to encompass the number of employees reporting to a supervisor.

### 7.8.3 Wheel Network

In a wheel network, information flows to and from a single person. Employees in the group communicate primarily with that person rather than with each other. Such a communication network is a fast means of getting information to employees, since the person at the hub of the wheel can do so directly and efficiently. The wheel network relies on the leader to act as the central conduit (channel) for the entire group's communication.

The chain network, the Y network and the wheel network are fairly centralized in that most messages must flow through a pivotal (essential, crucial) person in the network. In the wheel network, the most centralized, all messages must flow through the individual

at the centre of the wheel. In the chain network, some members can communicate with more than one member of the network, but the individual in the centre of the chain still tends to emerge as the controller of the messages. In the Y network, the member at the fork of the "Y" usually becomes the central person in the network.

#### 7.8.4 Circle Network

In a circle network, employees communicate only with adjoining members of the organization. The circle network is analogous to a group working in a physical arrangement such that workers can communicate with their immediate neighbour but not with others in the group.

#### 7.8.5 The All-Channel Network or the Star Network

In an all-channel network, communications flow upward, downward and laterally among all members of the group. This pattern of communication supports an egalitarian, (equal, unrestricted) participative culture and fosters (promote, cultivate) cross-functional efforts. The all-channel network is best if you are concerned with having high member satisfaction.

The circle network and the all-channel network are more decentralized in that there is freer communication among the various members. In the circle network, each member can communicate with the individual on either side. The all-channel network is the most decentralized of the networks; each member can communicate with any other member.

#### Check Your Progress 2

1. Explain the Johari window.
2. Explain the communication process.
3. Explain the direction of communication.

---

### 7.9 INFORMAL COMMUNICATION

---

Informal communication is communication outside the organization's formally authorized channels. Informal communication includes all messages transmitted in the work setting other than those that are generated specifically to fulfil work-related assignments. The nature of such communication is nowhere described in the formal communication systems, but the organization could not survive without it.

#### 7.9.1 The Grapevine

The network for much informal communication is the organization's grapevine. Grapevines develop in organizations to handle communications that the formal channels of communication do not handle. It typically supplements or replaces the organizational hierarchy as the means for transmitting communication. The grapevine serves as an excellent source of information about employee attitudes as well as an emotional outlet for workers. Thus, grapevine is likely to be strong during uncertain times and in organizations that limit the flow of information to employees through formal channels. Also, employees may participate in a grapevine to help meet social needs.

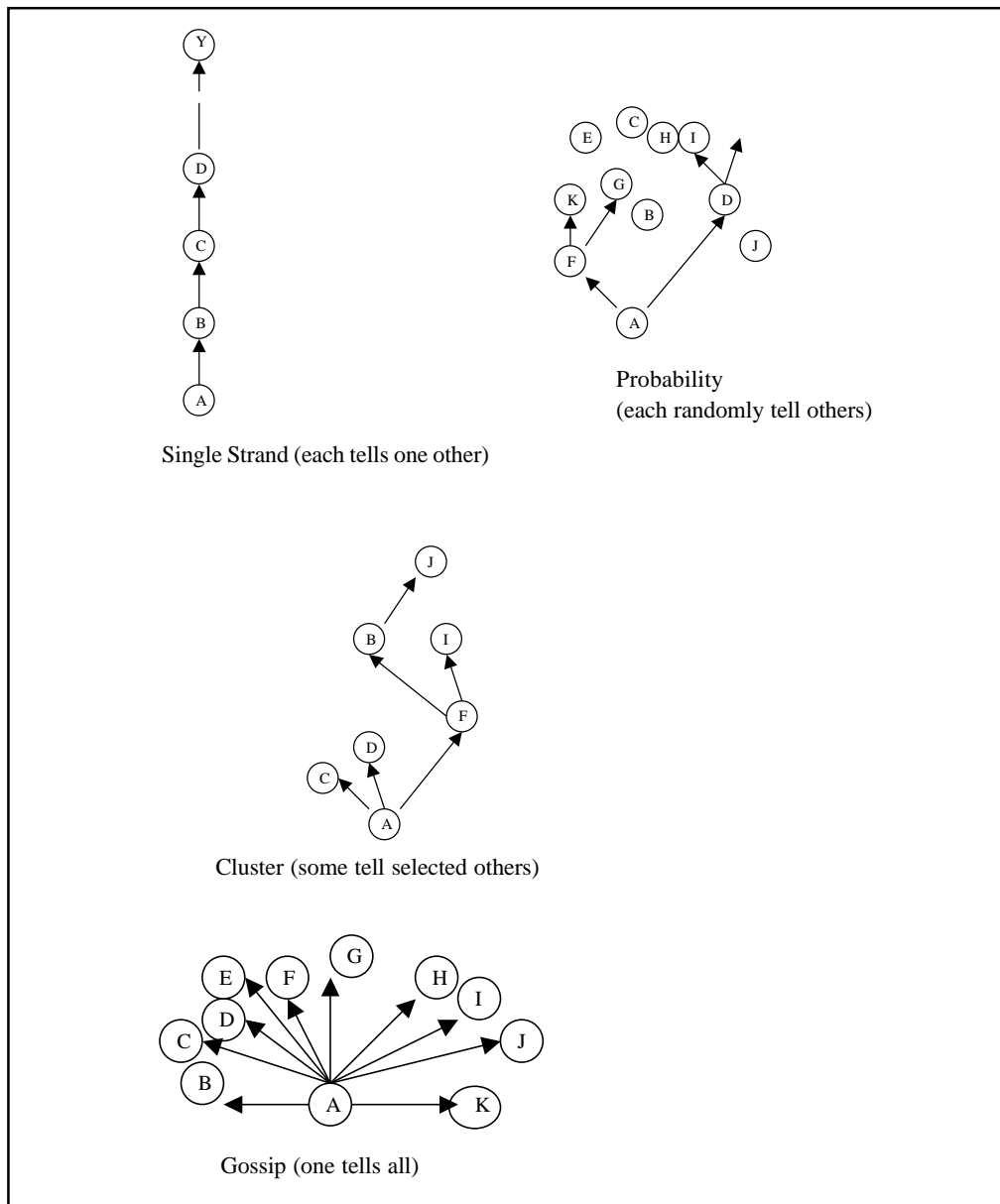
The development of grapevines is inevitable. Although grapevines are neither good nor bad in themselves, the messages they carry are subject to distortion as messages transmitted from one human link to another become progressively more garbled (distorted: confused). Their content is misinterpreted, abbreviated, embellished (overstated) and selectively transmitted in terms of what the sender believes the receiver wants or needs to know. Since the original message may be only partially true, it is not surprising that the

grapevine is sometimes referred to as a rumour mill. The information that travels through a grapevine typically takes the form of gossip (belief about other people) and rumours (efforts to predict future events).

The Grapevine has three main characteristics

- (a) It is not controlled by management.
- (b) It is perceived by most employees as being more believable and reliable than formal communiqués issued by top management.
- (c) It is largely used to serve the self-interests of these people within it.

The network of a grapevine typically takes on one of the patterns shown in the figure below:-



Source: Keith Davis and John W Newstrom, "Human Behavior at Work: Organizational Behaviour," 7th edition (1985). Newyork: McGraw Hill (page 317)

**Figure 7.5: Grapevine Patterns**

- (i) **Single Strand:** In the single-strand chain, communication moves serially from person A to B to C and so on.
- (ii) **Gossip Chain:** With gossip chain, person A seeks out and tells others.

- (iii) **Probability Chain:** When following the probability chain, person A spreads the message randomly as do individuals F and D.
- (iv) **Cluster Chain:** In cluster chain, person A tells three selected individuals and then one of these tells three others.

Despite the fact that grapevines sometimes create difficulties when they carry gossip and false rumours, they are a fact of life in organizations and it is unrealistic of managers to think that they can eliminate grapevines.

### 7.9.2 The Old-Boy Network

The old-boy network is another network for informal communication. It is an exclusive group that wields power through shared information. In an old-boy network, members share information to help one another along in their careers. An old-boy network differs from other kinds of informal alliances among groups of employees in that its members have control over much of the organizations resources. Belonging to an old-boy network can be advantageous to its members, but from an organization's perspective, an old-boy network can be harmful. It limits some employees' access to information and prevents the organization from readily tapping the potential of people outside the network. Organizations that view their entire pool of employees as a source of competitive advantage therefore seek to broaden employees' access to information. The more the organization's goals, strategies, performance and staffing needs are communicated through formal channels, and the more the organization listens to its employees, the less important are informal channels such as old-boy networks.

---

## 7.10 NON-VERBAL COMMUNICATION

---

Non-verbal communication is communication by means of elements and behaviours that are not coded into words. A glance, a star, a smile, a frown, a provocative body movement - they all convey meaning. Nonverbal communication includes all elements of communication, such as gestures and the use of space, that does not involve words or do not involve language. Porter has defined four aspects of non-verbal communications:

1. **Physical:** pertaining to the personal method, i.e., facial expressions, tone of voice, sense of touch, smell and body motion.
2. **Esthetics:** Creative expressions such as those found in music, dancing or any of the creative arts.
3. **Symbolic:** Conveying messages through symbolic representations of reality; includes religious, status or ego-building symbols.
4. **Sign:** mechanical means of conveying messages such as bills, buzzers, locks on doors, etc.

The important categories of non-verbal communication include:-

### 7.10.1 Proxemics

Proxemics refers to the influence of proximity and space on communication. The study of an individual's perception and use of space, including territorial space, is called proxemics. Territorial space refers to bands of space extending outward from the body. These bands constitute comfort zones. In each comfort zone, different cultures prefer different types of interaction with others. Typically there are four zones of territorial space.

- (a) **Intimate Zone: (touching to two feet):** This space is normally reserved for closest family and friends. In this zone, we interact with spouses, significant others, family members and others with whom we have an intimate relationship.

- (b) **Personal Zone** (*two to four feet*): Family and friends may enter this zone without causing discomfort. Friends typically interact with this distance.
- (c) **Social Zone** (*four to twelve feet*): The person comfortably interacts with others in this zone. Most business transactions take place within the social zone. We prefer that business associates and acquaintances interact with us in this zone.
- (d) **Public Zone** (*twelve feet to as far as the person can hear and see*): This is the most distant zone at which communication can occur. Most of us prefer that strangers stay at least 12 feet from us, and we become uncomfortable when they move closer. Lectures and other formal presentations take place within this zone.

In general, a person who moves into a closer zone of personal space is signalling a desire for greater closeness. When the receiver of this non-verbal message interprets it as a request for more closeness than is desirable, the receiver probably will feel uncomfortable and try to move away. Territorial space varies greatly across cultures. People often become uncomfortable when operating in territorial space different from those in which they are familiar.

### 7.10.2 Kinesics

Kinesics is the study of body movements, including posture. Like proxemics, kinesics is culturally bound; there is no single universal gesture. Kinesics behaviour refers to body movements, such as gestures, facial expressions, eye movements and posture. We often draw conclusions regarding people's feelings about an issue, not only from their words but also from their non-verbal behaviour, such as their facial expressions.

- (a) **Facial Expressions**: The face is a rich source of nonverbal communication. The face often gives unintended clues to emotions the sender is trying to hide. Although smiles have universal meaning, frowns, raised eyebrows, and wrinkled foreheads must all be interpreted in conjunction with the actors, the situation and the culture.
- (b) **Eye Behaviour**: Eye behaviour are used to add cues for the receiver. Eye contact can enhance reflective listening, and it varies by culture. In India, a direct gaze indicates honesty and forthrightness. Appropriate use of eye contact signals interest in the other person.
- (c) **Gestures**: Some people use gestures extensively; others communicate little through this channel. In India, the handshake is a widely used gesture. People often use the handshake as a source of information about another person's characteristics. A strong, firm handshake is seen as a sign of confidence and enthusiasm.

### 7.10.3 Paralanguage

Paralanguage refers to vocal aspects of communication that relate to how something is said rather than to what is said. Voice quality, tone of voice, laughing, and yawning fit in this category. People make attributions about the sender by deciphering (make sense of; interpret or decode) paralanguage cues. Rapid, loud speech may be taken as a sign of nervousness or anger. Vocal tone includes pitch, loudness, rhythm, rate, and clarity of speech. The standards for what is comfortable vary from one culture to another.

### 7.10.4 Object Language

Object language refers to the communicative use of material things, including clothing, cosmetics, furniture and architecture. A work area adorned with expensive objects communicate high status.

### 7.10.5 Territory

Employees' work areas are, in a sense, their territory. The way people arrange themselves and others within their territory also conveys messages. In a meeting or training session,

arranging chairs in rows signals that participants will be lectured to and encourages passive behaviour. Arranging chairs in a circle signals that active participation is encouraged. When interviewing or meeting with someone in his or her office, a manager sends different messages depending on whether the manager remains behind the desk or joins the other person in comfortable chairs on the same side of the desk.

### 7.10.6 Physical Appearance

Aspects of personal appearance such as clothing, hairstyle, jewellery and makeup communicate people's values and social group. In the workplace, the norms for appropriate physical appearance depend on the industry, job, and organizational culture. People who fail to live up to these norms typically create a bad impression. Their physical appearance is interpreted as meaning they either do not understand their role or do not care about fulfilling it.

It is important for the receiver to be alert to these nonverbal aspects of communication. You should look for nonverbal cues as well as listen to the literal meaning of a sender's words. You should particularly be aware of contradictions between the messages. Nonverbal communication is important for managers because of its impact on the meaning of the message. However, a manager must consider the total message and all media of communication. A message can only be given meaning in context, and cues are easy to misinterpret. The figure below presents common nonverbal behaviour exhibited by managers and how employees may interpret them. Nonverbal cues can give others the wrong signal.

NONVERBAL COMMUNICATION	SIGNAL RECEIVED	REACTION FROM RECEIVER
Manager looks away when talking to the employee	Divided attention	My supervisor is too busy to listen to my problem or simply does not care.
Manager fails to acknowledge greeting from fellow employee.	Unfriendliness.	This person is unapproachable.
Manager glares ominously (i.e., gives the evil eye).	Anger.	Reciprocal anger, fear, or avoidance, depending on who is sending the signal in the organization.
Manager rolls the eyes.	Not taking person seriously	This person thinks he or she is smarter or better than I am.
Manager sighs deeply.	Disgust or displeasure.	My opinions do not count. I must be stupid or boring to this person.
Manager uses heavy breathing (sometimes accompanied by hand waving)	Anger or heavy stress.	Avoid this person at all costs.
Manager does not maintain eye contact when communicating.	Suspicion or uncertainty.	What does this person have to hide?
Manager crosses arms and leans away.	Apathy or closed-mindedness.	This person already has made up his or her mind; my opinions are not important.
Manager peers over glasses.	Scepticism or distrust.	He or she does not believe what I am saying.
Manager continues to read a report when employee is speaking.	Lack of interest.	My opinions are not important enough to get the supervisor's undivided attention.

*Source:* C. Hemilton and B.H. Kieiner, "Steps to Better Listening," Personnel Journal (February 1987).

**Figure 7.6: Common Nonverbal Cues from Manager to Employee**

---

## **7.11 BARRIERS TO EFFECTIVE COMMUNICATION**

---

Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organizations. The more prominent barriers to effective communication which every manager should be aware of is given below:

### **7.11.1 Filtering**

Filtering refers to a sender manipulating information so it will be seen more favourably by the receiver. The major determinant of filtering is the number of levels in an organization's structure. The more vertical levels in the organization's hierarchy, the more opportunities for filtering. Sometimes the information is filtered by the sender himself. If the sender is hiding some meaning and disclosing in such a fashion as appealing to the receiver, then he is "filtering" the message deliberately. A manager in the process of altering communication in his favour is attempting to filter the information.

### **7.11.2 Selective Perception**

Selective perception means seeing what one wants to see. The receiver, in the communication process, generally resorts to selective perception i.e., he selectively perceives the message based on the organizational requirements, the needs and characteristics, background of the employees etc. Perceptual distortion is one of the distressing barriers to the effective communication. People interpret what they see and call it a reality. In our regular activities, we tend to see those things that please us and to reject or ignore unpleasant things. Selective perception allows us to keep out dissonance (the existence of conflicting elements in our perceptual set) at a tolerable level. If we encounter something that does not fit our current image of reality, we structure the situation to minimize our dissonance. Thus, we manage to overlook many stimuli from the environment that do not fit into our current perception of the world. This process has significant implications for managerial activities. For example, the employment interviewer who expects a female job applicant to put her family ahead of her career is likely to see that in female applicants, regardless of whether the applicants feel that way or not.

### **7.11.3 Emotions**

How the receiver feels at the time of receipt of information influences effectively how he interprets the information. For example, if the receiver feels that the communicator is in a jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Extreme emotions and jubilation or depression are quite likely to hinder the effectiveness of communication. A person's ability to encode a message can become impaired when the person is feeling strong emotions. For example, when you are angry, it is harder to consider the other person's viewpoint and to choose words carefully. The angrier you are, the harder this task becomes. Extreme emotions - such as jubilation or depression - are most likely to hinder effective communication. In such instances, we are most prone to disregard our rational and objective thinking processes and substitute emotional judgments.

### **7.11.4 Language**

Communicated message must be understandable to the receiver. Words mean different things to different people. Language reflects not only the personality of the individual but also the culture of society in which the individual is living. In organizations, people from different regions, different backgrounds, and speak different languages. People will have different academic backgrounds, different intellectual facilities, and hence the jargon they use varies. Often, communication gap arises because the language the sender is using may be incomprehensible, vague and indigestible. Language is a central element in



communication. It may pose a barrier if its use obscures meaning and distorts intent. Words mean different things to different people. Age, education and cultural background are three of the more obvious variables that influence the language a person uses and the definitions he or she gives to words. Therefore, use simple, direct, declarative language. Speak in brief sentences and use terms or words you have heard from you audience. As much as possible, speak in the language of the listener. Do not use jargon or technical language except with those who clearly understand it.

### **7.11.5 Stereotyping**

Stereotyping is the application of selective perception. When we have preconceived ideas about other people and refuse to discriminate between individual behaviours, we are applying selective perception to our relationship with other people. Stereotyping is a barrier to communications because those who stereotype others use selective perception in their communication and tend to hear only those things that confirm their stereotyped images. Consequently, stereotypes become more deeply ingrained as we find more "evidence" to confirm our original opinion.

Stereotyping has a convenience function in our interpersonal relations. Since people are all different, ideally we should react and interact with each person differently. To do this, however, requires considerable psychological effort. It is much easier to categorize (stereotype) people so that we can interact with them as members of a particular category. Since the number of categories is small, we end up treating many people the same even though they are quite different. Our communications, then, may be directed at an individual as a member of a category at the sacrifice of the more effective communication on a personal level.

### **7.11.6 Status Difference**

The organizational hierarchy pose another barrier to communication within organization, especially when the communication is between employee and manager. This is so because the employee is dependent on the manager as the primary link to the organization and hence more likely to distort upward communication than either horizontal or downward communication. Effective supervisory skills make the supervisor more approachable and help reduce the risk of problems related to status differences. In addition, when employees feel secure, they are more likely to be straightforward in upward communication.

### **7.11.7 Use of Conflicting Signals**

A sender is using conflicting signals when he or she sends inconsistent messages. A vertical message might conflict with a nonverbal one. For example, if a manager says to his employees, "If you have a problem, just come to me. My door is always open", but he looks annoyed whenever an employee knocks on his door". Then we say the manager is sending conflicting messages. When signals conflict, the receivers of the message have to decide which, if any, to believe.

### **7.11.8 Reluctance to Communicate**

For a variety of reasons, managers are sometimes reluctant to transmit messages. The reasons could be:-

- They may doubt their ability to do so.
- They may dislike or be weary of writing or talking to others.
- They may hesitate to deliver bad news because they do not want to face a negative reaction.

When someone gives in to these feelings, they become a barrier to effective communications.

### 7.11.9 Projection

Projection has two meanings.

- (a) Projecting one's own motives into others behaviour. For example, managers who are motivated by money may assume their subordinates are also motivated by it. If the subordinate's prime motive is something other than money, serious problems may arise.
- (b) The use of defense mechanism to avoid placing blame on oneself. As a defense mechanism, the projection phenomenon operates to protect the ego from unpleasant communications. Frequently, individuals who have a particular fault will see the same fault in others, making their own fault seem not so serious.

### 7.11.10 The "Halo Effect"

The term "halo effect" refers to the process of forming opinions based on one element from a group of elements and generalizing that perception to all other elements. For example, in an organization, a good attendance record may cause positive judgements about productivity, attitude, or quality of work. In performance evaluation system, the halo effect refers to the practice of singling out one trait of an employee (either good or bad) and using this as a basis for judgement of the total employee (e.g., seeing the well-dressed manager as the "good" manager).

---

## 7.12 KEYS TO EFFECTIVE SUPERVISORY COMMUNICATION

---

Managers can and should improve communication in organizations. Interpersonal communication between managers and their employees is a critical foundation for effective performance in organizations. In his research work F. M Jablin has identified five communication skills that distinguish "good" from "bad" supervisors.

### 7.12.1 Expressive Speakers

Better supervisors express their thoughts, ideas and feelings. Supervisors who speak out let the people they work with know where they stand, what they believe and how they feel.

#### EFFECTIVE LISTENING

Too many people take listening skills for granted. They confuse hearing with listening. What's the difference? Hearing is merely picking up sound vibrations. Listening is making sense out of what we hear. That is, listening requires paying attention, interpreting, and remembering sound stimuli.

The average person normally speaks at the rate of 125 to 200 words per minute. However, the average listener can comprehend up to 400 words per minute. This leaves a lot of time for idle mind wandering while listening. For most people, it also means they've acquired a number of bad listening habits to fill in the "idle time".

The following eight behaviors are associated with effective listening skills. If you want to improve your listening skills, look to these behaviors as guides:

1. *Make eye contact.* How do you feel when somebody doesn't look at you when you're speaking? If you're like most people, you're likely to interpret this as aloofness or disinterest. We may listen with our ears, but others tend to judge whether we're really listening by looking at our eyes.

*Contd...*

2. *Exhibit affirmative head nods and appropriate facial expressions.* The effective listener shows interest in what is being said. How? Through nonverbal signals. Affirmative head nods and appropriate facial expressions, when added to good eye contact, convey to the speaker you're listening.
3. *Avoid distracting actions or gestures.* The other side of showing interest is avoiding actions that suggest your mind is somewhere else. When listening, don't look at your watch, shuffle papers, play with your pencil, or engage in similar distractions. They make the speaker feel you're bored or uninterested. Maybe more importantly, they indicate you aren't fully attentive and may be missing part of the message the speaker wants to convey.
4. *Ask Questions.* The critical listener analyzes what he or she hears and asks questions. This behaviour provides clarification, ensures understanding, and assures the speaker you're listening.
5. *Paraphrase.* Paraphrasing means restating what the speaker has said in your own words. The effective listener uses phrases like "what I hear you saying is ..." or "do you mean ...?" Why rephrase what's already been said? Two reasons! First, it's an excellent control device to check on whether you're listening carefully. You can't paraphrase accurately if your mind is wandering or if you're thinking about what you're going to say next. Second, it's a control for accuracy. By rephrasing what the speaker has said in your own words and feeding it back to the speaker, you verify the accuracy of your understanding.
6. *Avoid interrupting the speaker.* Let the speaker complete his or her thought before you try to respond. Don't try to second-guess where the speaker's thoughts are going. When the speaker is finished, you'll know it!
7. *Don't over talk.* Most of us would rather speak our own ideas than listen to what someone else says. Too many of us listen only because it's the price we have to pay to get people to let us talk. While talking may be more fun and silence may be uncomfortable, you can't talk and listen at the same time. The good listener recognizes this fact and doesn't over talk.
8. *Make smooth transitions between the roles of speaker and listener.* When you're a student sitting in a lecture hall, you find it relatively easy to get into an effective listening frame of mind. Why? Because communication is essentially one way: The teacher talks and you listen. But the teacher-student dyad is atypical. In most work situations, you're continually shifting back and forth between the roles of speaker and listener. The effective listener, therefore, makes transitions smoothly from speaker to listener and back to speaker. From a listening perspective, this means concentrating on what a speaker has to say and practicing not thinking about what you're going to say as soon as you get your chance.

Source: Stephen P Robbins "Organizational Behavior - concepts, controversies, applications" (7th edition. (1996) Prentice Hall, Englewood Cliffs Page -388-389.

### 7.12.2 Empathetic Listeners

The better supervisors are willing, empathetic listeners. Empathetic listeners are able to hear the feelings and emotional dimensions of the messages people send them, as well as the content of the ideas and issues. Better supervisors are approachable and willing to listen to suggestions and complaints.

#### Are You a Good Listener?

Reflective listening is a skill that you can practice and learn. Here are ten tips to help you become a better listener.

1. Stop talking. You cannot listen if your mouth is moving.

Contd...

2. Put the speaker at ease. Break the ice to help the speaker relax. Smile!
3. Show the speaker you want to listen. Put away your work. Do not look at your watch. Maintain good eye contact.
4. Remove distractions. Close your door. Do not answer the telephone.
5. Empathize with the speaker. Put yourself in the speaker's shoes.
6. Be patient. Not everyone delivers messages at the same pace.
7. Hold your temper. Do not fly off the handle.
8. Go easy on criticism. Criticizing the speaker can stifle communication.
9. Ask questions. Paraphrase and clarify the speaker's message.
10. Stop talking. By this stage, you are probably very tempted to start talking, but do not. Be sure the speaker has finished.

Think of the last time you had a difficult communication with someone at work or school. Evaluate yourself in that situation against each of the ten items. Which one(s) do you need to improve on the most?

*Source:* C. Hamilton and B.H Kleiner "Steps to Better Listening" Personnel Journal February 1987.

### 7.12.3 Persuasive Leaders

Better supervisors are persuasive leaders. They are distinguished by their use of persuasive communication when influencing others. Specifically, they encourage others to achieve results instead of telling others what to do. They are not highly directive or manipulative in their influence attempts.

### 7.12.4 Sensitive to Feelings

Better supervisors are also sensitive to the feelings, self-image and psychological defences of their employees. Care is taken to avoid giving critical feedback or reprimanding in public. They work to enhance that self-esteem as appropriate to the person's real talents, abilities and achievements.

### 7.12.5 Informative Managers

Finally, better supervisors keep those who work for them well informed. They give advance notice of organizational changes and explain the rationale for organizational policies.

#### Check Your Progress 3

1. Explain the different grapevine patterns.
2. What do you mean by the old boys network?
3. Explain the various categories of non-verbal communications.
4. What suggestions do you give to supervisors to improve their communication?

## 7.13 HOW COMMUNICATION LEADS GLOBALLY?

Improved communication might be considered a supportive reason for opening up new markets overseas, because the reason for opening up new markets overseas, because

the effective ability to communicate with subordinates and customers has given managers confidence in their ability to control foreign operations if they should undertake them.

- Good, relatively inexpensive international communication enables international firms to transmit computer-oriented tasks worldwide to a cheap but skilled labour force abroad.
- Shorter travelling time has also been responsible for numerous business opportunities because foreign businessmen have come to the home country to look for new products to import or to buy new technology.

---

## **7.14 LET US SUM UP**

---

Whenever a group of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. Communication is a critical part of every manager's job. Without effective communication, even the most brilliant strategies and the best-laid plans may not be successful. Communication is an indispensable activity in all organizations. No organization can think of its existence without effective communication. When people communicate, they differ not only in nonverbal behaviours and language but in the degree to which they provide and seek information. Such differences constitute various communication styles. A popular model for describing differences in communication style is the Johari window. Within organizations, there are three directions in which communications flow: downward, upward and laterally. The network for much informal communication is the organization's grapevine. Grapevines develop in organizations to handle communications that the formal channels of communication do not handle. It typically supplements or replaces the organizational hierarchy as the means for transmitting communication. Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organizations.

---

## **7.15 LESSON END ACTIVITY**

---

What, according to you, can be the ways to be followed in a workforce having diversity?

---

## **7.16 KEYWORDS**

---

Communication

Johari window

grapevine patterns

old boys network

---

## **7.17 QUESTIONS FOR DISCUSSION**

---

1. Define Communication. Why has communication assumed importance in modern industrial organizations?
2. "Communication is sharing of understanding". Comment.
3. What are the elements of communication? Explain the process of communication.
4. Bring out clearly the importance of communication.
5. Explain the various types of communication. Discuss the comparative advantages of oral and written communications.
6. Bring out clearly the characteristics of a good communication system.

7. Describe the steps in the communication process.
8. Name and describe briefly the five different patterns of communication networks within an organization.
9. What are the five communication skills of effective supervisors?
10. What is kinesics? Why is it important?
11. Explain the term 'Grapevine' as a channel of communication. What are its benefits to the management?
12. Explain the principal barriers to communication and suggest measures for removing them.
13. How does perception affect the communication process?
14. Contrast encoding and decoding?
15. Describe the communication process and identify its key components.
16. What is the main function of "effective listening"? What are the common organizational situations in which this technique might be useful?
17. What function does feedback serve in the communication process?
18. What conditions stimulate the emergence of rumours?

---

## 7.18 SUGGESTED READINGS

---

Ashburner L (1990) *"Impact of Technological and Organizational Change"* Personnel Review U.K.

Bernard M Bass and Edward C Ryterband, (1979) *"Organizational Psychology"* (2nd Ed) Allyn and Bacon, Boston.

Boss R.W (1989) *"Organizational development in Health care"* Addison-Wesley Mass; Reading.

Davis P and John Rohrbugh *"Group Decision Process Effectiveness: A competing Value Approach"* Group and Organization Studies, March 1990.

George J.M(1990) *"Personality Effect, and Behavior in Groups"*, Journal of Applied Psychology, vol.75

Hirokawa R.Y (1990) *"The Role of Communication in Group Decision-Making Efficacy: A task-Contingency Perspective"*. Small Group Research May 1990.

Irwin L Janis (1992) *"Groupthink"* (2nd Ed) Houghton Mifflin.

James H Davis (1964)*"Group Performance"* Addison-Wesley readings Mass.

Martell R.F and Guzzo R.A (1991) *"The Dynamics of Implicit Theories of Group Performance: When and How Do They Operate?"* Organizational behavior and Human Decision Processes, October 1991.

Marvin D Dunnette (1976) *"Handbook of Industrial and Organizational Psychology"* Rand McNally, Chicago.

Marvin E Shaw, (1981)*"Group Dynamics: The Psychology of Small Group Behavior"* (3rd Edition) McGraw-Hill New York.

Osborne J. E (1992) *"Turning to Teambuilding to Tackle tough Times"* Supervisory management May 1992.

P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.

## Case

## Suggestion Box

Diana was sitting in the office of her dentist. She had to wait for at least 30 minutes before her turn came. To pass the time she picked up a magazine. In the magazine she found a very good article entitled "where good ideas really come from". The major theme of the article was that the best ideas for improvement were most likely to come from the rank-and-file employees and not managers. The article went on to describe the various ways of getting these ideas flowing upward so they could be used to improve the organization.

The article, proposed that special "suggestion boxes" be placed in strategic places around the organization with blank forms for employees to fill out describing their ideas for improvement.

Diana, the Managing Director of Diotech Ltd., held discussions with several of her senior managers. It was agreed to implement the programme. Several special designed boxes were placed in various areas around the company and employees were requested through circulars about the implementation of the suggestion scheme.

Diana anxiously awaited the first batch of suggestions. After the first week, the personnel manager brought them in. There were three "suggestions".

- One suggestion was that the suggestion box be scrapped.
- The second suggestion was for Diana requesting her to get married.
- The third suggestion was not to waste time thinking about stupid suggestions.

### Questions

1. Why has the "suggestion box" system not worked?
2. Suggest an alternative method by which the "suggestion box" system could be implemented.

# **UNIT-III**



---

# LESSON

# 8

## THE PROCESS OF CONTROLLING

### CONTENTS

- 8.0 Aims and Objectives
- 8.1 Introduction
- 8.2 Definitions of Control
- 8.3 Characteristics of Control
- 8.4 Steps in Control Process
  - 8.4.1 Establishing Standards
  - 8.4.2 Measuring and Comparing actual Results against Standards
  - 8.4.3 Taking Corrective Action
- 8.5 Types of Control
  - 8.5.1 Past Oriented Controls
  - 8.5.2 Future-Oriented Controls
- 8.6 Essentials of Effective Control Systems
- 8.7 Scope of Control
- 8.8 Let us Sum up
- 8.9 Lesson-end Activities
- 8.10 Keywords
- 8.11 Questions for Discussion
- 8.12 Suggested Readings

---

### 8.0 AIMS AND OBJECTIVES

---

The purpose of this lesson is to discuss about the process of controlling in an organisation. After studying this lesson you will be able to:

- (i) understand the meaning and characteristics of management control
- (ii) identify the steps involved in control process
- (iii) describe requirements of control

---

### 8.1 INTRODUCTION

---

Controlling is an important function of management. It is the process that measures current performance and guides it towards some predetermined objectives. Under primitive

management, control was undertaken only when something went wrong and the objectives of control was to reprimand the person responsible for these events and take action against him. The modern concept of control envisages a system that not only provides a historical record of what has happened to the business as a whole but also pinpoints the reasons why it has happened and provides data that enable the manager to take corrective steps, if he finds he is on the wrong track. Therefore, there is no intention to punish the person for wrongdoing, but to find out the deviations between the actual performance and the standard performance and to take steps to prevent such variances in future.

The concept of control is often confused with lack of freedom. The opposite of control is not freedom but chaos or anarchy. Control is fully consistent with freedom. In fact, they are inter-dependent. Without control, freedom cannot be sustained for long. Without freedom, control becomes ineffective. Both freedom and accountability are embedded in the concept of control.

---

## **8.2 DEFINITIONS OF CONTROL**

---

Control is the process through which managers assure that actual activities conform to planned activities. According to Breach - "Control is checking current performance against predetermined standards contained in the plans, with a view to ensuring adequate progress and satisfactory performance."

According to George R Terry - "Controlling is determining what is being accomplished i.e., evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to plans."

According to Billy E Goetz - "Management control seeks to compel events to conform plans".

According to Robert N Anthony - "Management control is the process by which managers assure that resources are obtained and used effectively and efficiently."

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

In the words of Haynes and Massie - "Fundamentally, control is any process that guides activity towards some predetermined goal. The essence of the concept is in determining whether the activity is achieving the desired results".

In the words of J. L. Massie - "Control is the process that measures current performance and guides it towards some predetermined goals."

In the words of Henry Fayol - "Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established. Its object is to find out the weakness and errors in order to rectify them and prevent recurrence. It operates on everything, i.e., things, people and actions".

From the above definitions it is clear that the managerial function of control consists in a comparison of the actual performance with the planned performance with the object of discovering whether all is going on well according to plans and if not why. Remedial action arising from a study of deviations of the actual performance with the standard or planned performance will serve to correct the plans and make suitable changes. Controlling is the nature of follow-up to the other three fundamental functions of management. There can, in fact, be not controlling without previous planning, organising and directing. Controlling cannot take place in a vacuum.

---

## 8.3 CHARACTERISTICS OF CONTROL

---

Managerial control has certain characteristic feature. They are:

1. Control is the function of every manager. Managers at all levels have to perform this function to contribute to the achievement of organisational objectives.
2. Control leads to appraisal of past activities. The deviations in the past are revealed by the control process. Corrective actions can be initiated accordingly.
3. Control is linked with future, as past cannot be controlled. It should anticipate possible deviations and to think of corrective action for the control of such deviations in the future. It is usually preventive as presence of control system tends to minimise wastages, losses and deviations from standards.
4. Control is concerned with setting standards, measurement of actual performance, comparison of actual performance with predetermined standards and bringing to light the variations between the actual performance and the standard performance.
5. Control implies taking corrective measures. The object in checking the variations or deviations is to rectify them and prevent their recurrence. It is only action which adjusts performance to predetermined standards whenever deviations occur.
6. Control can be exercised only with reference to and or the basis of plans. To quote Mary Cushing Niles - "Whereas planning sets the course, control observes deviations from the course or to an appropriately changed one".
7. To some people, control is opposite of freedom. This is not true. Control is based on facts and figures. Its purpose is to achieve and maintain acceptable productivity from all resources of an enterprise. Therefore, control aims at results and not at persons. It is for correcting a situation, and not for reprimanding persons.
8. Information or feedback is the guide to control. The feedback is helpful to the manager to determine how far the operations are proceeding in conformity with plans and standards, and where remedial action is called for.
9. Control involves continuous review of standards of performance and results in corrective action which may lead to change in the performance of other functions of management. This makes control a dynamic and flexible process.
10. Control is a continuous activity. It involves constant analysis of validity of standards, policies, procedures etc.

---

## 8.4 STEPS IN CONTROL PROCESS

---

There are three basic steps in a control process:

- Establishing standards.
- Measuring and comparing actual results against standards.
- Taking corrective action.

### 8.4.1 Establishing Standards

The first step in the control process is to establish standards against which results can be measured. The standards the managers desire to obtain in each key area should be defined as far as possible in quantitative terms. Standards expressed in general terms should be avoided. Standards need to be flexible in order to adapt to changing conditions. The standard should emphasis the achievement of results more than the conformity to rules and methods. If they do not do so, then people will start giving more importance to rules and methods than to the final results.

While setting the standards, the following points have to be borne in mind:

- (a) The standards must be clear and intelligible. If the standards are clear and are understood by the persons concerned, they themselves will be able to check their performance.
- (b) Standards should be accurate, precise, acceptable and workable.
- (c) Standards are used as the criteria or benchmarks by which performance is measured in the control process. It should not be either too high or too low. They should be realistic and attainable.
- (d) Standards should be flexible i.e., capable of being changed when the circumstances require so.

#### **8.4.2 Measuring and Comparing actual Results against Standards**

The second step in the control process is to measure the performance and compare it with the predetermined standards. Measurement of performance can be done by personal observation, by reports, charts and statements. If the control system is well organised, quick comparison of these with the standard figure is quite possible. This will reveal variations.

After the measurement of the actual performance, the actual performance should be compared with the standards fixed quickly. A quick comparison of actual performance with the standard performance is possible, if the control system is well organised. While comparing the actual performance with the standards fixed, the manager has to find out not only the extent of variations but also the causes of variations. This is necessary, because some of the variations may be unimportant, while others may be important and need immediate corrective action by the manager.

#### **8.4.3 Taking Corrective Action**

After comparing the actual performance with the prescribed standards and finding the deviations, the next step that should be taken by the manager is to correct these deviations. Corrective action should be taken without wasting of time so that the normal position can be restored quickly. The manager should also determine the correct cause for deviation.

Taking corrective action can be achieved in the following way:

- (a) The manager should try to influence environmental conditions and external situations in such a way as to facilitate the achievement of goals.
- (b) He should review with his subordinates the instructions given earlier so that he may be able to give clear, complete and reasonable instructions in future.
- (c) There are many external forces which cannot be adjusted by the manager. They have to be accepted as the facts of the situation, and the executives should revise their plans in the light of these changing forces.

#### **Check Your Progress**

1. Define control.
2. What are the characteristics of the control process?
3. Explain the steps in the control process.

---

### **8.5 TYPES OF CONTROL**

---

Most control methods can be grouped into one of the two basic types:

- Future-oriented controls and
- Past-oriented controls.

### 8.5.1 Past-oriented Controls

These are also known as post-action controls and measure results after the process. They examine what has happened in a particular period in the past. These controls can be used to plan future behaviour in the light of past errors or successes.

### 8.5.2 Future-oriented Controls

These are also known as steering controls or feed-forward controls and are designed to measure results during the process so that action can be taken before the job is done or the period is over. They serve as warning-posts principally to direct attention rather than to evaluate e.g.: Cash flow analysis, funds flow analysis, network planning etc.

## **8.6 ESSENTIALS OF EFFECTIVE CONTROL SYSTEMS**

1. ***Suitable:*** The control system should be appropriate to the nature and needs of the activity. A large firm calls for controls different from those needed for a small firm. In other words, control should be tailored to fit the needs of the organisation. The flow of information concerning current performance should correspond with the organizational structure employed. If a superior is to be able to control overall operations, he must find a pattern that will provide control for individual parts. Budgets, quotas and other techniques may be useful in controlling separate departments.
2. ***Timely and Forward Looking:*** The control system should be such as to enable the subordinates to inform their superiors expeditiously about the threatened deviations and failures. The feedback system should be as short and quick as possible. If the control reports are not directed at future, they are of no use as they will not be able to suggest the types of measures to be taken to rectify the past deviations. A proper system of control should enable the manager concerned to think of and plan for future also.
3. ***Objective and Comprehensive:*** The control system should be both, objective and understandable. Objective controls specify the expected results in clear and definite terms and leave little room for argument by the employees. This is necessary both for the smooth working and the effectiveness of the system.
4. ***Flexible:*** The control system should be flexible so that it can be adjusted to suit the needs of any change in the environment. A sound control system will remain workable even when the plans change or fail outright. It must be responsive to changing conditions. It should be adaptable to new developments including the failure of the control system itself. Plans may call for an automatic system to be backed up by a human system that would operate in an emergency.
5. ***Economical:*** Economy is another requirement of every control. The benefit derived from a control system should be more than the cost involved in implementing it. A small company cannot afford the elaborate control system used by a large company. A control system is justifiable if the savings anticipated from it exceed the expected costs in its working.
6. ***Acceptable to Organisation Members:*** The system should be acceptable to organisation members. When standards are set unilaterally by upper level managers, there is a danger that employees will regard those standards as unreasonable or unrealistic.
7. ***Motivate People to High Performance:*** A control system is most effective when it motivates people to high performance. Since most people respond to a challenge, successfully meeting to tough standard may well provide a greater sense of accomplishment than meeting an easy standard. However, if a target is so tough that it seems impossible to meet, it will be more likely to discourage than to motivate effort.

8. **Corrective Action:** Merely pointing of deviations is not sufficient in a good control system. It must lead to corrective action to be taken to check deviations from standard through appropriate planning, organizing and directing. In the words of Koontz and O'Donnell, "An adequate control system should disclose where failure is occurring, who is responsible for them and what should be done about them." A control system will be of little use unless it can generate the solution to the problem responsible for deviation from standards.
9. **Reflection of Organisation Pattern:** Organization is not merely a structure of duties and function, it is also an important vehicle of control. In enforcing control the efficiency and the effectiveness of the organisation must be clearly brought out.
10. **Human Factor:** A good system of control should find the persons accountable for results, whenever large deviations take place. They must be guided and directed if necessary.
11. **Direct Control:** Any control system should be designed to maintain direct contact between the controller and controlled. Even when there are a number of control systems provided by staff specialists, the foreman at the first level is still important because he has direct knowledge of performance.
12. **Focus on Strategic Points:** A good system of control not only points out the deviations or exceptions but also pinpoints them where they are important or strategic to his operations.

---

## 8.7 SCOPE OF CONTROL

---

The scope of control is very wide. A well designed plan of control (or control system) covers almost all management activities. According to Holden, Fish and Smith, the main areas of control are as follows:

1. **Control over policies:** The success of any business organisation to a large extent, depends upon, how far its policies are implemented. Hence the need of control over policies is self-evident. In many enterprises, policies are controlled through policy manuals.
2. **Control over organisation:** Control over organisation is accomplished through the development of organisation chart and organisation manual. Organisation manual attempts at solving organisational problems and conflicts making long-range organisation planning possible, enabling rationalisation of organisation structure, helping in proper designing of organisation and department.
3. **Control over personnel:** The statement that 'Management is getting the work done through people' underlines sufficiently the importance of control of personnel. All employees working at different levels must perform their assigned duties well and direct their efforts in controlling their behaviour. Personal Director or Personnel Manager prepares control plan for having control over personnel.
4. **Control over wages and salaries:** Such type of control is done by having programme of job evaluation and wage and salary analysis. This work is done either by personnel department or industrial engineering department. Often a wage and salary committee is constituted to help these departments in the task of controlling wages and salaries.
5. **Control over costs:** Cost control is exercised by the cost accountant, by setting cost standards for material, labour and overheads and making comparison of actual cost data with standard cost. Cost control is supplemented by budgetary control systems.
6. **Control over methods:** Control over methods is accomplished by conducting periodic analysis of activities of each department. The functions performed, methods

adopted and time devoted by every employee is studied with a view to eliminate non-essential motions, functions and methods.

7. **Control over capital expenditures:** It is exercised through a system of evaluation of projects, ranking of projects in terms of their rank power and appropriate capital to various projects. A capital budget is prepared for the whole firm. A capital budgeting committee reviews the project proposes and approves the projects of advantages to the firm. Capital budgeting, project analysis, break-even analysis, study of cost of capital, etc. are some popular techniques of control over capital expenditure.
8. **Control over research and development:** Such activities are highly technical in nature so no direct control is possible over them. By improving the ability and judgement of research staff through training programmes and other devices, an indirect control is exercised on them. Control is also exercised by having a research on the business.
9. **Control over external relations:** Public relations department is responsible for controlling the external relations of the enterprise. It may prescribe certain measures for other operating departments which are instrumental in improving external relations.
10. **Overall control:** It is effected through budgetary control. Master plan is prepared for overall control and all the departments are made involved in this procedure. For effective control through the master plan, active support of the top management is essential.

---

## 8.8 LET US SUM UP

---

Controlling is an important function of management. It is the process that measures current performance and guides it towards some predetermined objectives. Control is fully consistent with freedom. In fact, they are inter-dependent. Without control, freedom cannot be sustained for long. The control system should be appropriate to the nature and needs of the activity. A large firm calls for controls different from those needed for a small firm. This chapter provided insight into nature, scope and process of control. The various types of control and their importance are also highlighted.

---

## 8.9 LESSON END ACTIVITY

---

Planning and control are after thought of as a system; control is also often referred to as a system. What is meant by this? can both statements be trees?

---

## 8.10 KEYWORDS

---

Control

Part Oriented Control

Future Oriented Control

Budgeting

Standard Costing

Effective Control

---

## 8.11 QUESTIONS FOR DISCUSSION

---

1. Define 'control'. What are the elements of control? How do managers exercise control?

2. Discuss the concept and process of control. State the requirements of an effective control system.
3. Why is control a must in business management? What are the requirements of an effective control system?
4. "The essence of control is action". Comment.
5. "The controlling function of management is similar to the function of the thermostat in a refrigerator". Comment.

---

## 8.12 SUGGESTED READINGS

---

Billy E. Goetz, *"Management Planning and Control"*, McGraw-Hill, New York (1979)

Chris Argyris, *"Personality and Organization"*, Harper and Row, New York (1957)

Charles Handy, *"Trust and the Virtual Organization"*, Harvard Business Review (may - June 1995)

Douglas S. Sherwin, *"The Meaning of Control"*, in Max D. Richards and William A Nielander (eds. Readings in Management, D.B Taraporevala, Bombay (1971).

George R. Terry, *"Principles of Management"*, Richard D. Irwin, Homewood III (1988).

George R. Terry and Stephen G. Franklin, *"Principles of Management"* AITBS, Delhi (2000).

G. B. Giglione and A.G. Bedein, *"Conception of Management Control Theory"*, Academy of Management Journal, (June 1974)

Harold Koontz, Cyril O'Donnell, and Heinz Wehrich, *"Management"*, McGraw-Hill, New York (1984).

John A. Pearce and Richard B. Robinson, *"Strategic Management"* Homewood III Richard D. Irwin (1988)

McGregor Douglas, *"The Human Side of Enterprise"*, McGraw Hill Book Company, New York (1960).

Peter F. Drucker, *"Management Tasks, Responsibilities and Practices"*, Harper & Row, New York (1974).

Paul E. Holden, L.S. Fish, and Hubert L. Smith, *"Top Management Organisation and Control"*, McGraw-Hill, New York (1981).

Scanlon Burt K., *"Principles of Management and Organisation Behaviour"*, John Wiley and Sons (1973).

Tom K. Reeves and Joan Woodward, *"The Study of Management Control"*, Joan Woodward (ed.) *"Industrial Organization, Behaviour and Control"*, Oxford University Press, London (1970).

P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.



---

# LESSON

# 9

## CONTROL TECHNIQUES & GLOBAL CONTROLLING

### CONTENTS

- 9.0 Aims and Objectives
- 9.1 Introduction
- 9.2 Control Aids
  - 9.2.1 Budgeting
  - 9.2.2 Standard Costing
  - 9.2.3 Responsibility Accounting
  - 9.2.4 Reports
  - 9.2.5 Standing Orders, Rules and Limitations
  - 9.2.6 Personal Observation
- 9.3 Other Methods of Control
- 9.4 Critical Path Method (CPM)
- 9.5 Gantt Chart
- 9.6 Programme Evaluation and Review Technique
- 9.7 Global Controlling & Global Challenges
- 9.8 Let us Sum up
- 9.9 Lesson-end Activity
- 9.10 Keywords
- 9.11 Questions for Discussion
- 9.12 Suggested Readings

---

### 9.0 AIMS AND OBJECTIVES

---

This lesson is intended to discuss various methods and techniques of management control. After studying this lesson you will be able to:

- (i) apply techniques, aids and tools of effective management control
- (ii) describe CPM, PERT and Gantt Chart
- (iii) understand global controlling system

---

### 9.1 INTRODUCTION

---

A variety of tools and techniques have been used over the years to help managers control the activities in their organizations. There can be control in different perspectives. Time control relate to deadlines and time constraints, material controls relate to inventory control etc. Various techniques of control are discussed in this lesson.

---

## 9.2 CONTROL AIDS

---

### 9.2.1 Budgeting

A budget is a statement of anticipated results during a designated time period expressed in financial and non-financial terms. Budgets cover a designated time period - usually a year. At stated intervals during that time period, actual performance is compared directly with the budget targets and deviations are quickly detected and acted upon. E.g. of Budgets: Sales budget, production budget, capital expenditure budget, cash budget, master budget etc.

### 9.2.2 Standard Costing

The cost of production determines the profit earned by an enterprise. The system involves a comparison of the actuals with the standards and the discrepancy is called variance. The various steps involved in standard costing are:

- Setting of cost standards for various components of cost e.g.: raw materials, labour etc.
- Measurement of actual performance.
- Comparison of actual cost with the standard cost.
- Finding the variance of actual from the standard cost.
- Findings the causes of variance.
- Taking necessary action to prevent the occurrence of variance in future.

### 9.2.3 Responsibility Accounting

Responsibility accounting can be defined as a system of accounting under which each departmental head is made responsible for the performance of his department.

### 9.2.4 Reports

A major part of control consists of preparing reports to provide information to the management for purpose of control and planning.

### 9.2.5 Standing Orders, Rules and Limitations

Standing orders, rules and limitations are also control techniques used by the management. They are issued by the management and they are to be observed by the subordinates.

### 9.2.6 Personal Observation

A manager can also exercise fruitful control over his subordinates by observing them while they are engaged in work.

#### Check Your Progress

Explain the different types of control techniques.

---

## 9.3 OTHER METHODS OF CONTROL

---

1. **Self-control:** Each employee must exercise self-control and do what is expected at work most of the time on most work related matters, as no enterprise can exist

self-control. Self-control stems from the employee's ego, orientation, training and work attitudes.

2. **Group control:** It affects individuals both in output and behaviour. Group norms of doing a good job exert pressures on the individual to perform and to follow work rules.
3. **Policies and procedures:** They are guides to action for managers to use in controlling behaviour and output of employees. They can, for example, protect the firm's resources and equipment and require employee's presence for appropriate work times.

---

## 9.4 CRITICAL PATH METHOD (CPM)

---

A critical path consists of that set of dependent tasks (each dependent on the preceding one), which together take the longest time to complete. A CPM chart can define multiple, equally critical paths. The tasks, which fall on the critical path, should be noted in some way, so that they may be given special attention. One way is to draw critical path tasks with a double line instead of a single line. Tasks, which fall on the critical path, should receive special attention by both the project manager and the personnel assigned to them. The critical path for any given method may shift as the project progresses; this can happen when tasks are completed either behind or ahead of schedule, causing other tasks which may still be on schedule to fall on the new critical path.

---

## 9.5 GANTT CHART

---

Henry Laurence Gantt (1861-1919) was a mechanical engineer, management consultant and industry advisor. He developed Gantt charts in the second decade of the 20th century. Gantt charts were used as a visual tool to show scheduled and actual progress of projects. It was an innovation of worldwide importance in the 1920s. Gantt charts were used on large construction projects. A Gantt chart is a matrix, which lists on the vertical axis all the tasks to be performed. Each row contains a single task identification, which usually consists of a number and name. The horizontal axis is headed by columns indicating estimated task duration, skill level needed to perform the task and the name of the person assigned to the task, followed by one column for each period in the project's duration. Each period may be expressed in hours, days, weeks, months and other time units. The graphics portion of the Gantt chart consists of a horizontal bar for each task connecting the period start and period ending columns. A set of markers is usually used to indicate estimated and actual start and end. Each bar on a separate line and the name of each person assigned to the task, is on a separate line. In many cases when this type of project plan is used, a blank row is left between tasks. When the project is under way, this row is used to indicate progress indicated by a second bar, which starts in the period column when the task is actually started and continues until the task is actually completed. Comparison between estimated start and end and actual start and end should indicate project status on a task-by-task basis.

---

## 9.6 PROGRAMME EVALUATION AND REVIEW TECHNIQUE

---

Program evaluation and review technique (PERT) is a variation on Critical Path Analysis that takes a slightly more sceptical view of time estimates made for each project stage. Critical Path Method (CPM) charts are similar to PERT charts and are sometimes known as PERT/CPM. To use it, estimate the shortest possible time each activity will take, the most likely length of time and the longest time that might be taken if the activity

takes longer than expected. PERT charts depict task, duration and dependency information. Each chart starts with an initiation node from which the first task or tasks, originates. If multiple tasks begin at the same time, they are all started from the node or branch, or fork out from the starting point. Each task is represented by a line, which states its name or other identifier, its duration, the number of people assigned to it and, in some cases, the initials of the personnel assigned. The other end of the task line is terminated by another node, which identifies the start of another task or the beginning of any slack time, that is, waiting time between tasks. Each task is connected to its successor tasks in this manner, forming a network of nodes and connecting lines. The chart is complete when all final tasks come together at the completion node. When slack time exists between the end of one task and the start of another, the usual method is to draw a broken or dotted line between the end of the first task and the start of the next dependent task.

---

## **9.7 GLOBAL CONTROLLING & GLOBAL CHALLENGES**

---

***Need for Leadership in global organisations:*** The work place in the present day context is increasingly multicultural and diverse. Employees are required to work together with colleagues from different parts of the world with varied backgrounds, customs and practices. Many products and services are produced for export. In addition, organisations are outsourcing their work to countries having low labour costs to stay competitive. As opportunities for global expansion increase, the workplace will have more diversity. Organisations are now hiring professionals with different backgrounds, cultures, styles and motivation. It is therefore necessary for organisations to expand the capacity for people to handle the challenges of working with other cultures if they are to participate successfully.

Leaders must be adaptive and flexible to manage this diverse workforce. This requires an understanding of the historical, political and economic references of people who work in the organisations. Leaders must understand differences in worldviews, communication styles, ethics and etiquette of the people they deal with both internally and externally.

***Understanding different cultures:*** According to Richard D Lewis, the different nations and cultures can be put into three groups:

1. ***Linear-active:*** In these cultures, people focus on a scheduled timeline and like to do one thing at a time. The people in these cultures are task-oriented planners.
2. ***Multi-active:*** People belonging to these cultures are more focused on interactions and dialogues. Meetings are given priorities and discussions and dialogues help to build relationship and it is this relationship that determines what comes out of work.
3. ***Reactive:*** People belonging to this type of culture are more introverted. They are respect-oriented listeners and concentrate on what people have to say without interruption and even if they interrupt it is rarely done. People in these cultures usually express their ideas in a passive voice.

Leaders must understand different cultures when they work in an organisation which has employees belonging to different cultures. The grouping done by Lewis is a simple perspective that can help one to begin to understand basic differences in ways of doing business in foreign countries. However, we must be cautious and avoid working with unverified assumptions.

---

## **9.8 LET US SUM UP**

---

The techniques of control involve the feed forward control, concurrent control and the feed-back process. There are several techniques to establish the control system in an organisation like CPM, Gantt Chart, PERT, etc. We have also studied about global controlling and global challenges.

---

## 9.9 LESSON END ACTIVITY

---

PERT is a management interventional technique designed to establish an effective control system. Justify the statement.

---

## 9.10 KEYWORDS

---

Feedback

Feed Forward

Gantt Chart

Material Control

Performance

PERT

CPM

---

## 9.11 QUESTIONS FOR DISCUSSION

---

1. What are the methods of effective control?
2. Explain standard costing as a technique of control.
3. What is the need for leadership in global organisations?
4. Discuss the critical path method of controlling.

---

## 9.12 SUGGESTED READINGS

---

Billy E. Goetz, *"Management Planning and Control"*, McGraw-Hill, New York (1979).

Chris Argyris, *"Personality and Organization"*, Harper and Row, New York (1957).

Charles Handy, *"Trust and the Virtual Organization"*, Harvard Business Review (may - June 1995).

Douglas S. Sherwin, *"The Meaning of Control"*, in Max D. Richards and William A Nielander (eds.) *Readings in Management*, D.B Taraporevala, Bombay (1971).

George R. Terry, *"Principles of Management"*, Richard D. Irwin, Homewood III (1988).

George R. Terry and Stephen G. Franklin, *"Principles of Management"* AITBS, Delhi (2000).

G. B. Giglione and A.G Bedein, *"Conception of Management Control Theory"*, Academy of Management Journal (June 1974).

Harold Koontz, Cyril O'Donnell, and Heinz Weihrich, *"Management"*, McGraw-Hill, New York (1984).

John A. Pearce and Richard B. Robinson, *"Strategic Management"*, Homewood III Richard D. Irwin (1988).

McGregor Douglas, *"The Human Side of Enterprise"*, McGraw Hill Book Company, New York (1960).

Peter F. Drucker, *"Management Tasks, Responsibilities and Practices"*, Harper & Row, New York (1974).

Paul E. Holden, L.S Fish, and Hubert L. Smith, *"Top Management Organisation and Control"*, McGraw-Hill, New York (1981).

Scanlon Burt K., *"Principles of Management and Organisation Behaviour"*, John Wiley and Sons (1973).

Tom K. Reeves and Joan Woodward, *"The Study of Management Control"*, Joan Woodward (ed.) *"Industrial Organization, Behaviour and Control"*, Oxford University Press, London (1970).

P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.

---

## LESSON

# 10

## DIRECTING

### CONTENTS

- 10.0 Aims and Objectives
- 10.1 Introduction
- 10.2 Meaning and Definition
- 10.3 Characteristics of Directing
- 10.4 Scope of Directing
- 10.5 Importance of Direction
- 10.6 Nature of Direction — Functions of Management
  - 10.6.1 Pervasiveness of Direction
  - 10.6.2 Continuing Function
- 10.7 Principles of Direction
- 10.8 Principles of Issuing Orders
- 10.9 Types of Direction
- 10.10 Techniques of Direction
- 10.11 Let us Sum up
- 10.12 Lesson-end Activity
- 10.13 Questions for Discussion
- 10.14 Suggested Readings

---

### 10.0 AIMS AND OBJECTIVES

---

After studying controlling and techniques of controlling in previous two chapters, this lesson is intended to discuss all about directing the staff. After studying this lesson you will be able to:

- (i) appreciate the role of direction.
- (ii) understand the nature, principles and elements of direction.
- (iii) use various tools and techniques of directing the staff.

---

### 10.1 INTRODUCTION

---

In practice, management is essentially the art and process of getting things done. The managers have therefore, the responsibility not only of planning and organising the operations but also of guiding and supervising the subordinates. This is the managerial function of direction. In the words of Marshall "Directing involves determining the course, giving orders and instructions and providing dynamic leadership".

---

## 10.2 MEANING AND DEFINITION

---

According to G. R. Terry - "Directing means moving to action and supplying simulative power to a group of persons". Thus, the plan is put into operation through the organisation by the process of direction. Another term used to describe this function is "Activating". In the words of G. R. Terry - "Activating means moving into action - supplying simulative power to the group".

According to Dale, "Direction is telling people what to do and seeing that they do it to the best of their ability. It is through directing that managers get the work done through people. It consists of:

- Issuing orders and instructions by a superior to his subordinates.
- Guiding, advising and helping subordinates in the proper methods of work.
- Motivating them to achieve goals by providing incentives, good working environment etc.
- Supervising subordinates to ensure compliance with plans".

To carry out physically the activities resulting from the planning and organising steps, it is necessary for the manager to take measures that will start and continue action as long as they are needed in order to accomplish the task by the members of the group. The process of directing or activating involves:

1. Providing effective leadership
2. Integrating people and tasks and convincing them to assist in the achievement of the overall objectives
3. Effective communication
4. Providing climate for 'subordinate' development

Directing represents one of the essential functions of management because it deals with human relations. Once the organisational plans have been laid down, the structure being designed and competent people brought in to fill various positions in organisation, direction starts. Direction phase of management is the heart of management-in action.

---

## 10.3 CHARACTERISTICS OF DIRECTING

---

Directing has the following characteristics features:

1. It is the function of the superior manager and runs from top to down in the organisation structure. A subordinate has to receive instructions for doing his job from his superior.
2. Direction implies issuing orders and instruction. Besides issuing orders and instruction a superior also guides and counsels his subordinates to do his job properly.
3. The top management gives broad direction to the middle level managers who in turn give specific direction to the lower level management.
4. The four important aspects of directing are supervision, motivation, leadership and communication. All these functions are interconnected and mutually dependent.

---

## 10.4 SCOPE OF DIRECTING

---

The function of directing is concerned with employee orientation, issuing instructions, supervision, motivation, communication and leadership.

1. **Employee Orientation:** An employee must be properly oriented to the enterprise in which they are working. This orientation is necessary for them to accomplish the objectives of the enterprise.



2. **Instructions:** An instruction is an order or command by a senior directing a subordinate to act or refrain from acting under a given situation. The right to issue orders should be with the superior by virtue of his position.
3. **Supervision:** In order to see that the work is done according to the instructions the superior must observe the activities of the subordinates. Supervision is done at all levels of management. However, supervision is more important at lower levels.
4. **Motivation:** One of the most challenging problems for management is to motivate people. Management has to induce the employee to utilise his talent and skill to contribute to the organisational goal.

---

## 10.5 IMPORTANCE OF DIRECTION

---

The importance of direction in an organisation can be viewed by the fact that every action is initiated through direction. It is the human element which handles the other resources of the organisation. Each individual in the organisation is related with others and his functioning affects others and, in turn, is affected by others. This makes the functioning of direction all the more important. The importance of the direction function is given below:

1. **Direction integrates employees' efforts:** The individual efforts needs to be integrated so that the organisation achieves its objectives. No organisational objective can be achieved without the function of direction.
2. **Direction initiates action:** It is through direction that the management makes individuals function in a particular way to get organisational objectives.
3. **Direction gets output from individuals:** Every individual in the organisation has some potentials and capabilities which can be properly utilised through the function of direction.
4. **Direction facilitates changes:** To manage change management must motivate individuals to accept these changes which can be accomplished through motivation.

### Check Your Progress

“Directing derives sufficient attention along with the other function of guiding the subordinates to work willingly and enthusiastically towards the accomplishment of predetermined organisational objectives.” Comment.

---

## 10.6 NATURE OF DIRECTION—FUNCTIONS OF MANAGEMENT

---

Direction is one of the most important functions of management. A good plan may have been checked out, sound organisation may have been evolved and a sound team of workers may be employed, but all these will not produce any result until there is proper direction of the people in the use of various resources. Direction helps in achieving co-ordination among various operations of the enterprise. It is only after the performance of direction function that the purpose of planning, organising and staffing is achieved. Directing is the process around which all performance revolves. It is the essence of operation and co-ordination is a necessary by-product of good managerial directing.

### 10.6.1 Pervasiveness of Direction

Direction is a pervasive function of management. It exists at every level, location and operation throughout an enterprise. Some people think that only the managers at the

lower level who deal directly with the workers, perform the direction function. This point of view is not correct. Direction function must be performed by every manager at different levels of the enterprise. For instance, chief executive of a company interprets the objectives and policies of the company and delegates authority to the departmental managers, the direction function is part and parcel of these activities. Every manager, regardless of the number of subordinates, performs this function because he is busy in giving instructions to the subordinates, guiding them, and motivating them for the achievement of certain goals.

### 10.6.2 Continuing Function

Like any other function of management, directing is a continuing activity. A manager never ceases to direct, guide and supervise his subordinates. A manager who issues orders and instructions and thinks his job is complete is committing a very serious error. He must continuously supervise the execution of his orders or instructions by the subordinates. He should also provide them effective leadership and motivation. Thus, he will have to continue to devote considerable time on the direction function.

---

## 10.7 PRINCIPLES OF DIRECTION

---

For effective direction, following principles may be used:

- (i) **Principle of leadership:** Ability to lead effectively is essential to effective direction.
- (ii) **Principle of informed communication:** The management should recognise and utilise informal organisation constructively.
- (iii) **Principle of direct supervision:** The manager should supplement objective methods of supervision and control with direct personal supervision to ensure personal contact.
- (iv) **Principle of direct objectives:** The manager should communicate effectively and motivate the subordinates for most effective performance.
- (v) **Principle of harmony of objectives:** The manager should guide the subordinates so that their individual interest harmonizes with group interests.
- (vi) **Principle of unity of command:** For most effective direction, subordinates should be responsible to one superior.
- (vii) **Principle of managerial communication:** The manager being the principle medium of communication, should keep lines of communication open.
- (viii) **Principle of comprehension:** The communication should ensure that the recipients of the information actually comprehend it.
- (ix) **Principle of direct communication:** The direct flow of information is most effective for communications.

---

## 10.8 PRINCIPLES OF ISSUING ORDERS

---

Following points should be observed while issuing orders to the subordinates:

- (i) **Few orders:** Issue as few orders as possible. More orders than those that are absolutely necessary, if issued, will result in loss of independence and thus initiatives of subordinates will be suppressed.
- (ii) **Clear orders:** The orders should be absolutely clear. They create confidence in the mind of the subordinates about the clear understanding by the order given.
- (iii) **Brief but complete orders:** The orders should be as brief as possible but complete orders to convey fully what is intended to be done.

- (iv) **Promptness:** Professional form and proper tone in orders. Prompt issuing of order and proper use of technical words and phrases is essential for effective directing. Proper tone in issuing the orders should be observed.
- (v) **Legitimate scope of orders:** The manager issuing the order should keep within his own domain. He must not encroach upon the sphere of the receiving executive.
- (vi) **Follow up orders:** Another important principle of direction is that once orders or instructions are issued, they should be followed up to see that they are executed, or the instructions should be countermanded or withdrawn.

---

## 10.9 TYPES OF DIRECTION

---

Directions may be either oral or written. Some of the advantage of written directions are as follows:

- (i) Written directions are more clear, comprehensive and clarity of thought and better quality of direction maintained.
- (ii) Written orders are comparatively more intelligible and the chances for misunderstanding and duplication of efforts will be minimised.
- (iii) The subordinates also get an ample opportunity to study the directive carefully.
- (iv) It also makes it possible to communicate to all interested parties simultaneously.
- (v) A written order can be consulted readily to maintain accuracy.
- (vi) It helps in accountability and smooth carrying out of orders.

---

## 10.10 TECHNIQUES OF DIRECTION

---

A manager has at his disposal three broad techniques of direction.

1. **Consultative direction:** In this method executive consults with his subordinates concerning the feasibility, the workability and the extent and content of a problem before the superior makes a decision and issues a directive.

The following advantages are claimed in this type of method:

- (a) Participation occurs on every level of organisation.
- (b) Better communication.
- (c) Least resistance from subordinates, experience and knowledge of subordinate also can be used to arrive at right directives.
- (d) It induces better motivation and morale.
- (e) It leads to better co-ordination and effective results.

This method has the following disadvantages:

- (a) It is time consuming.
- (b) Subordinates may consider it their right and prerogative to be consulted before a directive is given to them by their superiors.
- (c) Sometimes unnecessary arguments arise leading to wastage of time.

2. **Free rein direction:** The free rein technique encourages and enables the subordinate to contribute his own initiative, independent thought, drive, perspicacity and ingenuity to the solution of the problem. The free rein technique of direction will probably show the best and quickest results, if the subordinate is highly educated, brilliant young man a sole performer, who has a sincere desire to become a top level manager.

3. **Automatic direction:** In this method manager gives direct, clear and precise orders to his subordinates, with detailed instructions as how and what is to be done allowing no room for the initiative of the subordinate.

---

## 10.11 LET US SUM UP

---

In this chapter the fundamentals and principles of direction were presented. Directing consists of the process and techniques utilised in issuing instructions and making sure that operations are carried on as originally planned. It also highlighted various intricacies of direction together with types and techniques of direction. The principles of direction include: (a) Principle of leadership (b) Principle of informed communication (c) Principle of direct supervision (d) Principle of direct objectives (e) Principle of harmony of objectives (f) Principle of unity of command (g) Principle of managerial communication (h) Principle of comprehension and (i) Principle of direct communication.

---

## 10.12 LESSON END ACTIVITY

---

How should orders be issued in business enterprise? To what extent can personal appeal prove effective?

---

## 10.13 QUESTIONS FOR DISCUSSION

---

- Q 1. Define direction. What are its elements?
- Q 2. Explain the nature of direction function of management.
- Q 3. Describe the characteristics of a good order.
- Q 4. 'Direction function of management involves dealing with human factor.' Expound this statement.
- Q 5. Explain the principles of direction.
- Q 6. 'Good leadership is an integrated part of effective direction.' Explain and illustrate.
- Q 7. Briefly explain the principles of directions and methods of directing 'Subordinates to active objects.'

---

## 10.14 SUGGESTED READINGS

---

- Billy E. Goetz, *"Management Planning and Control"*, McGraw-Hill, New York (1979).
- Chris Argyris, *"Personality and Organization"*, Harper and Row, New York (1957).
- Charles Handy, *"Trust and the Virtual Organization"*, Harvard Business Review (May - June 1995).
- Douglas S. Sherwin, *"The Meaning of Control"*, in Max D. Richards and William A Nielander (eds.) *Readings in Management*, D.B. Taraporevala, Bombay (1971).
- George R. Terry, *"Principles of Management"*, Richard D. Irwin, Homewood III (1988).
- George R. Terry and Stephen G. Franklin, *"Principles of Management"* AITBS, Delhi (2000).
- G. B. Giglione and A.G. Bedein, *"Conception of Management Control Theory"*, Academy of Management Journal (June 1974).
- Harold Koontz, Cyril O'Donnell, and Heinz Wehrich, *"Management"*, McGraw-Hill, New York (1984).

John A. Pearce and Richard B. Robinson, *"Strategic Management"*, Homewood III Richard D. Irwin (1988).

McGregor Douglas, *"The Human Side of Enterprise"*, McGraw Hill Book Company, New York (1960)

Peter F. Drucker, *"Management Tasks, Responsibilities and Practices"*, Harper & Row, New York (1974).

Paul E. Holden, L.S. Fish, and Hubert L. Smith, *"Top Management Organisation and Control"*, McGraw-Hill, New York (1981).

Scanlon Burt K., *"Principles of Management and Organisation Behaviour"*, John Wiley and Sons (1973)

Tom K. Reeves and Joan Woodward, *"The Study of Management Control"*, Joan Woodward (ed.) *"Industrial Organization, Behaviour and Control"*, Oxford University Press, London (1970).

P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.

# **UNIT-IV**

---

## LESSON

# 11

## ORGANISATIONAL BEHAVIOUR

### CONTENTS

- 11.0 Aims and Objectives
- 11.1 Introduction
- 11.2 Meaning & Definition of Organisational Behaviour
- 11.3 History and Evolution of OB
  - 11.3.1 Historical Perspective of Organisational Behaviour
  - 11.3.2 Various Historical Concepts
- 11.4 Challenges and Opportunities of Organisational Behaviour
- 11.5 The Nature of Organisational Behaviour
- 11.6 Interdisciplinary Contributions to the Study of Organisational Behaviour
  - 11.6.1 Psychology
  - 11.6.2 Medicine
  - 11.6.3 Sociology
  - 11.6.4 Social Psychology
  - 11.6.5 Engineering
  - 11.6.6 Management
  - 11.6.7 Anthropology
  - 11.6.8 Political Science
  - 11.6.9 The Organisational Context
- 11.7 Let us Sum up
- 11.8 Lesson-end Activity
- 11.9 Keywords
- 11.10 Questions for Discussion
- 11.11 Suggested Readings

---

### 11.0 AIMS AND OBJECTIVES

---

The purpose of this lesson is to note the origins and bases of modern organisational thinking. After studying this lesson you will be able to:

- (i) understand meaning and nature of organisational behaviour.
- (i) describe the challenges and opportunities of organisational behaviour.
- (i) discuss the emerging thoughts in organisational behaviour.
- (i) describe interdisciplinary influences on organisational behaviour.

---

## 11.1 INTRODUCTION

---

Why do people behave the way they do? What causes different people to react differently to the same situation? Why are some Organisations more successful than others, even though they appear to be managed in the same manner? All of these questions – and more – are the substance of what organisational behaviour is all about.

---

## 11.2 MEANING & DEFINITION OF ORGANISATIONAL BEHAVIOUR

---

Organisational behaviour (OB) is the systematic study of the actions and attitudes that people exhibit within organisations. It is individual behaviour and group dynamics in organisations. The study of organisational behaviour is primarily concerned with the psychosocial, interpersonal and behavioural dynamics in organisations. However, organisational variables that affect human behaviour at work are also relevant to the study of organisational behaviour. These organisational variables include jobs, the design and organisational structure. Therefore, although individual behaviour and group dynamics are the primary concerns in the study of organisational behaviour, organisational variables are important as the context in which human behaviour occurs.

The term 'organisational behaviour' is defined by Stephen P Robbins as "a field of study that investigates the impact of individuals, groups and structures on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness". According to this definition, organisational behaviour

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

---

## 11.3 HISTORY AND EVOLUTION OF OB

---

### 11.3.1 Historical Perspective of Organisational Behaviour

In 1776, Adam Smith advocated a new form of organisational structure based on the division of labour. One hundred years later, German Sociologist Max Weber introduced the concept about rational organisations and initiated the concept of charismatic leadership. Though the origin to the study of Organisational Behaviour can trace its roots back to Max Weber and earlier organisational studies, it is generally considered to have begun as an academic discipline with the advent of scientific management in the 1890's, with Taylorism representing the peak of the movement. Thus, it was Fredrick Winslow Taylor who introduced the systematic use of goal setting and rewards to motivate employees that could be considered as the starting of the academic discipline of Organisational Behaviour. Proponents of scientific management held that rationalising the organisation with precise sets of instructions and time-motion studies would lead to increased productivity. Studies of different compensation systems were also carried out to motivate workers.

In 1920's Elton Mayo an Australian born Harvard Professor and his colleagues conducted productivity studies at Western Electric's Hawthorne Plant. With this epoch making study the focus of organisational studies shifted to analysis of how human factors and psychology affected organisations. This shift of focus in the study of organisations was called the Hawthorne Effect. The Human Relations Movement focused on teams, motivation, and the actualisation of goals of individuals within organisations. Studies



conducted by prominent scholars like Chester Barnard, Henri Fayol, Mary Parker Follett, Frederick Herzberg, Abraham Maslow, David McCellan and Victor Vroom contributed to the growth of Organisational Behaviour as a discipline.

In the 1960's and 1970's, the field was strongly influenced by social psychology and the emphasis in academic study was quantitative research. An explosion of theorising, bounded rationality, informal organisation, contingency theory, resource dependence, institution theory and population ecology theories have contributed to the study of organisational behaviour.

### 11.3.2 Various Historical Concepts

1. **Industrial Revolution:** It has only been since the Industrial Revolution of the nineteenth century that relatively large number of individuals have been required to work together in manager-subordinate relationships. Prior to this many of the large organisations that did exist, were military ones in which the authority of the leader was supreme and practically unquestioned, since membership was not voluntary. Behavioural problems were relatively easy to deal with under these conditions. It is certainly no accident that much of our current knowledge about human behaviour has been derived from organisations in which influencing behaviour consists of more than just giving orders.

Famous industrialist like William C Durant, Henry Ford, Andrew Carnegie, and John D Rockefeller were men of brilliant managerial qualities. They possessed the managerial qualities necessary for the initial stages if industrialization. However, when the industrial revolution began to mature and become stabilized, this approach was no longer appropriate.

2. **Scientific Management:** The great industrialist was primarily concerned with overall managerial organisation in order for their companies to survive and prosper. The scientific management movement around the turn of the century took a narrower, operations perspective. Yet, the two approaches were certainly not contradictory. The managers in both cases applied the scientific method to their problems and they thought that effective management at all levels was the key to organisational success.

**Fredrick W Taylor** (1856 - 1915) is the recognized father of scientific management. Taylor started scientific management in his time-and-motion studies at the Midvale Steel Company in the early 1900's. As an industrial engineer, he was concerned with inefficiencies in manual labour jobs and believed that by scientifically studying the specific motions that made up the total job, a more rational, objective and effective method of performing the job could be determined. In his early years as a foreman in the steel industry, he saw different workers doing the same job in different ways. It was his opinion that each man could not be doing his job in the optimal way, and he set out to find the "one best way" to perform the job efficiently. His argument proved to be correct and in some instances "taylorism" resulted in productivity increases of 400 percent. In almost all cases, his methods improved productivity over existing levels.

#### Is Taylorism Really Dead?

Fred Taylor took a lot of flack during his heyday. Unions were suspicious of him, employers were skeptical of his claims and the government thought he needed to be investigated. Taylor's philosophy permeated his whole life. Sudhin Kakar, in his study, *Frederick Taylor: A Study in Personality and Innovation* (Cambridge: MIT Press, 1970), notes that he did such strange things as experiment with his legs on cross-country walks to discover the step that would cover the greatest distance with the least expenditure of energy; as a young man, before going to a dance, he would conscientiously and systematically list the attractive and unattractive girls with the object of dividing his time equally between them; and he often incurred the wrath of his playmates when he was more concerned that the

*Contd...*

playing field for sports be scientifically measured than he was with actually playing the game.

Taylor's "one best way" philosophy has often been misunderstood; though he believed that in terms of physical motions there should be "one best way", he also recognized that the equipment needed to perform the "one best way" would vary from person to person. His famous example of equipping a large man and a small man with shovels of different sizes to match the equipment with the person.

While it is fashionable today to blast Taylor as being insensitive to human needs and treating people like machines, it is painfully obvious that his influence is probably as great now as it ever was. Though Taylor is criticized for treating people only as economic beings, surveys show that dollar motivation is still strong, particularly in manufacturing organisations. If one includes managerial personnel who are on some type of bonus or profit-sharing scheme, then we probably have more people today on economic incentive systems than ever before.

*Source:* ORGANISATIONAL BEHAVIOR - concepts and applications, Jerry L Gray and Frederick A Starke - Charles E Merrill Publishing Company Columbus (Third Edition) Page 9

Taylor had actually shop and engineering experience and therefore was intimately involved with tools, products and various machining and manufacturing operations. His well-known metal-cutting experiments demonstrated the scientific management approach. Over a period of twenty-six years, Taylor tested every conceivable variation in speed, feed, depth of cut, and kind of cutting tool. The outcome of this experimentation was high-speed steel, considered one of the most significant contributions to the development of large-scale production.

Coupled with Taylor's logical, rational, engineering-like approach to management was a simple theory of human behaviour: people are primarily motivated by economic rewards and will take direction if offered the opportunity to better their economic positions. Put simply, Taylor's theory stated that:

- Physical work could be scientifically studied to determine the optimal method of performing a job.
- Workers could thereafter be made more efficient by being given prescriptions for how they were to do their jobs.
- Workers would be willing to adhere to these prescriptions if paid on "differential piecework" basis.

In addition to advocating the use of scientific means to develop the best way to do a task, Taylor argued that several other principles were important.

1. Workers with appropriate abilities had to be selected and trained in the appropriate task method.
2. Supervisors needed to build cooperation among the workers to ensure that they followed the designated method of work. Building such cooperation included soliciting workers' suggestions and being willing to discuss ideas for improved work methods.
3. There needed to be a clear division of work responsibilities. Previously, the workers planned how to approach a task, and then they executed it. Under the Taylor scheme, it was management's job to do the task planning, using scientific methods.

Taylor's four principles of scientific management are summarized here: -

- Scientifically study each part of a task and develop the best method for performing the task.
- Carefully select workers and train them to perform the task by using the scientifically developed method.

- Cooperate fully with workers to ensure that they use the proper method.
- Divide work and responsibility so that management is responsible for planning work methods using scientific principles and workers are responsible for executing the work accordingly.

Many have criticized Taylor's work for dehumanizing the work place and treating workers like machines, but his overall contribution to management was significant. Although others were studying similar methods at the same general time, Taylor was one of the first to take the theory and practice of management out of the realm of intuitive judgment and into the realm of scientific inquiry and reasoning.

Taylor's ideas on time study, standardization of work practices, goal setting, money as a motivator, scientific selection of workers and rest pauses have all proved to be successful techniques of management today.

Taylor was by no means the only noteworthy scientific manager. Others in the movement, such as Frank and Lillian Gilberth and Henry L Gantt made especially significant contributions.

**The Gilbreths:** Other major advocates of scientific management were the husband and wife team of Frank Gilbreth (1868 - 1924) and Lillian Moller Gilberth (1878 - 1972). As Frank become involved in training young bricklayers, he noticed the inefficiencies that were handed down from experienced workers. To remedy the situation he proposed using motion studies to streamline the bricklaying process. Frank also designed special scaffolding for different types of jobs and devised precise directions for mortar consistency. On the basis of these and other ideas, Frank 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 with no increase in physical exertion.

Frank married Lillian Moller, who began working with him on projects while she completed her doctorate in psychology. The two continued their studies aimed at eliminating unnecessary motions and expanded their interests to exploring ways of reducing task fatigue. Part of their work involved the isolation of 17 basic motions, each called a therblig ("Gilbreth" spelled backward, with the "t" and "h" reversed). Therbligs included such motions as select, position, and hold - motions that were used to study tasks in a number of industries. The Gilbreths used the therblig concept to study tasks in a number of industries. The Gilbreths used the therblig concept to study jobs and also pioneered the use of motion picture technology in studying jobs.

Lillian's doctoral thesis was published as a book, *The Psychology of Management*, making it one of the early works applying the findings of psychology to the workplace. At the insistence of the publisher, the author was listed as L.M. Gilbreth to disguise the fact that the book was written by a woman.

Lillian helped define scientific management by arguing that scientific studies of management must focus on both analysis and synthesis. With analysis, a task is broken down into its essential parts or elements. With synthesis, the task is reconstituted to include only those elements necessary for efficient work. She also had a particular interest in the human implications of scientific management, arguing that the purpose of scientific management is to help people reach their maximum potential by developing their skills and abilities. Lillian Gilbreth ranks as the first woman to gain prominence as a major contributor to the development of management as a science.

**Henry L Gantt (1861-1919):** One of Taylor's closest associates, Henry Gantt latter become an independent consultant and made several contributions of his own. The most well-known is the Gantt Chart, a graphic aid to planning, scheduling and control that is still in use today. He also devised a unique pay incentive system that not only paid workers extra for reaching standard in the allotted time but also awarded bonuses to supervisors when workers reached standard. He wanted to encourage supervisors to coach workers who were having difficulties.

The scientific managers like Taylor, Frank and Lillian Gilberth and Henry Gantt were not the first or only group that recognized the importance of the operating functions. A hundred years earlier, Adam Smith had carefully pointed out the advantages of division of labour and in 1832, Charles Babbage, a British mathematician with some astounding managerial insights, discussed transference of skill in his book *Economy of Machinery and Manufacture*.

3. ***The Human Relations Movement:*** The second major step on the way to current organisational behaviour theory was the Human Relations Movement that began in the 1930's and continued in various forms until the 1950's. The practice of management, which places heavy emphasis on employee cooperation and morale, might be classified as human relations. Raymond Mills states that the human relation approach was simply to "*treat people as human beings (instead of machines in the productive process), acknowledge their needs to belong and to feel important by listening to and heeding their complaints where possible and by involving them in certain decisions concerning working conditions and other matters, then morale would surely improve and workers would cooperate with management in achieving good production*".

The Human Relations Movement, popularized by Elton Mayo and his famous Hawthorne studies conducted at the Hawthorne Plant of the Western Electric Company, in many ways it remained the foundation of much of our management thinking today. Before the Hawthorne studies officially started, Elton Mayo headed a research team, which was investigating the causes of very high turnover in the mule-spinning department of a Philadelphia textile mill in 1923 and 1924. After interviewing and consulting the workers, the team set up a series of rest pauses, which resulted in greatly reduced turnover and more positive worker attitudes and morale.

***Illumination Experiments:*** The initial experiments reflected strongly the physical orientation of scientific management, since they were designed to explore the relationship between lighting and productivity. The rational approach of scientific management predicted a positive relationship i.e., as lighting increased, productivity would increase up to a point of course. Logically, at some (high) level of illumination productivity should begin to decline, so the original experiment was designed to determine the optimal level of illumination.

The light experiments were conducted on female workers, who were divided into two groups. One group was placed in a test room where the intensity of illumination was varied, and the other group worked in a control room with supposedly constant conditions. The results were baffling to the researchers. The researchers found no predictable relationship between lighting and output and, because the research results could not be explained by existing knowledge, the researchers were forced to find new explanation. Further research indicated that the lack of a predictable relationship between lighting and output was related to the mental and emotional side of organisations rather than the physical, mechanistic side recognized by scientific management. Additional studies showed that economic factors, such as incentive systems, were equally poor in predicting behaviour.

***Relay Room Experiments:*** Intrigued with positive changes in productivity some of the engineers and company officials decided to attempt to determine the causes through further studies. Accordingly, a second set of experiments took place between 1927 and 1933 known as the Relay Room experiments.

The most famous study involved five girls assembling electrical relays in the Relay Assembly Test Room, a special room away from other workers where the researchers could alter work conditions and evaluate the results. During the experiment, the girls

were often consulted and sometimes allowed to express themselves about the changes that took place in the experiment. Apparently, the researchers were concerned about possible negative reactions and resistance from the workers who would be included in the experiment. To lessen potential resistance, the researchers changed the usual supervisory arrangement so that there would be no official supervisor; rather, the workers would operate under the general direction of the experimenter. The workers also were given special privileges such as being able to leave their workstation without permission, and they received considerable attention from the experimenters and company officials. In total, they were treated and recognized as individuals with something to contribute.

The study was aimed at exploring the best combination of work and rest periods, but a number of other factors were also varied, such as pay, length of the workday, and provisions for free lunches. Generally, productivity increased over the period of the study, regardless of how the factors under consideration were manipulated.

The results in the relay room were practically identical with those in the illumination experiment. Each test period yielded higher productivity than the previous one had done. Even when the girls were subjected to the original conditions of the experiment, productivity increased. The conclusion was that the independent variables (rest pauses and so forth) were not by themselves causing the change in the dependent variable (output).

One outcome of the studies was the identification of a famous concept that ultimately came to be known as the Hawthorne effect. The Hawthorne effect refers to the possibility that individuals singled out for a study may improve their performance simply because of the added attention they receive from the researchers, rather than because of any specific factors being tested in the study. More contemporary investigations now suggest that the Hawthorne effect concept is too simplistic to explain what happened during the Hawthorne studies and that the Hawthorne effect concept itself is defective. In the Hawthorne situation, the workers likely viewed the altered supervision as an important positive change in their work environment, even though that was not what the researchers intended.

### **Bank Wiring Room Study**

The final phase of the research programme was the bank wiring study, which started in November 1931 and lasted until May 1932. Its primary purpose was to make observational analysis of the informal work group. A group of male workers in the study provided knowledge about informal social relations within groups and about group norms that restrict output when such steps seem advantageous to the group. It also included a massive interviewing programme (1928 - 1931) that was initially aimed at improving supervision but evolved into a means of learning what workers had on their minds and allowing them to let off steam.

The results in the bank wiring room were essentially opposite to those in the relay room. The output was actually restricted by the bank wirers. By scientific management analysis, a standard of 7312 terminal connections per day had been arrived at. This represented 2½ equipments. The workers had a different brand of rationality. They decided that 2 equipments was a "proper" days work.

The researchers determined that the informal group norm of 2 equipments represented restriction of output rather than a lack of ability to produce 2 ½ equipments. The following evidence supports this contention:

1. The observer noted that all the men stopped before quitting time.
2. Most of the men admitted to the interviewer they could easily turn out more work.
3. Tests of dexterity and intelligence indicated no relationship between capacity to perform and actual performance.

**Assessing the Hawthorne Studies:** The Hawthorne studies have been severely criticized mainly because the studies often had major flaws (such as changing several factors at the same time) and because important data were sometimes ignored in drawing conclusions (especially in discounting the potential importance of pay).

The Human Relations Movement, like Scientific Management, is not without its shortcomings. Because of the nature of its findings and the resulting lessons for managers, it has been criticised as "cow Sociology"(so called because happy cows presumably give more milk). This simplistic view of the relationship between morale and productivity is something that existing research has not been able to verify.

Yet, despite their shortcomings, the effects of these pioneering studies were far-reaching. In strong contrast to the impersonality that characterized the classical approach, the Hawthorne studies pointed to the impact that social aspects of the job had on productivity, particularly the effect of personal attention from supervisors and relationship among group members. As a result, the focus of the field of management was drastically altered. A common interpretation of the Human Relations Movement is that managers need only treat their employees well to generate maximum productivity. This conclusion is unfortunate for two reasons.

1. It is oversimplified and therefore often inaccurate.
2. Those who do not agree with this conclusion might be labeled advocates of poor treatment of employees - which, of course, is also false.

#### **Do Happy Cows Give More Milk?**

The Human Relations School of thought has been accused of advocating "cow sociology" as a method of managing people, i.e., since happy cows can give more milk, it follows that happy people will produce more. But do happy cows give more milk? Or, perhaps more importantly, how can you tell if cows are happy? In our quest for an answer to these important questions we asked farmers, dairies, and professors of agriculture; we read journals (*Journal of Dairy Science*), textbooks on dairy management, and popular farm publications. We even assigned a graduate student to research the question. But alas, we could not uncover any scientific evidence proving it to be true (although everyone we spoke to believed it to be true). In one study, we found, an author noted the importance of "psychological and stress" factors which affected milk production, but declined to study them because "they were too difficult to measure". So at least for the present, we must scientifically conclude that the question is yet unanswered. Nevertheless, we were impressed by one textbook in dairy science in which the author prescribes several techniques to maximize milk production:

1. Cows become accustomed to a regular routine; disturbing this routine disturbs them and causes a decrease in milk production.
2. Attendants should come into close contact with the cows, and it is important that the best of relations exist between the cows and keepers.
3. The cows should not be afraid of the attendants.
4. Cows should never be hurried.
5. Chasing cows with dogs or driving them on the run should never be allowed.
6. In the barn, attendants must work quietly; loud shouting or quick movements upset cows and cause them to restrict production

Quite possibly the positive but simplistic philosophy of human relations has actually hindered needed research into organisational behaviour. This does not necessarily mean that an understanding of human relations is not useful; it may have a payoff in areas other than performance, such as absenteeism, turnover etc. The influence of the human relations philosophy can be seen in many management training programmes today. Topics

such as communication, counselling, understanding people, and leadership are common ingredients in many training programmes and reflect the findings of the original Hawthorne studies. Often participants are taught that improved communications, etc., will increase morale. Unfortunately, these topics can erroneously be seen as the totality of the manager's job, thereby increasing the probability that employee morale may increase and productivity may decrease.

### **Conclusion**

The Human Relations Movement is sometimes referred to as a backlash to the economic and rational approach of Scientific Management movement, but this point of view tends to cast Scientific Management in an unfair light. Because of his shop-floor experience, Taylor realized before Mayo and his colleagues did that there were "goldbrickers" that group norms might restrict output, and that workers generally preferred their own ways of doing things. Perhaps the major shortcoming of Taylor's philosophy was his underestimation of the magnitude of these feelings in relation to his economic man concept. Taylor believed that in the final analysis, workers are rational, logical people who would change their behaviour in the interest of their economic well-being. Mayo, on the other hand, attempted to show that man is also an emotional, non-logical being who often reacts unpredictably to the work environment.

Today it is common to picture modern management theory as a blend of the extremes of the principles contained in scientific management and human relations, with each contributing valuable insights for managing organisations. We now recognize that the subject involving combinations of the rational and the emotional, the physical and the mental, and the logical and non-logical. Regardless of one's interpretation of the Hawthorne experiments, or perceptions of their social significance, that series of investigations stand as a monumental research study in the field of organisational behaviour. Elton Mayo and his associates should be considered as the founding fathers of modern organisational behaviour concepts.

#### **Check Your Progress**

1. Trace the History of Organisation Behaviour.
2. Explain the stages in the Human Relations Movement.

---

## **11.4 CHALLENGES AND OPPORTUNITIES OF ORGANISATIONAL BEHAVIOUR**

---

The challenges and opportunities of organisational behaviour could be understood through the following areas:

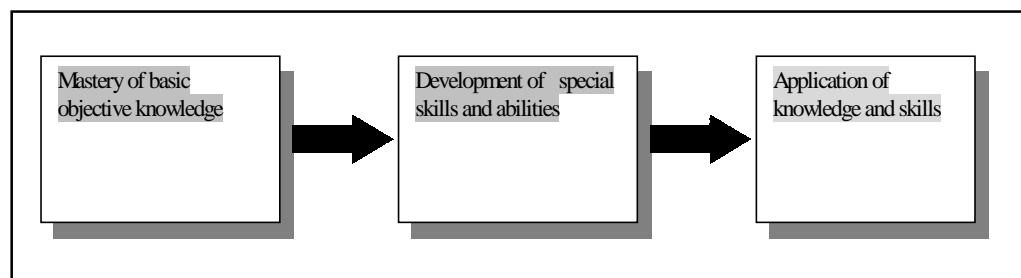
1. ***Understanding Global Organisational Behaviour:*** Globalisation reflects a business orientation based on the belief that the world is becoming more homogeneous and that distinctions between national markets are not only fading, but, for some products will eventually disappear. International firms have found it necessary to institute formal global strategic planning to provide a means for top management to identify opportunities and threats from all over the world, formulate strategies to handle them and stipulate how to finance the strategies of these implementation. Keeping these changes in mind the challenges are to understand global organisational behaviour. The issues include:
  - The creation of a global village
  - Work force diversity

- Improving quality and productivity to match global standards
  - Improving people skills
  - Moving towards employee empowerment
  - Improving ethical behaviour
  - Multiculturalism and diversity.
2. **Working with people from different cultures:** To work effectively with people from different cultures, you need to understand how their culture and religion have shaped them and how they will respond to particular styles in management. What motivates people from one culture may not be appealing for people from another culture and this makes the work of a manager more challenging.
  3. **Movement of jobs to countries with low cost labour:** In a global economy, jobs tend to flow to places where lower costs of labour provide business firms with a comparative advantage. Jobs are moving from U.S.A and U.K and other developed countries to developing countries like India and China. This is a threat to managers from developed countries while it is an opportunity for developing countries especially like India for we have a talented people with good knowledge of the English language.
  4. **Workforce Diversity:** While globalisation focuses on differences between people from different countries, workforce diversity addresses differences among people within a given country. Workforce diversity means that organisations are becoming more heterogeneous in terms of gender, age race etc.

## **11.5 THE NATURE OF ORGANISATIONAL BEHAVIOUR**

Organisational behaviour is not a discipline in the usual sense of the term, but rather an eclectic field of study that integrates the behaviour sciences into the study of human behaviour within organisations. Organisational behaviour is a young field of inquiry, in terms of the use of scientific techniques. To learn that human behaviour in organisations is not an exact science is in itself a significant realization. One of the failings of the scientific management movement was its belief that human behaviour was easily predicted. So while the field of organisational behaviour may be inexact, it is realistic.

Organisational behaviour is neither a purely scientific area of inquiry nor a strictly intellectual endeavour. It involves the study of abstract ideas, such as valence and expectancy in motivation, as well as the study of concrete matters, such as observable behaviours and physiological symptoms of distress at work. Therefore, learning about organisational behaviour is a multidimensional activity as shown in Figure 11.1 below.



**Figure 11.1: Learning about organisational behaviour**

**Mastery of basic objective knowledge:** Objective knowledge, in any field of study, is developed through basic and applied research. Acquiring objective knowledge requires the cognitive mastery of theories, conceptual models, and research findings.



**Skill Development:** The study of organisational behaviour requires skill development and the mastery of abilities essential to successful functioning in organisations. The essential skills identified by the U.S Department of labour are:

- a. Resource management skills, such as time management
- b. Information management skills, such as data interpretation
- c. Personal interaction skills such as team work
- d. Systems behaviour and performance skills, such as cause-effect relations
- e. Technology utilization skills, such as troubleshooting.

Many of these skills, such as decision-making and information management, are directly related to the study of organisation behaviour. Developing skills is different from acquiring objective knowledge in that it requires structured practice and feedback.

**Application of Knowledge and Skills:** It requires the integration of objective knowledge and skill development in order to apply both appropriately in specific organisational settings.

### Goals of Organisational Behaviour

The goals of organisational behaviour are to:

1. **Explain individual and group behaviour:** We are pursuing the explanation objective, when we want to know why individuals or groups behaved the way they did. For example, if the turnover rate in an organisation is very high, we want to know the reason so that action can be taken to correct the situation in the future.
2. **Predict certain behavioural response to change:** Prediction seeks to determined what outcomes will result from a given action. Having a sound knowledge of OB will help the manager predict certain behavioural responses to change. In this way, the manager can anticipate which approaches will generate the least degree of employee resistance and use that information in making decision.
3. **Control behaviour:** The knowledge of OB can be used by managers to control behaviour. Managers frequently see the control objective as the most valuable contribution that OB makes toward their effectiveness on the job.

---

## 11.6 INTERDISCIPLINARY CONTRIBUTIONS TO THE STUDY OF ORGANISATIONAL BEHAVIOUR

---

Organisational behaviour is a blended discipline that has grown out of contributions from numerous earlier fields of study. These interdisciplinary influences are the root for what is increasingly recognized as the independent discipline of organisational behaviour. Organisational behaviour is an applied behavioural science that is built on contributions from a number of behavioural disciplines. The sciences of psychology, sociology, anthropology, political science, engineering, management and medicine are the primary fields of study out of which organisational behaviour has grown. Each of these sciences has had its own importance and unique influence on the discipline of organisational behaviour.

### 11.6.1 Psychology

Psychology is the science of human behaviour and dates back to the closing decades of the nineteenth century. Psychology traces its origins to philosophy and the science of physiology. Psychology is the science that seeks to measure, explain and sometimes change the behaviour of humans. Psychologists concern themselves with studying and attempting to understand individual behaviour.

Since its origin, psychology has itself become differentiated into a number of specialized fields, such as clinical, experimental, military, organisational and Psychology. The topics in organisational psychology, which include work teams, work motivation, training and development, power and leadership, human resource planning and workplace wellness, are very similar to the topics covered by organisational behaviour.

Those who have contributed and continue to add to the knowledge of OB are learning theorist, personality theorists, counseling psychologists and most important, industrial and organisational psychologists. Industrial and organisational psychologists concern themselves with problems of fatigue, boredom, perception, learning motivation, job satisfaction, personality, performance appraisals, employee selection, job designing, work stress etc.

### **11.6.2 Medicine**

It is the applied science of healing or treatment of diseases to enhance an individual's health and well-being. Medicine embraces concern for both physical and psychological health with the concern for the concern mental health dating back at least sixty years. More recently, as the war against acute diseases is being won, medical attention has shifted from the acute diseases such as influenza to the more chronic, such as hypertension. Individual behaviour and lifestyle patterns play a more important role in treating chronic diseases than in treating acute diseases. These trends have contributed to the growth of wellness programmes in the context of corporate medicine. These programmes have led to the increasing attention to medicine in organisational behaviour.

### **11.6.3 Sociology**

Sociology, the science of society, has made important contributions to knowledge about group and inter group dynamics in the study of organisational behaviour. Because sociology takes the society rather than the individual as a point of departure, the sociologist is concerned with the variety of roles within a society or culture, the norms and standards of behaviour that emerge within societies and groups, and the examination of the consequences of compliant and deviant behaviour within social group.

Sociologists have made their greatest contributions to organisational behaviour through their study of group behaviour in organisations, particularly formal and complex organisations. Some of the areas within organisational behaviour that have received inputs from sociologist are group dynamics, design of work teams, organisational culture, formal organisations theory and structure, organisational culture, formal organisation theory and structure, organisational technology, bureaucracy, communications, power, conflict and inter group behaviour.

### **11.6.4 Social Psychology**

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

### **11.6.5 Engineering**

Engineering has made important contributions to our understanding of the design of work. By taking basic engineering ideas and applying them to human behaviour in work organisations, Fredrick Taylor had a profound influence on the early years of the study of organisational behaviour. Taylor's engineering background led him to place special emphasis of human productivity and efficiency in work behaviour. His notions of

performance standards and differential piece- rate system have contributed to the growth of organisational behaviour.

### 11.6.6 Management

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

### 11.6.7 Anthropology

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

Cultural anthropology focuses on the origins of culture and the patterns of behaviour as culture is communicated symbolically. Current research in this tradition has examined the effects of efficient cultures on organisation performance and how pathological personalities may lead to dysfunctional organisational cultures. Much of our current understanding of organisational culture, organisational environments, and differences between national cultures is the result of anthropologists.

### 11.6.8 Political Science

Political scientists study the behaviour of individual and groups within a political environment. Political scientists have become increasingly aware that organisations are political entities and if we are able to accurately explain and predict the behaviour of people in organisations, we need to bring a political perspective to our analysis. The contributions of political scientists are significant to the understanding of behaviour in organisations.

### 11.6.9 The Organisational context

A complete understanding of organisational behaviour requires both an understanding of human behaviour and an understanding of the organisational context within which human behaviour is acted out. The organisational context is the specific setting within which organisational behaviour is enacted. The organisational context includes:

1. **Organisations as systems:** Organisations are systems of interacting components, which are people, tasks, technology and structure. These internal components also interact with components in the organisation's task environment. Organisations as open systems have people, technology, structure and purpose, which interact with elements in the organisation's environment.
2. **The Formal and Informal Organisation:** The formal organisation is the part of the system that has legitimacy and official recognition. The informal organisation is the unofficial part of the organisation. The informal organisation was first fully appreciated as a result of the Hawthorne studies conducted during the 1920's and 1930's. It was during the interview study, the third of the four Hawthorne studies, that the researchers began to develop a fuller appreciation for the informal elements of the Hawthorne works as an organisation.

---

## **11.7 LET US SUM UP**

---

Organisational behaviour (OB) is the systematic study of the actions and attitudes that people exhibit within organisations. It is individual behaviour and group dynamics in organisations. It has only been since the Industrial Revolution of the nineteenth century that relatively large number of individuals have been required to work together in manager-subordinate relationships. The major step on the way to current organisational behaviour theory was the Human Relations Movement that began in the 1930's and continued in various forms until the 1950's. The Human Relations Movement, popularized by Elton Mayo and his famous Hawthorne studies conducted at the Hawthorne Plant of the Western Electric Company, in many ways it remained the foundation of much of our management thinking today. Today it is common to picture modern management theory as a blend of the extremes of the principles contained in scientific management and human relations, with each contributing valuable insights for managing organisations. Regardless of one's interpretation of the Hawthorne experiments, or perceptions of their social significance, that series of investigations stand as a monumental research study in the field of organisational behaviour. Elton Mayo and his associates should be considered as the founding fathers of modern organisational behaviour concepts. Organisational behaviour is a blended discipline that has grown out of contributions from numerous earlier fields of study. These interdisciplinary influences are the root for what is increasingly recognized as the independent discipline of organisational behaviour.

---

## **11.8 LESSON END ACTIVITY**

---

Why do you feel the Hawthorne studies make such an important historical contribution to the study of organisational behaviour?

---

## **11.9 KEYWORDS**

---

Organisational Behaviour

Scientific Management

Hawthorne Experiments

---

## **11.10 QUESTIONS FOR DISCUSSION**

---

1. Define Organisational Behaviour.
2. Identify and briefly summarize the major historical contributions to the human relations movement.
3. How did Scientific Management Contribute to the development of Organisational Behaviour theory?
4. How did the Human Relations Movement contribute to the development of organisational behaviour theory?
5. Identify how eight disciplines have contributed to the development of organizational behaviour.

---

## **11.11 SUGGESTED READINGS**

---

Ahmed Abad, *"Management and Organisation Development"*, Rachna Prakashan, New Delhi (1972).

Arnold and Feidman, *"Organisational Behaviour"*, McGraw Hill International, New York.

Apple White, Phillip B, "*Organisational Behaviour*", Prentice Hall, Englewood Cliff (1965)

Davis Keith and Scott William G, "*Human Relations and Organisational Behaviour: Readings and Comments*", McGraw Hill, New York (1969).

Fred Luthans, "*Organisational Behaviour*", (7th Ed) McGrawHill, New York (1995)

John W Newstorm, Keith Davis, "*Organisational Behaviour a - Human Behaviour at Work*", (9th Edition) McGraw Hill, New York (1989)

Whyte W.F., "*Organisational Behaviour*", Irwin/ Dorsey Homewood III (1969)

Woodward J (Ed), "*Industrial Organisations: Behaviour and Control*", Oxford University Press, Oxford (1970)

P.G. Aquinas, "*Organisational Behaviour*", Excel Books, New Delhi.

---

# LESSON

# 12

## PERSONALITY

---

### CONTENTS

- 12.0 Aims and Objectives
  - 12.1 Introduction
  - 12.2 Definition of Personality
  - 12.3 Major Determinants of Personality
    - 12.3.1 Biological Factors
    - 12.3.2 Cultural Factors
    - 12.3.3 Family Factors
    - 12.3.4 Social Factors
    - 12.3.5 Situational Factors
  - 12.4 Personality Characteristics in Organizations
    - 12.4.1 Locus of Control
    - 12.4.2 Machiavellianism
    - 12.4.3 Self-Esteem
    - 12.4.4 Self-Efficacy
    - 12.4.5 Self-Monitoring
    - 12.4.6 Positive/Negative Effect
    - 12.4.7 Risk-Taking
    - 12.4.8 Type A and Type B Personality
  - 12.5 Measuring Personality
    - 12.5.1 The Projective Tests
    - 12.5.2 Behavioural Measures
    - 12.5.3 Self-Report Questionnaire
  - 12.6 Matching Personalities and Jobs
  - 12.7 Trait Theories
    - 12.7.1 Intrapsychic Theory
    - 12.7.2 Psycho-analytical Social Learning
  - 12.8 Let us Sum up
  - 12.9 Lesson-end Activity
  - 12.10 Keywords
  - 12.11 Questions for Discussion
  - 12.13 Suggested Readings
-

---

## **12.0 AIMS AND OBJECTIVES**

---

The purpose of this lesson is learning about personality and its relationships to organisational behaviour. After studying this lesson you will be able to:

- (1) define the term personality.
- (2) identify the determinants of personality
- (3) explain the theories of personality
- (4) identify several personality characteristics and their influences on behaviours in organisations.
- (5) explain how personality is measured.
- (6) match personality and job.

---

### **12.1 INTRODUCTION**

---

When we talk of personality, we don't mean a person has charm, a positive attitude toward life, a smiling face, or has won the "miss world" context. When psychologists talk of personality, they mean a dynamic concept describing the growth and development of a person's whole psychological system. The word personality has an interesting derivation. It can be traced to the Latin words "per sonare" which translates as "to speak through". The Latin term was used to denote the masks worn by actors in ancient Greece and Rome. This Latin meaning is particularly relevant to the contemporary analysis of personality. Personality traditionally refers to how people influence others through their external appearances and actions. But for the psychologists personality includes -

- i. Eternal appearances and behaviour
- ii. The inner awareness of self as a permanent organizing force, and
- iii. The particular organization of measurable traits, both inner and outer.

Personality is an individual difference that lends consistency to a person's behaviour. Personality is defined as a relatively stable set of characteristics that influence an individual's behaviour. For our purposes, you should think of personality as the sum total of ways in which an individual reacts and interacts with others. This is most often described in terms of measurable personality traits that a person exhibits.

---

### **12.2 DEFINITION OF PERSONALITY**

---

Though psychologists and social scientists unanimously agree to the importance of personality, they are unable to come out with a unanimous definition. Many authorities on the subject have defined personality in different ways. Some of the definitions are reproduced below:

Probably the most meaningful approach would be to include both the person and the role as Floyd L Ruch does in his definition. He states that:

"the human personality includes:

- i. External appearance and behaviour or social stimulus value
- ii. Inner awareness of self as a permanent organizing force
- iii. The particular pattern or organization of measurable traits, both "inner and "outer".

Gordon Allport gave the most frequently used definition of personality nearly 70 years ago. He said personality is "the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment".

J.B Kolasa defines personality as - "Personality is a broad, amorphous designation relating to fundamental approaches of persons to others and themselves. To most psychologists and students of behaviour, this term refers to the study of the characteristic traits of an individual, relationships between these traits and the way in which a person adjusts to other people and situations".

According to Gluck - "Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement. Each person has unique ways of protecting these states".

James D Thompson and Donald Van Houten define personality as - "a very diverse and complex psychological concept. The word "personality" may mean something like outgoing, invigorating interpersonal abilities ... but we must also recognize and explain the fact that development results in man acquiring a distinctiveness or uniqueness which gives him identity which enables him and us to recognize him as apart from others. These distinguishing characteristics are summarized by the term personality".

From the above definitions we can say that personality is a very diverse and complex psychological concept. It is concerned with external appearance and behaviour, self, measurable traits, and situational interactions. The words of Clyde Kleeckholn and H. A Murray can be used to sum up the meaning of this complex term personality when they said "that to some extent, a person's personality is like all other people's, like some other people's, like no other people's".

---

## 12.3 MAJOR DETERMINANTS OF PERSONALITY

---

What determines personality? Of all the complexities and unanswered questions in the study of human behaviour, this question may be the most difficult. People are enormously complex; their abilities and interests and attitudes are diverse. An early argument in personality research was whether an individual's personality was the result of heredity or environment. Was the personality predetermined at birth, or was it the result of the individual's interaction with his or her environment? Personality appears to be a result of both influences. Additionally, today we recognize another factor - the situation. The problem lies in the fact the cognitive and psychological processes, plus many other variables, all contribute to personality. The determinants of personality can perhaps best be grouped in five broad categories: biological, cultural, family, social and situational.

### 12.3.1 Biological Factors

The study of the biological contributions to personality may be studied under three heads:

- (a) **Heredity:** Heredity refers to those factors that were determined at conception. Physical stature, facial attractiveness, sex, temperament, muscle composition and reflexes, energy level, and biological rhythms are characteristics that are considered to be inherent from one's parents. The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes.

Research on animals has showed that both physical and psychological characteristics can be transmitted through heredity. But research on human beings is inadequate to support this viewpoint. However, psychologists and geneticists have accepted the fact that heredity plays an important role in one's personality.

- (b) **Brain:** The second biological approach is to concentrate on the role that the brain plays in personality. Though researchers make some promising inroads, the psychologists are unable to prove empirically the contribution of human brain in influencing personality. The most recent and exciting possibilities come from the work done with electrical stimulation of the brain (ESB) and split-brain psychology. Preliminary results from the electrical stimulation of the brain (ESB) research give



indication that better understanding of human personality and behaviour might come from the study of the brain. Work with ESB on human subjects is just beginning. There seem to be definite pleasurable and painful areas in the human brain. This being true, it may be possible physically to manipulate personality through ESB.

- (c) **Biofeedback:** Until recently, physiologists and psychologists felt that certain biological functions such as brainwave patterns, gastric secretions, and fluctuations in blood pressure and skin temperature were beyond conscious control. Now some scientists believe that these involuntary functions can be consciously controlled through biofeedback. In BFT the individual learns the internal rhythm of a particular body process through electronic signals feedback from equipment that is wired to the body area. From this biofeedback the person can learn to control the body process in question. More research is needed on biofeedback before any definitive conclusions can be drawn. But its potential impact could be extremely interesting for the future.
- (d) **Physical features:** A vital ingredient of the personality, an individual's external appearance, is biologically determined. The fact that a person is tall or short, fat or skinny, black or white will influence the person's effect on others and this in turn, will affect the self-concept. Practically all would agree that physical characteristics have at least some influence on the personality. According to Paul H Mussen "a child's physical characteristics may be related to his approach to the social environment, to the expectancies of others, and to their reactions to him. These, in turn, may have impacts on personality development".

If personality characteristics were completely dictated by heredity, they would be fixed at birth and no amount of experience could alter them. But personality characteristics are not completely dictated by heredity. There are other factors, which also influence personality.

### 12.3.2 Cultural Factors

Among the factors that exert pressures on our personality formation are the culture in which we are raised, our early conditioning, the norms among our family, friends and social groups and other influences we experience. Traditionally, cultural factors are usually considered to make a more significant contribution to personality than biological factors. The culture largely determines attributes toward independence, aggression, competition, and cooperation. According to Paul H Mussen "each culture expects, and trains, its members to behave in the ways that are acceptable to the group. To a marked degree, the child's cultural group defines the range of experiences and situations he is likely to encounter and the values and personality characteristics that will be reinforced and hence learned". Culture requires both conformity and acceptance from its members. There are several ways of ensuring that members comply with the dictates of the culture. The personality of an individual to a marked extent is determined by the culture in which he or she is brought up. It follows that a person reared in a western culture has a different personality from a person reared in our Indian culture.

### 12.3.3 Family Factors

Whereas the culture generally prescribes and limits what a person can be taught, it is the family, and later the social group, which selects, interprets and dispenses the culture. Thus, the family probably has the most significant impact on early personality development. A substantial amount of empirical evidence indicates that the overall home environment created by the parents, in addition to their direct influence, is critical to personality development. For example, children reared in a cold, unstimulating home are much more likely to be socially and emotionally maladjusted than children reared by parents in a warm, loving and stimulating environment.

The parents play an especially important part in the identification process, which is important to the person's early development. According to Mischel, the process can be examined from three different perspectives.

- i. Identification can be viewed as the similarity of behaviour including feelings and attitudes between child and model.
- ii. Identification can be looked at as the child's motives or desires to be like the model.
- iii. It can be viewed as the process through which the child actually takes on the attributes of the model.

From all three perspectives, the identification process is fundamental to the understanding of personality development. The home environment also influences the personality of an individual. Siblings (brothers and sisters) also contribute to personality.

#### **12.3.4 Social Factors**

There is increasing recognition given to the role of other relevant persons, groups and especially organizations, which greatly influence an individual's personality. This is commonly called the socialization process. Socialization involves the process by which a person acquires, from the enormously wide range of behavioural potentialities that are open to him or her. Socialization starts with the initial contact between a mother and her new infant. After infancy, other members of the immediate family – father, brothers, sisters and close relatives or friends, then the social group – peers, school friends and members of the work group, play influential roles.

Socialization process is especially relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life. In particular, evidence is accumulating that socialization may be one of the best explanations for why employees behave the way they do in today's organizations.

#### **12.3.5 Situational Factors**

Human personality is also influenced by situational factors. The effect of environment is quite strong. Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. An individual's personality, while generally stable and consistent, does change in different situations. The different demands of different situations call forth different aspects of one's personality. According to Milgram "Situation exerts an important press on the individual. It exercises constraints and may provide push. In certain circumstances it is not so much the kind of person a man is, as the kind of situation in which he is placed that determines his actions". We should therefore not look at personality patterns in isolation.

#### **Check Your Progress 1**

1. Define personality.
2. What are the major determinants of Personality?

---

## **12.4 PERSONALITY CHARACTERISTICS IN ORGANIZATIONS**

---

Managers should learn as much as possible about personality in order to understand their employees. Hundreds of personality characteristics have been identified. We have selected eight characteristics because of their particular influences on individual behaviour in organizations. They are:

1. Locus of Control

2. Machiavellianism
3. Self-esteem
4. Self-efficacy
5. Self-monitoring
6. Positive/Negative affect
7. Risk Taking
8. Type A Personality,

### 12.4.1 Locus of Control

Some people believe they are masters of their own fate. Other people see themselves as pawns of fate, believing that what happens to them in their lives is due to luck or chance. An individual's generalised belief about internal (self) versus external (situation or others) control is called locus of control.

- (a) **Internals:** Those who believe they control their destinies have been labelled internals. Internals (those with an internal locus of control) have been found to have higher job satisfaction, to be more likely to assume managerial positions, and to prefer participative management styles. In addition, internal's have been shown to display higher work motivation, hold stronger beliefs that effort leads to performance, receive higher salaries and display less anxiety than externals (those with an external locus of control).
- (b) **Externals:** Externals are those individuals who believe that what happens to them is controlled by outside forces such as luck or chance. Externals prefer a more structured work setting and they may be more reluctant to participate in decision-making. They are more compliant and willing to follow directions.

Research on locus of control has strong implications for organisations. A large amount of research comparing internals with externals has consistently shown that individuals who rate high in externality are less satisfied with their jobs, have higher absenteeism rates, are more alienated from the work setting, and are less involved on their jobs than internals. Why are externals more dissatisfied? The answer is probably because they perceive themselves as having little control over those organisational outcomes that are important to them. Knowing about locus of control can prove valuable to managers. Because internals believe they control what happens to them, they will want to exercise control in their work environment. Allowing internals considerable voice in how work is performed is important. Internals will not react well to being closely supervised. Externals, in contrast, may prefer a more structured work setting, and they may be more reluctant to participate in decision-making.

Therefore, internals do well on sophisticated tasks – which includes most managerial and professional jobs – that require complex information processing and learning. Additionally, internals are more suited to jobs that require initiative and independence of action. In contrast, externals should do well on jobs that are well structured and routine and where success depends heavily on complying with the directions of others.

### 12.4.2 Machiavellianism

Niccolo Machiavelli was a sixteenth century Italian statesman. He wrote "The Prince", a guide for acquiring and using power. The primary method for achieving power that he suggested was manipulation of others. Machiavellianism then is a personality characteristic indicating one's willingness to do whatever it takes to get one's way. An individual high in Machiavellianism is pragmatic, maintains emotional distance and believes that ends can justify means. "If it works use it", is consistent with a high-Mach perspective.

High-Machs believe that any means justify the desired ends. They believe that manipulations of others are fine if it helps to achieve a goal. Thus, high-Machs are likely to justify their manipulative behaviour as ethical. They are emotionally detached from other people and are oriented toward objective aspects of situations.

R Christie and F.L Geis, have found that high-Mach's flourish -

- (a) When they interact face to face with others rather than indirectly;
- (b) When the situation has a minimum number of rules and regulations thus allowing latitude for improvisation; and
- (c) When emotional involvement with details irrelevant to winning distracts low-Mach's.

A high-Mach individual behaves in accordance with Machiavelli's ideas, which include the notion that it is better to be feared than lived. High-Machs tend to use deceit in relationships have a cynical view of human nature and have little concern for conventional notions of right and wrong. They are skilled manipulators of other people, relying on their persuasive abilities. High-Machs are suitable in jobs that require bargaining skills or where there are substantial rewards for winning (example commissioned sales).

### 12.4.3 Self-Esteem

Self-esteem is an individual's general feeling of self-worth. Individuals with high self-esteem have positive feelings about themselves, perceive themselves to have strength as well as weaknesses, and believe their strengths are more important than their weaknesses. Individuals with low self-esteem view themselves negatively. They are more strongly affected by what other people think of them, and they compliment individuals who give them positive feedback while cutting down people who give them negative feedback.

Research on self-esteem (SE) offers some interesting insights into organisational behaviour.

- i. High-SEs: People with High SEs
  - believe they possess more of the ability they need in order to succeed at work,
  - will take more risks in job selection and are more likely to choose unconventional jobs,
  - are more satisfied with their jobs.
- ii. Low-SEs: - People with low SEs
  - are more susceptible to external influence,
  - depend on the receipt of positive evaluations from others,
  - tend to be concerned with pleasing others and therefore, are less likely to take unpopular stands, and
  - are less satisfied with their jobs.

Self-esteem may be strongly affected by situations. Success tends to raise self-esteem, whereas failure tends to lower it. Given that high self-esteem is generally a positive characteristic, managers should encourage employees to raise their self-esteem by giving them appropriate challenges and opportunities for success.

### 12.4.4 Self-Efficacy

Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to lessen their effort or give up altogether whereas those with high self-

efficacy will try harder to master the challenge. In addition, individuals high in self-efficacy seem to respond to negative feedback with increased effort and motivation; those low in self-efficacy are likely to lessen their effort when given negative feedback.

Individuals with high self-efficacy believe that they have the ability to get things done, that they are capable of putting forth the effort to accomplish the task, and that they can overcome any obstacles to their success. There are four sources of self-efficacy:

- Prior experiences;
- Behaviour models - witnessing the success of others;
- Persuasion from other people; and
- Assessment of current physical and emotional capabilities.

Believing in one's own capability to get something done is an important facilitator of success. There is strong evidence that self-efficacy leads to high performance on a wide variety of physical and mental tasks. Managers can help employees develop their self-efficacy. This can be done by providing performance, and rewarding employee's achievements.

#### **12.4.5 Self-Monitoring**

A characteristic with great potential for affecting behaviour in organisations is self-monitoring. Self-monitoring refers to an individual's ability to adjust his or her behaviour to external situational factors.

High self-monitors pay attention to what is appropriate in particular situations and to the behaviour of other people, and they behave accordingly. Low self-monitors, in contrast, are not as vigilant to situational cues and act from internal states rather than paying attention to the situation. As a result, the behaviour of low self-monitors, because their behaviour varies with the situation appear to be more unpredictable and less consistent. High self-monitors are capable of presenting striking contradictions between their public persona and their private self. Low self-monitors can't disguise themselves this way.

#### **12.4.6 Positive/Negative Effect**

Individuals who focus on the positive aspects of themselves, other people, and the world in general are said to have positive effect. In contrast, those who accentuate the negative in themselves, others, and the world are said to possess negative affect. Employees with positive effect are absent from work less often. Individuals with negative effect report more work stress. Negative individual effect produces negative group effect and this leads to less cooperative behaviour in the work group. Managers can do several things to promote positive effect, including allowing participative decision making and providing pleasant working conditions.

#### **12.4.7 Risk-Taking**

People differ in their willingness to take chances. High-risk-taking managers made more rapid decisions and used less information in making their choices than the low-risk-taking managers.

While it is generally correct to conclude that managers in organizations are risk averse, there are still individual differences on this dimension. As a result, it makes sense to recognise these differences and even to consider aligning risk-taking propensity with specific job demands. For example, a high-risk-taking propensity may lead to more effective performance for a stockbroker but these personality characteristics might prove a major obstacle for an auditor.

### 12.4.8 Type A and Type B Personality

Type A behaviour pattern is a complex of personality and behavioural characteristics, including competitiveness, time urgency, social status insecurity, aggression, hostility and a quest for achievements. Type A personality individual is "aggressively involved in a chronic, struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons".

Type A personality:

- i. Are always moving, walking, and eating rapidly;
- ii. Feel impatient with the rate at which most events take place;
- iii. Strive to think or do two or more things simultaneously;
- iv. Cannot cope with leisure time; and
- v. Are obsessed with numbers, measuring their success in terms of how much of everything they acquire.

The alternative to the Type A behaviour pattern is the Type B behaviour pattern. People with Type B personalities are relatively free of the Type A behaviours and characteristics. Type B personalities are "rarely harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time".

Type B personality:

- i. Never suffer from a sense of time urgency with its accompanying impatience;
- ii. Feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation;
- iii. Play for fun and relaxation, rather than to exhibit their superiority at any cost; and
- iv. Can relax without guilt.

Organizations can also be characterised as Type A or Type B organizations. Type A individuals in Type B organisations and Type B individuals in Type A organizations experience stress related to a misfit between their personality type and the predominant type of the organization.

#### Check Your Progress 2

1. Explain any two personality characteristics in organisations.
2. Who is a type A personality and how does he differ from type B personality?
3. What do you mean by high-Mach?

---

## 12.5 MEASURING PERSONALITY

---

Several methods can be used to assess personality. These include projective tests, behavioural measures and self-report questionnaires. These measures of personality are explained below: -

### 12.5.1 The Projective Tests

In these tests, individuals are shown a picture, abstract image, or photo and are asked to describe what they see or to tell a story about what they see. The rationale behind projective tests is that each individual responds to the stimulus in a way that reflects his or her unique personality. The Rorschach inkblot test, Thematic Apperception test (TAT),

sentence completion method are projective tests commonly used to assess personality.

Research evidence concerning the validity of projective techniques as a whole is very disappointing. Projective tests continue to suffer from a lack of objectivity in scoring and an absence of adequate norms. Nevertheless, in clinical practice, projective tests continue to be popular and valued diagnostic tool.

### 12.5.2 Behavioural Measures

There are behavioural measures of personality as well. Using an observational technique known as behavioural assessment, psychologist can count and record the frequency of particular behaviours. For example, we might assess a person's sociability; by counting the number of times he or she approaches strangers at a party. The behaviour is scored in some manner to produce an index of personality.

Although much can be learned from observation, it has the following shortcomings -

- i. It is time-consuming and expensive.
- ii. What is observed may be misinterpreted.
- iii. Two observers can view the same event and interpret it differently.
- iv. The presence of the observer can alter the behaviour being observed.

### 12.5.3 Self-Report Questionnaire

The most common method of assessing personality is the self-report questionnaire. Individuals respond to a series of questions, usually in an agree/disagree or true/false format. The widely recognized self-report questionnaire are -

Minnesota Multiphasic Personality Inventory (MMPI)

Myers-Briggs Type Indicator (MBTI):

- (a) ***Minnesota Multiphasic Personality Inventory (MMPI)***: The MMPI is comprehensive and assesses a variety of traits, as well as various neurotic or psychotic disorders. Used extensively in psychological counselling to identify disorders, the MMPI is a long questionnaire. It is useful in the screening, diagnosis and clinical description of abnormal behaviour, but does not reveal differences among normal personalities very well.
- (b) ***The Myers-Briggs Type Indicator (MBTI)***: Another popular self-report questionnaire is the Myers-Briggs Type Indicator (MBTI). It is essentially a 100 - question personality test that asks people how they usually feel or act in particular situations. Katharine Briggs and her daughter, Isabel Briggs Myers, developed the Myers-Briggs Type Indicator to put Jung's type theory into practical use. The MBTI is used extensively in organizations as a basis for understanding individual differences. The MBTI has been used in career counselling, team building, conflict management and understanding management styles.

Based on the answers individuals give to the test, they are classified as -

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

There are four basic preferences in type theory and two possible choices for each of the four preferences. The combination of these preferences makes up an individual's psychological type.

## 12.6 MATCHING PERSONALITIES AND JOBS

Obviously, individual personalities differ. So, too do jobs. Following this logic, efforts have been made to match the proper personalities with the proper jobs. John Holland's "personality-job fit theory" is concerned with matching the job requirements with personality characteristics. The personality-job fit theory identifies 6 personality types and proposes that the fit between personality type and occupational environment determines satisfaction and turnover.

Holland has developed a Vocational Preference Inventory Questionnaire that contains 160 occupational titles. Respondents indicate which of these occupations they like or dislike, and these answers are used to form personality profiles. Six major personality types have been identified. They are listed in the figure below along with their compatible occupations.

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

*Source:* J.L Holland "Making Vocational Choices: A Theory of Vocational Personalities and Work Environments" (2nd edition) Englewood Cliffs NJ: Prentice Hall (1985).

**Figure 12.1: Holland's Typology of Personality and Sample Occupations**

What does all these mean? The theory argues that satisfaction is highest and turnover lowest where personality and occupation are in agreement. The key points of this model are that

1. There do appear to be intrinsic personality differences among individuals;
2. There are different types of jobs; and
3. People in job environments congruent with their personality type should be more satisfied and less likely to resign voluntarily than people in incongruent jobs.

### Check Your Progress 3

1. How do you match personality with the job?
2. How is personality measured?



## 12.7 TRAIT THEORIES

### 12.7.1 Intrapsychic Theory

Based on the work of Sigmund Freud, Intrapsychic theory emphasises the unconscious determinants of behaviour.

#### *The Components of Personality*

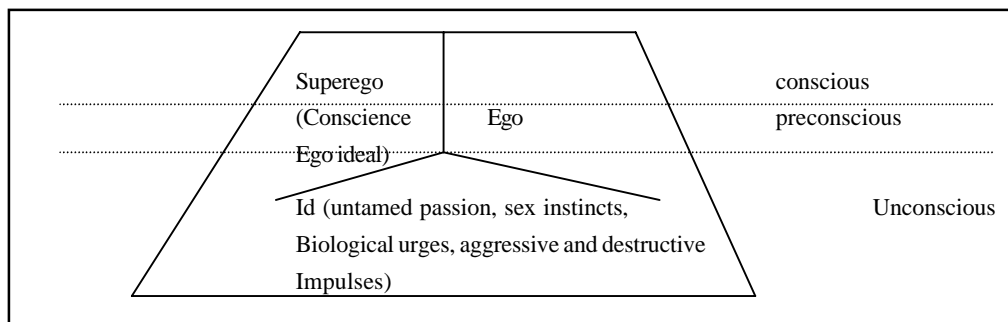
Freud proposed a new conception of the personality, one that contains three systems - the id, the ego, and the superego. These systems do not exist physically; they are only concepts, or ways of looking at personality.

1. **Id:** The id is the only part of the personality that is present at birth. It is inherited, primitive, inaccessible and completely unconscious. The id contains
  - i. The life instincts, which are sexual instincts and the biological urges such as hunger and thirst, and
  - ii. The death instinct, which accounts for our aggressive and destructive impulses.

The id operates according to the pleasure principle; that is, to seek pleasure, avoid pain and gain immediate gratification of its wishes. The id is the source of the libido, the psychic energy that fuels the entire personality; yet the id cannot act on its own. It can only wish, image, fantasize, and demand.
2. **Ego:** The ego is the logical, rational, realistic part of the personality. The ego evolves from the id and draws its energy from the id. One of the ego functions is to satisfy the id's urges. But the ego, which is mostly conscious, acts according to the reality principle. It must consider the constraints of the real world in determining appropriate times, places, and object for gratification of the id's wishes.
3. **Superego:** when the child is age 5 or 6 the superego - the moral component of the personality - is formed. The superego has two parts -
  - i. The "conscience" consists of all the behaviours for which we have been punished and about which we feel guilty;
  - ii. The "ego ideal" contains the behaviours for which we have been praised and rewarded and about which we feel pride and satisfaction.

In its quest for moral perfection, the superego sets moral guide that define and limit the flexibility of ego.

Their characteristics are diagrammed and described here



**Figure 12.2: Freud's conception of the Personality**

Structure	Level of consciousness	Characteristics
Id	Unconscious	Primitive component containing the sexual instincts, biological urges, aggressive and destructive impulses. Source of the libido. Operates according to the pleasure principle, seeking immediate gratification. Impulsive, amoral, and selfish.
Ego	Largely conscious Partly unconscious	Logical, rational component, which functions to satisfy the id's urges and carry out transactions in the real world. Acts according to the reality principle
Superego	Both conscious and unconscious	The morale component, consisting of the conscience and the ego ideal. Sets moral guidelines, which limit the flexibility of the ego.

*Source:* Samuel E Wood and Ellen Green Wood "The World of Psychology" Allyn and Bacon, Boston (second edition) 1996 page 439.

**Defence Mechanisms:** A defence mechanism is a technique used to defend against anxiety and to maintain self-esteem, but it involves self-deception and the distortion of reality. We use defence mechanisms to protect us from failure and from guilt arousing desires or actions. All of us use defence mechanisms to some degree; it is only their overuse that is considered abnormal.

1. **Repression:** According to Freud, repression is the most important and frequently used defence mechanism. Repression operates in two ways:
  - a. It can remove painful or threatening memories, thoughts, ideas or perceptions from consciousness and keep them in the unconscious.
  - b. It can prevent unconscious but disturbing sexual and aggressive impulses from breaking into consciousness.
2. **Projection:** We use projection when we attribute our own undesirable impulses, thoughts, personality traits or behaviour to others, or when we minimize the undesirable in ourselves and exaggerate it in others. Projection allows us to avoid acknowledge our unacceptable traits and thereby to maintain our self-esteem, but it seriously distorts our perception of the external world. For example (1) A sexually promiscuous wife may accuse her husband of being unfaithful. (2) A dishonest man may think everyone is out to cheat him.
3. **Denial:** It is a refusal to acknowledge consciously or to believe that a danger or a threatening condition exists. For example (1) Smokers use denial when they refuse to admit that cigarettes are a danger to their health. (2) Many people who abuse alcohol and drugs deny that they have a problem.
 

Yet denial is sometimes useful as a temporary means of getting through a crisis until a more permanent adjustment can be made, such as when people initially deny the existence of a terminal illness.
4. **Rationalization:** It occurs when we unconsciously supply a logical, rational, or socially acceptable reason rather than the real reason for an action or event. Rationalization can be used to justify past, present, or future behaviours or to soften the disappointment connected with not attaining a desired goal. When we rationalize, we make excuses for or justify, our failures and mistakes.
5. **Regression:** Sometimes, when frustrated or anxious, we may use regression and revert to behaviour that might have reduced anxiety at an earlier stage of development. For example, an adult may have a temper tantrum, rant and rave or through things.
6. **Reaction Formation:** is at work when people express exaggerated ideas and emotions that are the opposite of their disturbing, unconscious impulses and desires. In reaction formation the conscious thought or feeling masks the unconscious one. For example, a former chain smoker becomes irate and complains loudly at the faintest whiff of cigarette smoke.

7. **Displacement:** Occurs when we substitute a less threatening object or person for the original object of a sexual or aggressive impulse. For example, if your boss makes you angry, you may take out your hostility on your wife.
8. **Sublimation:** With sublimation, we re-channel sexual or aggressive energy into pursuits or accomplishments that society considers acceptable or even praiseworthy. For example, an aggressive person may re-channel the aggression and become a football player. Freud viewed sublimation as the only completely healthy ego defence mechanism.

### 12.7.2 Psycho-analytical Social Learning

**Evaluating Freud's Contribution:** Freud's theory is so comprehensive that its elements must be evaluated separately. As we have seen, Freud believed that his concepts of the unconscious and the principles by which it operates were his most important work. In fact the primary aim of psychoanalysis is to bring unconscious thoughts, wishes and desires to consciousness. Leading scholars today do not dispute the existence of unconscious processes. However, they do not see the unconscious as envisioned by Freud and they disagree as to how sophisticated or simple it might be.

Freud is a towering figure in the world of psychology, but today he does not loom as large as in decades past. There are very strict Freudians left, and for most psychoanalysts, Freud's techniques constitute only a part of their therapeutic arsenal. Sigmund Freud has been both worshipped and ridiculed, but his standing as a pioneer in psychology cannot be denied.

1. **Social Learning Theory:** The main focus of social learning approach is on the patterns of behaviour the individuals learn in coping with environment. Some behaviour patterns are learned or acquired through direct experience. Responses can also be acquired or learned without direct reinforcement. Individuals can also learn by observing what happens to other people and just by being told about something, as well as direct experiences. So, for example much of what we have learned comes from watching models – parents, teachers, peers, bosses etc. This view that we can learn through both observation and direct experience has been called social-learning theory.

Social-learning theory acknowledges the existence of observational learning and the importance of perception in learning. People respond to how they perceive and define consequences, not to the objective consequences themselves. The influence of models is central to the social-learning process. Four processes have been found to determine the influence that a model will have on an individual. They are-

- (a) **Attentional Processes:** People tend to be most influenced by models that are attractive and important to us. As the model influences them they learn from the model by paying attention to them.
- (b) **Retention Processes:** A model's influence will depend on how well the individual remembers the model's action after the model is no longer available.
- (c) **Motor Reproduction Processes:** After a person has seen a new behaviour by observing the model, the watching must be converted to doing. This process then demonstrates that the individual can perform the modelled activities.
- (d) **Reinforcement Processes:** Individuals will be motivated to exhibit the modelled behaviour if positive incentives or rewards are provided. Behaviours that are reinforced will be given more attention, learned better, and performed more often. Reinforcement that controls the expression of learned behaviour may be:
  - i. **Direct:** It refers to the social approval or disapproval or alleviation of aversive conditions, and other tangible rewards.

- ii. *Vicarious*: It refers to observation of someone else receiving reward or punishment for similar behaviour.
- iii. *Self-administered*: It refers to evaluation of one's own performance with self-praise.

Of all these, self-administered reinforcement theory plays a vital role in social learning theory.

***Evaluation of Social Learning Theory:*** Social learning theory has made a significant contribution to personality theory.

- (1) It enables us to look more clearly at human actions as reactions to specific conditions or circumstances rather than merely symbolic manifestations of internal and unconscious forces.
- (2) It emphasis on the environmental variables that elicit specific behaviours.

Social learning theory has been criticised on two grounds -

- (1) It overemphasise the importance of situational factors in behaviour.
- (2) The experimental methods used by social learning theorists are particularly sensitive to the impact of situational variables and are apt to emphasise change in behaviour.

### **12.7.3 Job Fit Theory**

The personality-job Fit Theory assumes that examining a person's personality will give insight into their adaptability in an organisation. By matching the personality with the company we can achieve a better synergy and avoid problems like high turnover and low job satisfaction. The person-job fit theory is a study of personality attributes and the requirements of the job. The matching of the job requirements with personality characteristics is given in John Holland's Personality-job fit theory. This theory is based on the notion of fit between an individual's personality characteristics and his or her occupational environment. Holland presents six personality types and proposes that satisfaction and the propensity to leave a job depends on the degree to which individuals successfully match their personality to an occupational environment. Holland has developed a vocational reference inventory questionnaire that contains 160 occupational titles. Respondents indicate which of these occupations they like or dislike, and their answers are used to form personality profiles.

The person-job fit theory argues that satisfaction is highest and turnover lowest when personality and occupation are in agreement. Social individuals should be in social jobs, conventional people in conventional jobs and so forth. A realistic person in a realistic job is in a more congruent situation than is a realistic person in an investigative job.

---

## **12.8 LET US SUM UP**

---

When psychologists talk of personality, they mean a dynamic concept describing the growth and development of a person's whole psychological system. Personality is defined as a relatively stable set of characteristics that influence an individual's behaviour. Personality is a very diverse and complex psychological concept. It is concerned with external appearance and behaviour, self, measurable traits, and situational interactions. Personality appears to be a result of heredity and environment. Additionally, today we recognize another factor - the situation. Managers should learn as much as possible about personality in order to understand their employees. Several methods can be used to assess personality. These include projective tests, behavioural measures and self-report questionnaires.

---

## 12.9 LESSON END ACTIVITIES

---

What behaviour predictions might you make if you knew that an employee had:

- An external locus of control?
- A low Mach scores?
- Low self-esteem?
- A type "A" personality?

---

## 12.10 KEYWORDS

---

Personality

Machiavellianism

Type A Personality

Type B Personality

MMPI

MBTI

---

## 12.11 QUESTIONS FOR DISCUSSION

---

1. Define personality and describe its origins.
2. Why is the study of "personality" important for a manager?
3. What is the comprehensive definition of personality? Give brief examples of each of the major elements.
4. What are the various factors in the biological contributions to personality? The cultural contributions? The family contributions? The socialization contributions? The immediate situational contributions?

---

## 12.12 SUGGESTED READINGS

---

Argyris, C., *"Personality and Organization"*, Harper and Row, New York (1957)

Aquinas P.G., *"Organizational Behaviour - concepts, realities and challenges"*, Excel Books, New Delhi (2005)

Boulding, K.E., *"Conflict and Defence: A General Theory"*, Harper and Row, New York (1962)

Chabra Ahuja and Jain, *"Managing People at Work"*, Dhanpat Rai and Sons, New Delhi.

Harrel, T.W., *"Industrial Psychology"*, Oxford and IBH, New Delhi (1972)

Kossen, Stan, *"Human Side of Organization"*, Canfield Press, San Francisco (1978)

March J. C. and Simon H., *"Organisations"*, Wiley, New York (1958)

Woodward J. (Ed.), *"Industrial Organisations: Behaviour and Control"* Oxford University Press, Oxford (1970).

---

## LESSON

# 14

## ATTITUDES, VALUES AND WORK ETHICS

---

### CONTENTS

- 14.0 Aims and Objectives
  - 14.1 Introduction
  - 14.2 Meaning of Attitudes
  - 14.3 Characteristics of Attitudes
  - 14.4 Functions of Attitude
  - 14.5 Components of Attitudes
    - 14.5.1 Cognitive Component
    - 14.5.2 Affective Component
    - 14.5.3 Behavioural Component
  - 14.6 Sources of Attitudes
  - 14.7 Types of Attitudes
  - 14.8 Attitude Formation
  - 14.9 Cognitive Dissonance Theory
  - 14.10 Values
  - 14.11 Importance of Values
  - 14.12 Formation of Values
  - 14.13 Types of Values
  - 14.14 Meaning of Ethics
  - 14.15 Ethical Theories
  - 14.16 Contemporary Ethical Issues in Organizations
  - 14.17 Types of Management Ethics
    - 14.17.1 Immoral Management
    - 14.17.2 Moral Management
    - 14.17.3 Amoral Management
  - 14.18 Improving Ethical Behaviour
  - 14.19 Let us Sum up
  - 14.20 Lesson-end Activity
  - 14.21 Keywords
  - 14.22 Questions for Discussion
  - 14.23 Suggested Readings
-

---

## 14.0 AIMS AND OBJECTIVES

---

The purpose of this lesson is to discuss about attitudes and values at work. After studying this lesson you will be able to:

- (i) define attitudes, values and work ethics.
- (ii) explain the components and types of attitude.
- (iii) describe how attitudes are formed.
- (iv) understand the cognitive dissonance theory.
- (v) distinguish between instrumental and terminal values.
- (vi) explain the concept and theories of ethical behaviour.

---

## 14.1 INTRODUCTION

---

Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues. Attitudes are evaluative statements - either favourable or unfavourable - concerning objects, people or events. They reflect how one feels about something. As individuals, we respond favourably or unfavourably towards many things: co-workers, bosses, our own appearances etc. The importance of attitudes lies in their link to behaviour. When an employee says, "I like my job" he or she is expressing their attitude about work.

---

## 14.2 MEANING OF ATTITUDES

---

Attitude is defined as a more or less stable set of predisposition of opinion, interest or purpose involving expectancy of a certain kind of experience and readiness with an appropriate response. Attitudes are also known as "frames of reference". They provide the background against which facts and events are viewed. It becomes necessary to know the attitudes of members of an organisation because they have to perceive specific aspects like pay, hours of work, promotion etc., of their job life in the wider context of their generalised attitudes.

An attitude is also a cognitive element; it always remains inside a person. Everyone's psychological world is limited and thus everyone has a limited number of attitudes. In business organisation, employees have attitudes relating to world environment, job security etc. The individual's attitudes towards these factors are indicative of his apathy or enthusiasm towards the activities and objectives of the organisation.

---

## 14.3 CHARACTERISTICS OF ATTITUDES

---

- (i) An attitude is the predisposition of the individual to evaluate some objects in a favourable or an unfavourable manner.
- (ii) The most pervasive phenomenon is "attitude". People at work place have attitudes about lots of topics that are related to them. These attitudes are firmly embedded in a complex psychological structure of beliefs.
- (iii) Attitudes are different from values. Values are the ideals, whereas attitudes are narrow, they are our feelings, thoughts and behavioural tendencies toward a specific object or situation.
- (iv) Attitude is a predisposition to respond to a certain set of facts.
- (v) Attitudes are evaluative statements - either favourable or unfavourable concerning the objects, people or events.

An attitude is "a mental state of readiness, organised through experience, exerting a specific influence upon a person's response to people, objects and situation with which it is related". Attitudes thus state one's predispositions towards given aspects of world. They also provide an emotional basis of one's interpersonal relations and identification with others. Managers in work organisations need to know and understand employee's attitudes in order to manage effectively. Attitudes do influence behaviour of people and their performance in organisations.

---

## 14.4 FUNCTIONS OF ATTITUDE

---

Attitudes are known to serve at least four important functions in an organisation setting:

- (i) **Attitudes determine meaning:** Much of what is seen in the environment and in other people's behaviour is determined by attitudes. If one has a overall favourable attitude towards a person, one tends to judge his activities as "good" or "superior". On the other hand, negative attitudes or prejudices generally prompt disagreement with the individual concerned or failure to appreciate the good work done by him.
- (ii) **Attitudes reconcile contradictions:** It is not uncommon to come across people who hold contradictory opinions. With the proper attitude as a background, intelligent people can reconcile or rationalise the same actions, which to others are obvious contradictions. For example when a worker takes a little rest a superior considers it "idling".
- (iii) **Attitudes organise facts:** As already seen, objective events can be differently perceived by different people because of different attitudes. Meanings can be concocted and falsely communicated to others by changing the attitudes of the recipients towards wider social issues.
- (iv) **Attitudes select facts:** From the plethora of environmental facts and stimuli, one tends to select those, which are in consonance with one's cherished beliefs and attitudes. Attitudes, thus, act as a screen or filter.

---

## 14.5 COMPONENTS OF ATTITUDES

---

The three components of attitudes are:

1. Cognitive component;
2. Affective component; and
3. Behavioural component.

### 14.5.1 Cognitive Component

This component includes the beliefs an individual has about a certain person, object, or situation. The belief that "discrimination is wrong" is a value statement. Such an opinion is the cognitive component of an attitude. Learned beliefs, such as "you need to work long hours to get ahead in this job", lead to attitudes that have an impact on behaviour in the workplace. The cognition component of an attitude, reflects a persons perceptions or beliefs. Cognitive elements are evaluative beliefs and are measured by attitude scales or by asking about thoughts. The statement "I believe Japanese workers are industrious," reflect the cognitive component of an attitude. The cognitive component sets the stage for the more critical part of attitude - its affective component.

### 14.5.2 Affective Component

This component refers to the person's feelings that result from his or her beliefs about a person, object or situation. A person who believes hard work earns promotions may feel anger or frustration when he or she works hard but is not promoted. The affective component becomes stronger as an individual has more frequent and direct experience



with a focal object, person or situation. Affect is the emotional component of an attitude. It refers to an individual's feeling about something or someone. Statements such as "I like this" or "I prefer that" reflect the affective component of an attitude. Affect is measured by physiological indicators such as galvanic skin response (changes in electrical resistance of skin which indicate emotional arousal) and blood pressure. These indicators show changes in emotions by measuring physiological arousal. If an individual is trying to hide his or her feelings, this might be shown by a change in arousal.

### 14.5.3 Behavioural Component

This component refers to the individual's behaviour that occurs as a result of his or her feeling about the focal person, object or situation. An individual may complain, request a transfer, or be less productive because he or she feels dissatisfied with work. The behavioural component of an attitude refers to an intention to behave in a certain way toward someone or something. For example, our attitudes towards women in management may be inferred from an observation of the way we behave toward a female supervisor. We may be supportive, passive or hostile depending on our attitude. The behavioural component of an attitude is measured by observing behaviour or by asking a person about behaviour or intentions.

Component	Measured by
A Affect	Physiological indicators Verbal Statements about Feelings
B Behavioural intentions	Observed Behaviour Verbal Statements about Intentions
C Cognition	Attitude scales Verbal Statements about Beliefs

*Source:* M.J Rosenberg and C.I Hovland "Cognitive, Affective and Behavioural Components of Attitude", in *Attitude Organization and Change* (New Haven: Yale University Press) 1960.

**Figure 14.1: Depicts the three components of attitude**

Viewing attitudes as made up of three components - cognition, affect and behaviour - is helpful toward understanding their complexity and the potential relationship between attitude and behaviour. The object of an attitude is represented as a prototype in a person's memory. Then an individual uses an attitude as a schema for evaluating an object. The person may assess the object as good or bad, positive or negative, favoured or not; then the person determines the strategy to take toward it. The accessibility of an attitude, or ease with which it is activated, affects its implementation. Personal experience with the object and the repeated expression of the attitude increases its accessibility. In this way, attitude-related information helps process complex information.

---

## 14.6 SOURCES OF ATTITUDES

Attitudes, are acquired from parents, teachers, and peer group members. We model our attitudes after those we admire, respect or fear. We observe the way family and friends behave, and we shape our attitudes and behaviour to align with theirs. People also imitate the attitudes of popular individuals and those they admire and respect. Attitudes are an integral part of the world of work. It is important for managers to understand the antecedents to attitudes as well as their consequences. Managers also need to understand the different components of attitudes, how attitudes are formed, and the major attitudes that affect work behaviour and how to use persuasion to change attitudes.

---

## 14.7 TYPES OF ATTITUDES

A person can have thousands of attitudes, but most of the research in OB has been concerned with three attitudes: Job satisfaction, job involvement, and organizational commitment.

1. **Job Satisfaction:** Satisfaction results when a job fulfils or facilitates the attainment of individual values and standards and dissatisfaction occurs when the job is seen as blocking such attainment. This attitude has received extensive attention by researchers and practitioners because it was at one time believed to be the cause of improved job performance. The term "job satisfaction" refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job; a person who is dissatisfied with his or her job holds negative attitudes about the job. Now, because of managers' concern for creating both a humane and high performance workplace, researchers continue to search for definite answers about the causes and consequences of job satisfaction.
2. **Job Involvement:** Job involvement is the degree to which a person identifies with his or her job, actively participates in it and considers his or her performance important to self-worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. High levels of job involvement have been found to be related to fewer absences and lower resignation rates.
3. **Organisational Commitment:** Organisational commitment is the degree to which an employee identifies with a particular organisation and its goals, and wishes to maintain membership in the organisation. High organisational commitment means identifying with one's employing organisation.

---

## 14.8 ATTITUDE FORMATION

---

Attitudes are learned. Individuals acquire attitudes from several sources but the point to be stressed is that the attitudes are acquired but not inherited. Our responses to people and issues evolve over time. Two major influences on attitudes are direct experience and social learning.

1. **Direct Experience:** Attitudes can develop from a personally rewarding or punishing experience with an object. Direct experience with an object or person is a powerful influence on attitudes. Research has shown that attitudes that are derived from direct experience are stronger, are held more confidently and are more resistant to change than are attitudes formed through indirect experience. One reason that attitudes derived from direct experience are so powerful is because of their availability. This means that the attitudes are easily accessed and are active in our cognitive processes. When attitudes are available, we can call them quickly into consciousness. Attitudes that are not learned from direct experience are not as available, and therefore we do not recall them easily.
  - (a) **Classical Conditioning:** One of the basic processes underlying attitude formation can be explained on the basis of learning principles. People develop associations between various objects and the emotional reactions that accompany them.
  - (b) **Operant Conditioning:** Attitudes that are reinforced, either verbally or non-verbally, tends to be maintained. Conversely, a person who states an attitude that elicits ridicule from others may modify or abandon the attitude.
  - (c) **Vicarious Learning:** In which a person learns something through the observance of others can also account for attitude development particularly when the individual has no direct experience with the object about which the attitude is held. It is through vicarious learning processes that children pick up the prejudices of their parents.
2. **Social Learning:** In social learning, the family, peer groups and culture shape an individual's attitudes in an indirect manner. Substantial social learning occurs through modelling, in which individuals acquire attitudes by merely observing others. For an individual to learn from observing a model, four processes must take place:

- (i) The learner must focus attention on the model.
- (ii) The learner must retain what was observed from the model.
- (iii) Behavioural reproduction must occur; that is, the learner must practise the behaviour.
- (iv) The learner must be motivated to learn from the model.

Social learning can take place through the following ways:

- (a) **The Family:** A person may learn attitudes through imitation of parents. If parents have a positive attitude towards an object and the child admires his parents, he is likely to adopt a similar attitude, even without being told about the object, and even without having direct experience. Children also learn to adopt certain attitudes by the reinforcement they are given by their parents when they display behaviours that reflect an appropriate attitude.
- (b) **Peer Groups:** Peer pressure moulds attitudes through group acceptance of individuals who express popular attitudes and through sanctions, such as exclusion from the group, placed on individuals who espouse (promote) unpopular attitudes.
- (c) **Modelling:** Substantial social learning occurs through modelling, in which individuals acquire attitudes by merely observing others. The observer overhears other individuals expressing an opinion or watches them engaging in a behaviour that reflects an attitude, and the observer adopts this attitude.

### Changing Attitudes

Can you change unfavorable employee attitudes? Sometimes! It depends on who you are, the strength of the employee attitude, the magnitude of the change, and the technique you choose to try to change the attitude.

Employees are most likely to respond to change efforts made by someone who is liked, credible, and convincing. If people like you, they're more apt to identify and adopt your message. Credibility implies trust, expertise, and objectivity. So you're more likely to change an employee's attitude if that employee sees you as believable, knowledgeable about what you're talking about, and unbiased in your presentation. Finally, successful attitude change is enhanced when you present your arguments clearly and persuasively.

It's easier to change an employee's attitude if he or she isn't strongly committed to it. Conversely, the stronger the belief about the attitude, the harder it is to change it. In addition, attitudes that have been expressed publicly are more difficult to change because it requires one to admit he or she has made a mistake.

It's easier to change attitudes when that change isn't very significant. To get an employee to accept a new attitude that varies greatly from his or her current position requires more effort. It may also threaten other deeply held attitudes and create increased dissonance.

All attitude change techniques are not equally effective across situations. Oral persuasion techniques are most effective when you use a positive, tactful tone; present strong evidence to support your position; tailor your argument to the listener; use logic; and support your evidence by Applying to the employee's fears, frustrations and other emotions. But people are more likely to embrace change when they can experience it. The use of training sessions where employees share and personalize experiences, and practice new behaviours, can be powerful stimulants for change. Consistent with self-perception theory, changes in behaviour can lead to changes in attitudes.

**Source:** Stephen P Robbins "Organizational Behaviour - concepts, controversies, applications" Prentice Hall Englewood Cliffs, NJ (7th edition) 1996, page 188.

---

## 14.9 COGNITIVE DISSONANCE THEORY

---

Leon Festinger, in 1957, proposed the theory of cognitive dissonance. According to this theory, people want their belief to be consistent with one another and want their behaviours to be consistent with their beliefs. When people become aware of inconsistency among their beliefs or between their attitudes and their behaviour, they experience "cognitive dissonance", an unpleasant state of arousal that motivates them to reestablish consistency by changing one of their attitudes or by changing their behaviours. Thus, if a person behaves in a way that runs counter to his or her attitude, cognitive dissonance is created in that person. He or she then attempts to reduce the dissonance by changing either the attitude or the behaviour.

Cognitive dissonance refers to any incompatibility that an individual might perceive between two or more of his or her attitudes or between his or her behaviour and attitudes. Festinger argues that any form of inconsistency is uncomfortable and that individuals will attempt to reduce the dissonance and hence, the discomfort. Therefore, individuals will seek a stable state where there is a minimum of dissonance.

### Coping with Dissonance

No individual can completely avoid dissonance. So how do people cope with dissonance? According to Festinger, the desire to reduce dissonance would be determined by the importance of the elements creating the dissonance; the degree of influence the individual believes he or she has over the elements and the rewards that may be involved in dissonance.

- (i) **Importance of the Elements:** If the elements creating the dissonance are relatively unimportant, the pressure to correct this imbalance will be low.
- (ii) **Degree of Influence:** The degree of influence that individuals believe they have over the elements will have an impact on how they will react to the dissonance. If they perceive the dissonance to be uncontrollable, they are less likely to be receptive to attitude change.
- (iii) **Rewards:** Rewards also influence the degree to which individuals are motivated to reduce dissonance. High rewards accompanying high dissonance tend to reduce the tension inherent in the dissonance.

These moderating factors suggest that just because individuals experience dissonance they will not necessarily move directly toward consistency, that is, toward reduction of this dissonance. If the issues underlying the dissonance are of minimal importance, if an individual perceives that the dissonance is externally imposed and is substantially uncontrollable by him or her, or if rewards are significant enough to offset the dissonance, the individual will not be under great tension to reduce the dissonance.

#### Check Your Progress 1

1. Explain the meaning of attitudes.
2. What are the characteristics of attitudes?
3. Explain the components of attitudes.
4. What are the sources of attitudes?
5. How attitudes are formed?
6. Explain the cognitive dissonance theory.

---

## 14.10 VALUES

---

Another source of individual differences is value. Values exist at a deeper level than attitudes and are more general and basic in nature. We use them to evaluate our own behaviour and that of others. Value is an enduring belief that a specific mode of conducts or end state of existence is personally and socially preferable to the alternative modes of conduct or end states of existence. Once it is internalised it becomes consciously or unconsciously, a standard or criterion for guiding action, for developing and maintaining attitudes toward relevant objects and situation, for justifying one's own and others' actions and attitudes for morally judging oneself and others and for comparing oneself with others. Value, therefore, is a standard or yardstick to guide actions, attitudes, evaluations and justifications of the self and others.

Ronald D White and David A Bednar have defined value as a "concept of the desirable, an internalised criterion or standard of evaluation a person possesses. Such concepts and standards are relatively few and determine or guide an individual's evaluations of the many objects encountered in everyday life".

Values are tinged with moral flavour, involving an individual's judgement of what is right, good or desirable. Thus values:

- Provide standards of competence and morality.
- Are fewer in number than attitudes.
- Transcend specific objects, situations or persons.
- Are relatively permanent and resistant to change.
- Are more central to the core of a person.

Individuals learn values as they grow and mature. They may change over the life span of an individual develops a sense of self. Cultures, societies, and organizations shape values.

---

## 14.11 IMPORTANCE OF VALUES

---

Values are important to the study of organizational behaviour because they lay the foundation for the understanding of attitudes and motivation and because they influence our perceptions. Individuals enter an organization with preconceived notions of what "ought" and what "ought not" to be. For example, If Jeevan enters IG Ferns and Curtains with a view that salary on piece-rate system is right and on time-rate basis is wrong. He is likely to be disappointed if the company allocates salary on time-rate basis. His disappointment is likely to breed his job dissatisfaction. This will, in turn, adversely affect his performance, his attitude and in turn, behaviour would be different if his values are aligned with the company's reward/ pay policy.

---

## 14.12 FORMATION OF VALUES

---

Values are learned and acquired primarily through experiences with people and institutions. Parents, for example, will have substantial influence on their children's values. A parent's reaction to everyday events demonstrates what is good and bad, acceptable and unacceptable and important and unimportant. Values are also taught and reinforced in schools, religious organizations, and social groups. As we grow and develop, each source of influence contributes to our definition what is important in life. Cultural mores have influence of the formation of values. Basic convictions of what is good or bad are derived from one's own culture.

## 14.13 TYPES OF VALUES

Allport and his associates categorized values into six types:

1. *Theoretical*: Interested in the discovery of truth through reasoning and systematic thinking.
2. *Economic*: Interest in usefulness and practicality, including the accumulation of wealth.
3. *Aesthetic*: Interest in beauty, form and artistic harmony.
4. *Social*: Interest in people and love as a human relationship.
5. *Political*: Interest in gaining power and influencing people.
6. *Religious*: Interest in unity and understanding the cosmos as a whole.

**Instrumental and Terminal Values:** Rokeach distinguishes between two types of values: Instrumental and Terminal.

**Instrumental Value:** Instrumental values reflect the means to achieve goals; that is, they represent the acceptable behaviour to be used in achieving some end state. Instrumental values identified by Rokeach include ambition, honesty, self-sufficiency and courageousness.

Instrumental value refers to a single belief that always takes the form: I believe that such and such a mode of conduct (example Honesty, courage, etc.) is personally and socially preferable in all situations with respect to all objects. An instrumental value is a tool or means for acquiring a terminal value.

**Terminal Value:** Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified happiness, love, pleasure, self-respect, and freedom among the terminal values.

**Terminal value takes a comparable form:** I believe that such and such an end state of existence (example salvation, or world at peace etc.) is personally and socially worth striving for. A terminal value is an ultimate goal in a desired status or outcome.

A complete list of instrumental and terminal values is presented in the figure below:

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

Source: M Rokeach "The Nature of Human Values" New York: Free Press (1973)

Figure 14.2: Terminal and Instrumental Values in Rokeach Value Survey

## Work Values

Work values are important because they affect how individuals behave on their jobs in terms of what is right and wrong. The work values most relevant to individuals are: -

1. **Achievement:** Achievement is a concern for the advancement of one's career. This is shown in such behaviours as working hard and seeking opportunities to develop new skills.
2. **Concern for Others:** Concern for others reflects caring, compassionate behaviour such as encouraging other employees or helping others work on difficult tasks. These behaviours constitute organizational citizenship.
3. **Honesty:** Honesty is accurately providing information and refusing to mislead others for personal gain.
4. **Fairness:** Fairness emphasizes impartiality and recognises different points of view.

Although individuals vary in their value systems, when they share similar values at work, the results are positive. This means that organizations recruiting job candidates should pay careful attention to individual's values.

### Check Your Progress 2

1. Explain the meaning and importance of values.
2. How values are formed?
3. What do you mean by work values?

---

## 14.14 MEANING OF ETHICS

---

Ethics is the study of moral values and moral behaviour. Ethical behaviour is acting in ways consistent with one's personal values and the commonly held values of the organization and society. Ethical issues are a major concern in organizations. There is evidence that paying attention to ethical issues pays off for companies. Doing the right thing can positively affect an organization's performance.

Managers must confront the ethical challenges that are encountered in organizations. Some organizations manage ethical issues well. Despite the positive way some organizations handle ethical issues, there is plenty of evidence that unethical conduct does occur in other organizations. How can people in organizations rationally think through ethical decisions so that they make the "right" choice? Ethical theories give us a basis for understanding, evaluating, and classifying moral arguments and then defending conclusions about what is right and wrong.

---

## 14.15 ETHICAL THEORIES

---

Ethical theories can be classified into the following types:

1. **Consequential Theories:** Consequential theories of ethics emphasize the consequences or results of behaviour. John Stuart Mill's Utilitarianism, a well-known consequential theory suggests that right and wrong is determined by the consequences of the action. "Good" is the ultimate moral value, and we should maximize the most good for the greatest number of people. But do good ethics makes for good business? Right actions do not always produce good consequences, and good consequences do not always follow from right actions.

Using the "greatest number" criterion can we imply that minorities be excluded. Should an issue that may be important for a minority but unimportant for the majority is ignored? These are but a few of the dilemmas raised by utilitarianism.

2. **Rule-based Theories:** In contrast, rule-based theories of ethics emphasize the character of the act itself, not its effects, in arriving at universal moral rights and wrongs. Moral rights, the basis for legal rights, are associated with such theories.

Companies and business enterprises are more prone to subscribe to consequential ethics than rule-based ethics, in part due to the persuasive arguments of the Scottish political economist Adam Smith. He believed that the self-interest of human beings is God's providence, not the government's. Smith set forth a doctrine of natural liberty, presenting the classical argument for open market competition and free trade. Within this framework, people should be allowed to pursue what is in their economic self-interest, and the natural efficiency of the market place would serve the well being of society.

However, Immanuel, Kant argued that individuals should be treated with respect and dignity, and that they should not be used as a means to an end. He argued that we should put ourselves in the other person's position and asks if we would make the same decision if we were in the other person's situation.

3. **Cultural Theories:** The theory emphasises respect for different cultural values. Cultural relativism contends that there are no universal ethical principles and that people should not impose universal ethical principles and that people should not impose their own ethical standards on others. Local standards should be the guides for ethical behaviour. This theory operates under the old adage "when in Rome do as the Romans do". Strict adherence to cultural relativism can lead individuals to deny their accountability for their own decisions and to avoid difficult ethical dilemmas.

---

## 14.16 CONTEMPORARY ETHICAL ISSUES IN ORGANIZATIONS

---

In contemporary organizations, people face ethical and moral dilemmas in many diverse areas. The key areas are:-

- (i) **White-Collar Crime:** Corporate criminal behaviours have resulted in big financial scandals. White-collar crime may occur in more subtle forms as well. Using work hours for conducting personal business, sending out personal mail using the company resources. Inflating expenses etc., are all practices some individuals would consider unethical. Whether the impact is large or small, white-collar crimes are important issues in organizations.
- (ii) **Employee Rights:** Managing the rights of employees at work creates many ethical dilemmas in organizations. Some of these dilemmas are privacy issues, drug testing etc. The use of employee data from computerized information systems presents many ethical concerns. Safeguarding employee's right to privacy and at the same time preserving access to the data for those who need it requires that the manager balance competing interests.
- (iii) **Sexual Harassment:** Sexual harassment is unwelcome sexual attention, whether verbal or physical, that affects an employee's job conditions or created a hostile working environment. Sexual harassment costs the company in the form of absenteeism, turnover, and loss of productivity. Companies may be required to pay damages to victims of sexual harassment. Besides, the company may face negative publicity because of sexual harassment cases.
- (iv) **Romantic Involvements:** Hugging, kissing, sexual innuendos, and repeated requests for dates may constitute sexual harassment for some, but they are prelude to romance for others. This situation carries with it a different set of ethical dilemmas for organizations. Conflicts occur within an organization when romantic involvements



at work become disruptive. Moreover, employers are liable for acts of their employees and can thus be held liable for sexual harassment. Other employees might claim that the subordinate who is romantically involved with the supervisor gets preferential treatment.

Romantic involvements at work can create a conflict of interest. A comprehensive policy should require anyone who might be experiencing a conflict of interest to report it to his or her manager. The policy should also include an explanation of how unwelcome romantic advances can turn into sexual harassment.

- (v) **Organizational Justice:** Another area in which moral and ethical dilemmas may arise for people at work concerns organizational justice, both distributive and procedural.
  - (a) *Distributive Justice:* Concerns the fairness of outcomes individuals receives.
  - (b) *Procedural Justice:* Concerns the fairness of the process by which outcomes is allocated. The ethical questions here do not concern the just or unjust distribution of organizational resources. Rather, the ethical questions in procedural justice concern the process. Has the organization used the correct procedures in allocating resources? Have the right considerations such as competence and skill, been brought to bear in the decision process?
- (vi) **Whistle blowing:** Whistle-blowers are employees who inform authorities of wrongdoings of their companies or co-workers. Whistle blowing is important because committed organizational members sometimes engage in unethical behaviour in an intense desire to succeed. Organizations can manage whistle blowing by communicating the conditions that are appropriate for the disclosure of wrongdoing. Clearly delineating wrongful behaviour and the appropriate ways to respond are important organizational actions.
- (vii) **Social Responsibility:** Corporate social responsibility is the obligation of an organization to behave in ethical ways in the social environment in which it operates. Socially responsible actions are expected of organizations. Current concerns including protecting the environment, promoting worker safety, supporting social issues, investing in the community etc. Managers must encourage both individual ethical behaviour and organizational social responsibility.

---

## 14.17 TYPES OF MANAGEMENT ETHICS

---

Managerial ethics, are standards of conduct or moral judgement used by managers of organizations in caring out their business. Archi B Carroll, notes that three major levels of moral or ethical, judgement characterize managers: immoral management, amoral management, and moral management.

### 14.17.1 Immoral Management

Immoral management not only lacks ethical principles but also is actively opposed to ethical behaviour. This perspective is characterized by principal or exclusive concern for company gains, emphasis on profits and company success at virtually any price, lack of concern about the desires of others to be treated fairly, views of laws as obstacles to be overcome, and a willingness to "cut corners".

### 14.17.2 Moral Management

In contrast to immoral management, moral management strives to follow ethical principles and percepts. While moral managers also desire to succeed, they seek to do so only within the parameters of ethical standards and the ideals of fairness, justice, and due process. As a result, moral managers pursue business objectives that involve simultaneously making a profit and engaging in legal and ethical behaviours.

### 14.17.3 Amoral Management

The amoral management approach is neither immoral nor moral but, rather, ignores or is oblivious to ethical considerations. There are two types of amoral management:

**Intentional:** Amoral managers do not include ethical concerns in their decision-making, or behaviour, because they basically think that general ethical standards are more appropriate to other areas of life than to business.

**Unintentional:** Amoral managers also do not think about ethical issues in their business dealings, but the reason is different. These managers are basically inattentive or inceptive to the moral implications of their decision-making, actions, and behaviour. Overall amoral managers pursue profitability as a goal and may be generally well meaning, but intentionally or unintentionally they pay little attention to the impacts of their behaviours on others.

The figure given below shows the characteristics of different types of Managerial Ethics Types.

Organizational Characteristics	Immoral Management	Amoral Management	Moral Management
Ethical Norms	Management decisions, actions, and behaviour imply a positive and active opposition to what is moral (ethical). Decisions are discordant with accepted ethical principles. An active negation of what is moral is implied.	Management is neither moral nor immoral, but decisions lie outside the sphere to which moral judgements apply. Management activity is outside or beyond the moral order of a particular code. May imply a lack of ethical perception and moral awareness.	Management activity conforms to a standard of ethical, or right, behaviour. Conforms to accepted professional standards of conduct. Ethical leadership is commonplace on the part of management.
Motives	Selfish. Management cares only about its or the company's gain	Well-intentioned but selfish in the sense that impact on others is not considered.	Good. Management wants to succeed but only within the confines of sound ethical precepts (fairness, justice, due process).
Goals	Profitability and organizational success at any price.	Profitability. Other goals are not considered.	Profitability within the confines of legal obedience and ethical standards.
Orientation toward Law	Legal standards are barriers that management must overcome to accomplish what it wants.	Law is the ethical guide, preferably the letter of the law. The central question is what we can do legally.	Obedience toward letter and spirit of the law. Law is a minimal ethical behaviour. Prefer to operate well above what law mandates.
Strategy	Exploit opportunities for corporate gain. Cut corners when it appears useful.	Give managers free rein. Personal ethics may apply but only if managers choose. Respond to legal mandates if caught and required to do so.	Live by sound ethical standards. Assume leadership position when ethical dilemmas arise. Enlightened self-interest.

Source: Archie B Carroll, "In Search of the Moral Manager", Business Horizons, March-April 1987, page 12.

**Figure 14.3: Characteristics of Managerial Ethics**

### **Many Companies Are Trying Hard to Stamp Out Sexual Harassment**

Sexual harassment! No subject in recent memory has stirred so much confusion. Managers and employees are asking basic questions such as: Was it all right to say I liked her dress? Is it okay to ask him out to lunch to talk about that project? Should I just stop touching anybody, even if it's only a congratulatory pat on the back?

One point that all the experts seem to agree on is that sexual harassment is not really about sex. It's about power - more specifically, the abuse of power.

Ninety percent of Fortune 500 companies have dealt with sexual harassment complaints. More than a third have been sued at least once, and about a quarter have been sued over and over again.

What are organizations doing to eliminate sexual harassment? Most are taking a three-prong approach. First, they're establishing formal policies that show the company is serious about the problem. Honeywell, for instance, publicizes its policy against sexual harassment in a handbook given to every employee and on posters placed in conspicuous places. AT&T warns its employees that they can be fired for repeatedly making unwelcome sexual advances, using sexually degrading words to describe someone, or displaying sexually offensive pictures or objects at work. Secondly, organizations are investing in training. The most effective training appears to be workshops where participants get a chance to talk to each other, instead of just listening to a lecture or watching a video. In classes where men and women are asked to compare their impressions of the same hypothetical situation, real revelations can occur. Finally, organizations are establishing clear procedures for handling complaints when they arise. Typically, employers choose an impartial ombudsperson, usually in the human resources department, to hear and investigate charges before lawyers get involved. When complaints are found to be legitimate, organizations then are taking "immediate and appropriate action". Depending on the circumstances, this can range from transferring the harassed or the harasser to a different department, to docking the harasser a couple of weeks' pay, to firing the guilty party outright.

*Source:* A.B Fisher, "Sexual Harassment: What to Do," Fortune (August 23, 1993) Pages 84 - 88.

---

## **14.18 IMPROVING ETHICAL BEHAVIOUR**

---

Unethical behaviour by employees can affect individuals, work teams and even the organization. Organizations thus depend on individuals to act ethically. The ethical issues that individuals face at work are complex. The Figure below summarizes the ethical issues.

1. ***Stealing:*** Taking things that don't belong to you.
2. ***Lying:*** Saying things you know aren't true.
3. ***Fraud and deceit:*** Creating or perpetuating false impressions.
4. ***Conflict of interest and influence buying:*** Bribes, payoff and kickbacks.
5. ***Hiding versus divulging information:*** Concealing information that another party has a right to know, or failing to protect personal or proprietary information.
6. ***Cheating:*** Taking unfair advantage of a situation.
7. ***Personal decadence:*** Aiming below excellence in terms of work performance (e.g., careless or sloppy work).
8. ***Interpersonal abuse:*** Behaviors that are abusive of others (e.g., sexism, racism, emotional abuse).
9. ***Organizational abuse:*** Organizational practices that abuse members (e.g., inequitable compensation, misuses of power).

*Contd...*

10. **Rule violations:** Breaking organizational rules.
  11. Accessory to unethical acts: Knowing about unethical behavior and failing to report it.
  12. **Ethical dilemmas:** Choosing between two equally desirable or undesirable options.
- Source:* J.O. Cherrington and D. J. Cherrington, "A Menu of Moral Issues: One Week in the Life of the Wall Street Journal," *Journal of Business Ethics* 11 (1992) pages 255 - 265.

**Figure 14.4: Ethical Issues from One Week in the Wall Street Journal**

Members of organizations are increasingly finding themselves facing ethical dilemmas, situations where they are required to define right and wrong conduct. What constitutes good ethical behaviour has never been clearly defined. And in recent years the line differentiating right from wrong has become more blurred. Employees see people all around them engaging in unethical practices. When caught these people giving excuses like "everyone does it", or "I never thought I would get caught".

Managers and their organizations are responding to this problem from a number of directions. They are writing and distributing codes of ethics to guide employees through ethical dilemmas and they are creating protection mechanisms for employees who reveal internal unethical practices.

Today's manager needs to create an ethically healthy climate for his or her employees, where they can do their work productively and confront a minimal degree of ambiguity regarding what constitutes right and wrong behaviours.

Making ethical decisions is part of each manager's job. It has been suggested by K.R. Andrews that ethical decision-making requires three qualities of individuals:

1. The competence to identify ethical issues and evaluate the consequences of alternative courses of action.
2. The self-confidence to seek out different opinions about the issue and decide what is right in terms of a particular situation.
3. Tough-mindedness - the willingness to make decisions when all that needs to be known cannot be known and when the ethical issue has no established unambiguous solution.

**Check Your Progress 3**

1. Explain ethical behaviour.
2. What are the common ethical issues in organisations?
3. Explain the different types of managerial ethics.

**Values and Ethics:** Sometimes some people consider values and ethics synonymous and use them interchangeably. However, the two have different meanings. The major distinction between the two is that values are beliefs that affect an individual's judgemental ideas about what is good or bad. The ethics is the way the values are acted out. Ethical behaviour is acting in ways consistent with one's personal values and the commonly held values of the organization and society.

**Values and Attitudes:** Both values and attitudes are tinged with morale. There are some similarities and some dissimilarity between the two:

**Similarities:** The similarities between values and attitudes are:

1. Both are learned or acquired from the same sources - experience with people, objects and events.

2. Both affect cognitive process and behaviour of people.
3. Both are enduring and difficult to change.
4. Both influence each other and more often than not, are used interchangeably.

ATTITUDE	VALUE
1 Attitudes exhibit predisposition to respond.	1. Values represent judgemental ideas like what is right.
2 Attitudes refer to several beliefs relating to a specific object or situation.	2. Values represent single belief focused on objects or situations.
3 Attitudes are one's personal experiences.	3. Values are derived from social and cultural mores.

**Work Attitudes and Job Satisfaction:** Attitudes at work are important because, directly or indirectly, they affect work behaviour. Although many work attitudes are important, two attitudes in particular have been emphasized. Job satisfaction and organizational commitment are key attitudes of interest to managers.

1. **Job Satisfaction:** Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. The most important factors conducive to job satisfaction are:
  - (i) *Mentally Challenging Work:* Employees tend to prefer job that give them opportunities to use their skills and abilities and offer a variety of tasks, freedom and feedback on how well they are doing. Under conditions of moderate challenge, most employees will experience pleasure and satisfaction.
  - (ii) *Personality-Job Fit:* People with personality types congruent with their chosen vocations should find they have the right talents and abilities to meet the demands of their jobs; and because of this success, have a greater probability of achieving high satisfaction from their work. It is important, therefore to fit personality factors with job profiles.
  - (iii) *Equitable Rewards:* Employees want pay systems and promotion policies that they perceive as being just, unambiguous, and in line with their expectations. When pay is seen as fair based on job demands, individual skill level, and industry pay standards, satisfaction is likely to result. Similarly, employees seek fair promotion policies and practices. Promotions provide opportunities for personal growth, more responsibilities and increased social status. Individual's who perceive that promotion decisions are made in a fair and just manner are likely to experience job satisfaction.
  - (iv) *Supportive working conditions:* Employees prefer physical conditions that are comfortable and facilitating doing a good job. Temperature, light, noise and other environmental factors should not be extreme and provide personal comfort. Further, employees prefer working relatively close to home, in clean and relatively modern facilities and with adequate tools and equipment.
  - (v) *Supportive Colleagues:* Employees have need for social interaction. Therefore, having friendly and supportive co-workers and understanding supervisor's leads to increase job satisfaction. Most employees want their immediate supervisor to understand and friendly, offers praise for good performance, listens to employees' opinions and show a personal interest in them.

An individual may hold different attitudes toward various aspects of the job. For example, an employee may like his job responsibilities but be dissatisfied with the opportunities for promotion. Characteristics of individuals also affect job satisfaction. Those with high negative affectivity are more likely to be dissatisfied with their jobs.

Are satisfied workers more productive? Or, are more productive workers more satisfied? The link between satisfaction and performance has been widely explored. Research shows weak support for both views, but not simple, direct relationship between satisfaction and performance have been found. However, we can say that satisfied workers are more likely to want to give something back to the organization because they want to reciprocate their positive experiences.

2. **Organizational Commitment:** - The strength of an individual's identification with an organization is known as organizational commitment. There are two kinds of organizational commitment.

(i) **Affective Commitment:** Affective commitment is an employee's intention to remain in an organization because of a strong desire to do so. It consists of three factors:

- A belief in the goals and values of the organization.
- A willingness to put forth effort on behalf of the organization.
- A desire to remain a member of the organization.

Affective commitment encompasses loyalty, but it is also a deep concern for the organization's welfare.

(ii) **Continuance Commitment:** Continuance commitment is an employee's tendency to remain in an organization because the person cannot afford to leave. Sometimes, employees believe that if they leave, they will lose a great deal of their investments in time, effort and benefits and that they cannot replace these investment.

Organizational commitment is related to lower rates of absenteeism, higher quality of work, and increased productivity. Managers should be concerned about affective commitment because committed individuals expend more task-related effort and are less likely than others to leave the organization.

Job satisfaction and organizational commitment are two important work attitudes that managers can strive to improve among their employees. And these two attitudes are strongly related; so increasing job satisfaction is likely to increase commitment as well.

---

## 14.19 LET US SUM UP

---

Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues. Attitudes are evaluative statements - either favourable or unfavourable - concerning objects, people or events. Attitudes thus state one's predispositions towards given aspects of world. They also provide an emotional basis of one's interpersonal relations and identification with others. Attitudes are known to serve at least four important functions in an organisation setting. Attitudes are learned. Individuals acquire attitudes from several sources but the point to be stressed is that the attitudes are acquired but not inherited. Values are learned and acquired primarily through experiences with people and institutions. In contemporary organizations, people face ethical and moral dilemmas in many diverse areas. Job satisfaction and organizational commitment are two important work attitudes that managers can strive to improve among their employees.

---

## 14.20 LESSON END ACTIVITY

---

“Work Satisfaction is associated with the attitude one has.” Justify the statement with your own arguments.

---

## 14.21 KEYWORDS

---

Attitudes

Values

Instrumental Value

Terminal Value

Whistle Blowing

Ethics

---

## 14.22 QUESTIONS FOR DISCUSSION

---

1. Define Attitudes.
2. Explain the characteristics of Attitude.
3. What are the functions of Attitudes?
4. How attitudes are formed?
5. Describe the ABC model of an attitude. How should each component be measured?
6. What is cognitive dissonance and how is it related to attitudes?
7. Define Values. Distinguish between instrumental values and terminal values.
8. How values are formed?
9. How does our values affect our behaviour.
10. What is Ethics? What is the relationship between values and ethics?

---

## 14.23 SUGGESTED READINGS

---

Aquinas, P.G., *"Organizational Behaviour - concepts realities and challenges"*, Excel Books, New Delhi (2005).

Boulding, K.E., *"Conflict and Defence: A General Theory"*, Harper and Row, New York (1962).

Chabra Ahuja and Jain, *"Managing People at work"*, Dhanpat Rai and Sons, New Delhi.

Harrel, T.W., *"Industrial Psychology"* Oxford and IBH, New Delhi (1972).

Kossen Stan, *"Human Side of Organization"*, Canfield Press San Francisco (1978).

March, J.C., and Simon H *"Organisations"*, Wiley, New York (1958).

Fred Luthans, *"Organisational Behaviour"*, (7th Ed) McGraw Hill, New York (1995).

John W Newstorm, Keith Davis, *"Organizational Behaviour - Human Behaviour at Work"*, (9th Edition) McGraw Hill, New York (1989).

Whyte W.F., *"Organizational Behaviour"*, Irwin/Dorsey Homewood III (1969).

Woodward, J., (Ed.), *"Industrial Organizations: Behaviour and Control"*, Oxford University Press, Oxford (1970).

---

## LESSON

# 15

## PERCEPTION AND LEARNING

---

### CONTENTS

- 15.0 Aims and Objectives
  - 15.1 Introduction
  - 15.2 Factors Influencing Perception (Perception Process)
    - 15.2.1 Characteristics of the Perceiver
    - 15.2.2 Characteristics of the Target
    - 15.2.3 Characteristic of the Situation
  - 15.3 Managerial Implications of Perception
  - 15.4 Meaning of Learning
  - 15.5 Components of Learning
  - 15.6 Determinants of Learning
  - 15.7 Theories of Learning
    - 15.7.1 Classical Conditioning
    - 15.7.2 Operant Conditioning
    - 15.7.3 Cognitive Learning Theory
    - 15.7.4 Social Learning
  - 15.8 Principles of Reinforcement
    - 15.8.1 Positive Reinforcement
    - 15.8.2 Negative Reinforcers
    - 15.8.3 Extinction
    - 15.8.4 Punishment
    - 15.8.5 Schedules of Reinforcement
  - 15.9 Limitations of Behaviour Modification
  - 15.10 Learning Curves
  - 15.11 Learning and Behaviour
  - 15.12 Learning and Personality Differences
  - 15.13 Let us Sum up
  - 15.14 Lesson-end Activity
  - 15.15 Keywords
  - 15.16 Questions for Discussion
  - 15.17 Suggested Readings
-



---

## 15.0 AIMS AND OBJECTIVES

---

After studying this lesson you will be able to:

- (i) understand meaning and process of perception.
- (ii) describe managerial implications of perception.
- (iii) discuss meaning, components and determinants of learning.
- (iv) explain theories of learning.
- (v) describe the principles of learning
- (vi) explain various learnings curves.
- (vii) understand the role of learning in behaviour modification.
- (viii) discuss implications of personality differences on learning.

---

## 15.1 INTRODUCTION

---

Perception involves the way we view the world around us. It adds, meaning to information gathered via the five senses of touch, smell, hearing, vision and taste. Perception is the primary vehicle through which we come to understand our surroundings and ourselves. Perception can be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

### Why is the study perception important?

Simply because people's behaviour is based on their perception of what reality is, not on reality itself. Virtually all management activities rely on perception. In appraising performance, managers use their perceptions of an employee's behaviour as a basis for the evaluation. One work situation that highlights the importance of perception is the selection interview. Perception is also culturally determined. Based on our cultural backgrounds, we tend to perceive things in certain ways.

Thus, perception is the primary vehicle through which we come to understand our surroundings and ourselves. Social perception is the process of interpreting information about another person. Social perception is directly concerned with how one individual perceives other individuals. Formal organization participants constantly perceive one another. Managers are perceiving workers, workers are perceiving managers, line personnel perceive staff personnel, staff personnel perceive line personnel, superiors perceive subordinates, and subordinates are perceiving superiors and so on. There are numerous complex factors that enter into such social perception, but the primary factors are found in the psychological process and personality.

---

## 15.2 FACTORS INFLUENCING PERCEPTION (PERCEPTION PROCESS)

---

A number of factors operate to shape and sometimes distort perception. These factors reside-

- i. In the perceiver
- ii. In the object or target being perceived or
- iii. In the context of the situation in which the perception is made.

### 15.2.1 Characteristics of the Perceiver

Several characteristics of the perceiver can affect perception. When an individual looks at a target and attempts to interpret what he or she, that interpretation is heavily influenced

by personal characteristics of individual perceiver. The major characteristics of the perceiver influencing perception are:

- (A) **Attitudes:** The perceiver's attitudes affect perception. For example, suppose Mr. X is interviewing candidates for a very important position in his organization - a position that requires negotiating contracts with suppliers, most of whom are male. Mr X may feel that women are not capable of holding their own in tough negotiations. This attitude will doubtless affect his perceptions of the female candidates he interviews.
- (B) **Moods:** Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When in a positive mood, we form more positive impression of others. When in a negative mood, we tend to evaluate others unfavourably.
- (C) **Motives:** Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an organizational context, a boss who is insecure perceives a subordinate's efforts to do an outstanding job as a threat to his or her own position. Personal insecurity can be transferred into the perception that others are out to "get my job", regardless of the intention of the subordinates.
- (D) **Self-Concept:** Another factor that can affect social perception is the perceivers' self-concept. An individual with a positive self-concept tends to notice positive attributes in another person. In contrast, a negative self-concept can lead a perceiver to pick out negative traits in another person. Greater understanding of self allows us to have more accurate perceptions of others.
- (E) **Interest:** The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week. If you are preoccupied with a personal problem, you may find it hard to be attentive in class.
- (F) **Cognitive Structure:** Cognitive structure, an individual's pattern of thinking, also affects perception. Some people have a tendency to perceive physical traits, such as height, weight, and appearance, more readily. Others tend to focus more on central traits, or personality dispositions. Cognitive complexity allows a person to perceive multiple characteristics of another person rather than attending to just a few traits.
- (G) **Expectations:** Finally, expectations can distort your perceptions in that you will see what you expect to see. The research findings of the study conducted by Sheldon S Zalkind and Timothy W Costello on some specific characteristics of the perceiver reveal
  - Knowing oneself makes it easier to see others accurately.
  - One's own characteristics affect the characteristics one is likely to see in others.
  - People who accept themselves are more likely to be able to see favourable aspects of other people.
  - Accuracy in perceiving others is not a single skill.

These four characteristics greatly influence how a person perceives others in the environmental situation.

### 15.2.2 Characteristics of the Target

Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Extremely attractive or unattractive individuals are more likely to be noticed in a group than ordinary looking individuals. Motion, sound, size and other attributes of a target shape the way we see it.

Physical appearance plays a big role in our perception of others. The perceiver will notice the target's physical features like height, weight, estimated age, race and gender. Perceivers tend to notice physical appearance characteristics that contrast with the norm, that are intense, or that are new or unusual. Physical attractiveness often colours our entire impression of another person. Interviewers rate attractive candidates more favourably and attractive candidates are awarded higher starting salaries.

Verbal communication from targets also affects our perception of them. We listen to the topics they speak about, their voice tone, and their accent and make judgements based on this input.

Non-verbal communication conveys a great deal of information about the target. The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

The perceiver, who observes the target's behaviour, infers the intentions of the target. For example, if our manager comes to our office doorway, we think "oh no! he is going to give me more work to do". Or we may perceive that his intention is to congratulate us on a recent success. In any case, the perceiver's interpretation of the target's intentions affects the way the perceiver views the target.

Targets are not looked at in isolation, the relationship of a target to its background influences perception because of our tendency to group close things and similar things together. Objects that are close to each other will tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated. For examples, employees in a particular department are seen as a group. If two employees of a department suddenly resign, we tend to assume their departures were related when in fact, they might be totally unrelated.

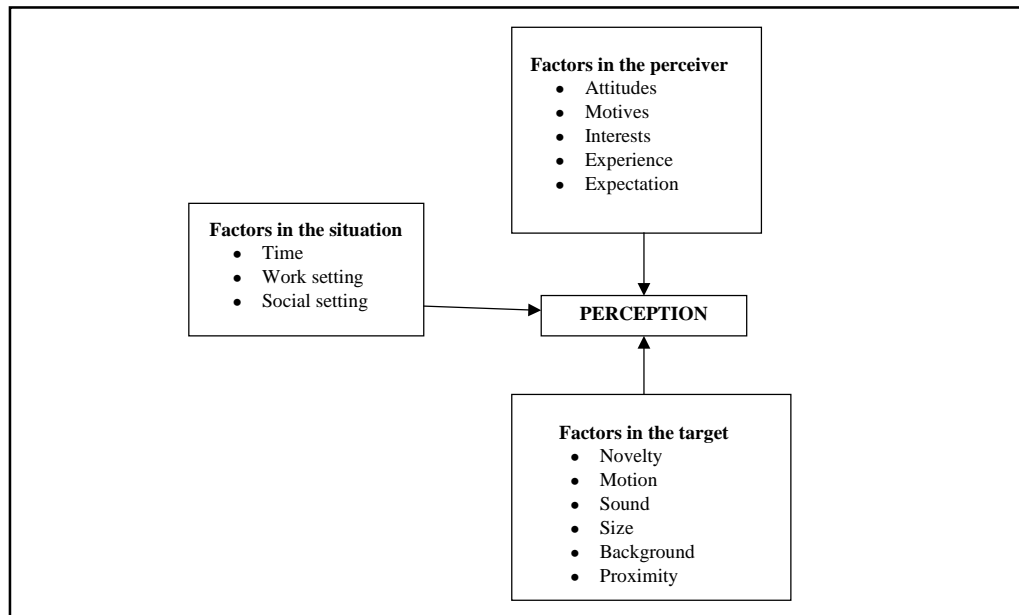
People, objects or events that are similar to each other also tend to be grouped together. The greater the similarity, the greater the probability we will tend to perceive them as a group.

### 15.2.3 Characteristics of the Situation

The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. For example, a professor may not notice his 20-year-old female student in a bikini at the swimming pool. Yet the professor will notice the same girl if she comes to his organizational behaviour class in a bikini. In the same way, meeting a manager in his or her office affects your impression in a certain way that may contrast with the impression you would form had you met the manager in a restaurant.

The strength of the situational cues also affects social perception. Some situations provide strong cues as to appropriate behaviour. In these situations, we assume that the individual's behaviour can be accounted for by the situation, and that it may not reflect the individual's disposition. This is the discounting principle in social perception. For example, you may encounter an automobile salesperson who has a warm and personable manner, asks you about your work and hobbies, and seems genuinely interested in your taste in cars. Can you assume that this behaviour reflects the salesperson's personality? You probably cannot, because of the influence of the situation. This person is trying to sell you a car, and in this particular situation he probably treats all customers in this manner.

The figure below summarises the factors influencing perception.



*Source:* Stephen P Robbins "Organizational Behaviour – concepts, controversies, applications" Prentice Hall Englewood Cliffs NJ 07632 (seventh edition) 1996 pages 135.

**Figure 15.1: Factors that Influence Perception**

***Frequently Used Shortcuts in judging others:*** Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. These techniques are not foolproof. Several factors lead us to form inaccurate impressions of others. These barriers to perception are inaccurate impressions of others. These barriers to perception are

1. ***Selective Perception:*** We receive a vast amount of information. Therefore, it is impossible for us to assimilate everything we see - on eye certain stimuli can be taken. That is why their boss may reprimand some employees for doing something that when done by another employee goes unnoticed. Since, we can't observe everything going on about us, we engage in selective perception.

Selective perception is also out tendency to choose information that supports our viewpoints; Individuals often ignore information that makes them feel uncomfortable or threatens their viewpoints.

Selective perception allows us to "speed-read" others, but not without the risk of drawing an inaccurate picture. Because we see what we want to see, we can draw unwarranted conclusions from an ambiguous, perception tends to be influenced more by an individual's attitudes, interests, and background than by the stimulus itself.

2. ***Stereotype:*** A stereotype is a generalization about a group of people. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping. Stereotypes reduce information about other people to a workable level, and they are efficient for compiling and using information. It is a means of simplifying a complex world and it permits us to maintain consistency. It is less difficult to deal with an unmanageable number of stimuli if we use stereotypes. Stereotypes can be accurate, and when they are accurate, they can be useful perceptual guidelines. However, most of the times stereotypes are inaccurate.

Attractiveness is a powerful stereotype. We assume that attractive individuals are also warm, kind, sensitive, poised, sociable, outgoing, independent, and strong. Are attractive people sociable, outgoing, independent, and strong? Are attractive people really like this? Certainly all of them are not.

In organizations, we frequently hear comments that represent stereotypes based on gender, age, nationality etc. From a perceptual standpoint, if people expect to see this stereotype, that is what they will perceive, whether it's accurate or not.

3. **Halo Effect:** The halo error in perception is very similar to stereotyping. Whereas in stereotyping the person is perceived according to a single category, under the halo effect the person is perceived on the basis of one trait.

When we draw a general impression about an individual based on a single characteristic, such as intelligence, sociability or appearance, a halo effect is operating. The propensity for the halo effect to operate is not random. Research suggests it is likely to be most extreme when the traits to be perceived are ambiguous in behavioural terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has limited experience. Example of halo effect is the extremely attractive women secretary who is perceived by her male boss as being an intelligent, good performer, when, in fact, she is a poor typist.

4. **First-impression error:** Individuals place a good deal of importance on first impressions. First impressions are lasting impressions. We tend to remember what we perceive first about a person, and sometimes we are quite reluctant to change our initial impressions. First-impression error means the tendency to form lasting opinions about an individual based on initial perceptions. Primacy effects can be particularly dangerous in interviews, given that we form first impressions quickly and that these impressions may be the basis for long-term employment relationships.
5. **Contrast Effect:** Stimuli that contrast with the surrounding environment are more likely to be selected for attention than the stimuli that blends in. A contrasting effect can be caused by colour, size or any other factor that is unusual (any factor that distinguishes one stimulus from others at present). For example, a man walking down the street with a pair of crutches is more attention getting than a common man. A contrast effect is the evaluation of a person's characteristics that are affected by comparisons with other people recently encountered that rank higher or lower on the same characteristics. The "contrast" principle essentially states that external stimuli that stands out against the background or which are not what are expecting well receive their attention. The contrast effect also explains why a male student stands out in a crowd of female students. There is nothing unusual about the male students but, when surrounded by females, he stands out.

An illustration of how contrast effects operate in an interview situation in which one sees a pool of job applicants. Distortions in any given candidate's evaluation can occur as a result of his or her place in the interview schedule. The candidate is likely to receive a more favourable evaluation if preceded by mediocre applicants, and a less favourable evaluation if preceded by strong applicants.

6. **Projection:** It is easy to judge others if we assume they are similar to us. This tendency to attribute one's own characteristics to other people is called projection. Projection can distort perceptions made about others. People who engage in projection tend to perceive others. According to what they they are like rather than according to what the person being observed is really like. When managers engage in projection, they compromise their ability to respond to individual differences. They tend to see people as more homogeneous than they really are.
7. **Implicit Personality Theories:** We tend to have our own mini-theories about how people look and behave. These theories help us organize our perceptions and take shortcuts instead of integrating new information all the time. Implicit-personality theory is opinions formed about other people that are based on our own mini-theories about how people behave. For example we believe that girls dressed in fashionable clothes will like modern music and girls dressed in traditional dress like

saree will like Indian classical music. These implicit personality theories are barriers because they limit out ability to take in new information when it is available.

8. **Self-Fulfilling Prophecies:** Self-fulfilling prophecies are the situation in which our expectations about people affect our interaction with them in such a way that our expectations are fulfilled. Self-fulfilling prophecy is also known as the **Pygmalion effect**, named after a sculptor in Greek mythology who carved a statue of a girl that came to life when he prayed for this wish and it was granted.

#### Seasickness as Self-Fulfilling Prophecy

Virtually no one is immune to seasickness, especially those in the Navy who must perform their jobs on rough seas. While there are drugs for the problem, some of the side effects are the very symptoms that the drugs are intended to prevent: drowsiness, blurred vision, and dryness of the mouth. Naval and aviation medicine continue to try to solve the challenge of motion sickness.

The authors of one study devised an experiment to see whether self-fulfilling prophecy could help. They assigned twenty-five naval cadets in the Israeli Defense Forces to experimental and control conditions. Before their first cruise, the cadets in the experimental group were told that they were unlikely to experience seasickness and that, if they did, it was unlikely to affect their performance at sea. Cadets in the control group were told about research on seasickness and its prevention. At the end of the five-day cruise, cadets in the experimental group reported less seasickness and were rated as better performers by their training officers. These cadets also had higher self-efficacy; that is, they believe they could perform well at sea despite seasickness.

The pills and patches that physicians often prescribe for seasickness are unpleasant to the point of deterring their use, are of short-term effectiveness, and have undesirable side effects. Self-fulfilling prophecy has none of these problems, and it appears to work in combating seasickness.

Source: D. Eden and Y. Zuk, "Seasickness as a Self-Fulfilling Prophecy: Raising Self-Efficacy to Boost Performance at Sea," "Journal of Applied Psychology" 80 (1995) pages 628 -777 635.

The Pygmalion effect has been observed in work organizations as well. A manager's expectations of an individual affect both the manager's behaviour toward the individual and the individual's response. For example, suppose a manager has an initial impression of an employee as having the potential to move up within the organization. Chances are that the manager will spend a great deal of time coaching and counselling the employee, providing challenging assignments and grooming the individual for success.

### 15.3 MANAGERIAL IMPLICATIONS OF PERCEPTION

People in organizations are always judging each other. Managers must appraise their subordinate's performance. In many cases, these judgements have important consequences for the organizations. Let us look at the more obvious applications of perceptions in organization.

1. **Employment Interview:** A major input into who is hired and who is rejected in any organization is the employment interview. Evidence indicated that interviewers often make inaccurate perceptual judgements. Interviews generally draw early impressions that become very quickly entrenched. If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later. As a result, information elicited early in the interview carries greater weight than does information elicited later. A "good applicant" is probably characterised more by the absence of unfavourable characteristics than by the presence of favourable characteristics.

The employment interview is an important input into the hiring decision and a manager must recognize that perceptual factors influence who is hired. Therefore, eventually the quality of an organization's labour force depends on the perception of the interviewers.

2. **Performance Evaluation:** An employee's performance appraisal very much depends on the perceptual process. The performance appraisal represents an assessment of an employee's work. While this can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgemental. The evaluator forms a general impression of an employee's work. What the evaluator perceives to be "good" or "bad" employee characteristics will, significantly influence the appraisal outcome. An employee's future is closely tied to his or her appraisal - promotions, pay raises and continuation of employment are among the most obvious outcomes.
3. **Performance Expectations:** A manager's expectations of an individual affect both the manager's behaviour towards the individual and the individual's response. An impressive amount of evidence demonstrates that people will attempt to validate their perceptions of reality, even when these perceptions are faulty. This is particularly relevant when we consider performance expectations on the job.

The term self-fulfilling prophecy or Pygmalion effect have evolved to characterise the fact that people's expectations determine their behaviour. Managers can harness the power of the Pygmalion effect to improve productivity in the organization. It appears that high expectations of individuals come true. Managers can extend these high expectations of individuals to an entire group. When a manager expects positive things from a group, the group delivers. Similarly, if a manager expects people to perform minimally, they will tend to behave so as to meet these low expectations. Thus, the expectations become reality.

4. **Employee Loyalty:** Another important judgement that managers make about employees is whether they are loyal to the organization. Few organizations appreciate employees, especially those in the managerial ranks openly disparaging the firm. The assessment of an employee's loyalty or commitment is highly judgemental. What is perceived as loyalty by one may be seen as excessive by another. An employee who questions a top management decision may be seen as disloyal. Some employees called whistle-blowers who report unethical practices by their employer to authorities inside or outside the organization, typically act out of loyalty to their organization but are perceived by management as troublemakers.

**Impression Management:** Most people want to make favourable impression on others. Impression management is the process by which individuals try to control the impression others have of them. This is particularly true in organizations, where individuals compete for jobs, favourable performance evaluations and salary increases. Some impression management techniques used in organizations are given below:

1. **Name-dropping:** is a technique, which involves mentioning an association with important people in the hopes of improving one's image.
2. **Flattery:** is a common technique whereby compliments are given to an individual in order to win his or her approval. Favours are also used to gain the approval of others. Agreement with someone's opinion is a technique often used to gain a positive impression.
3. **Managing one's Appearance:** is another technique for impression management. Individuals dress carefully for interviews because they want to "look the part" in order to get the job. Self-descriptions, or statements about one's characteristics, are used to manage impressions as well.

Impression management seems to have an impact on other's impressions. As long as the impressions conveyed are accurate, this process can be beneficial one in organizations. If the impressions are found to be false, however, a strongly negative overall impression may result. Furthermore, excessive impression management can lead to the perception that the user is manipulative or insincere.

#### Check Your Progress 1

1. What is the need to study perception?
2. Explain the factors influencing perception.
3. What are the frequently used shortcuts in judging others?
4. How can we use perception in organizations?

---

## 15.4 MEANING OF LEARNING

---

Learning is a term frequently used by a great number of people in a wide variety of contexts. Learning can be defined as a relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience. There are two primary elements in this definition:

- The change must be relatively permanent. This means that after "learning" our behaviour must be different, either better or worse as compared to our behaviour prior to this learning experience. For example you "learn" to drive a car or have learned how to use a computer.
- This change must occur due to some kind of experience or practice. This learning is not caused by biological maturation. For example a child does not learn to walk, it is a natural biological phenomenon. We do not learn to eat or drink.

Learning is thus a change in behaviour as a result of experience. Different psychologists and behavioural scientists have defined learning differently. Given below are a few important definitions of learning:

Stephen P Robbins - "Learning is any relatively permanent change in behaviour that occurs as a result of experience".

Munn N.L - "Learning is the process of having one's behaviour modified, more or less permanently, by what he does and the consequences of his action, or by what he observes".

Steers and Porter - "Learning can be defined as relatively permanent change in behaviour potentially that results from reinforced practice or experience".

It must be understood that the learning itself is not observable, but only change in behaviour is observable which is the result of the process of learning. This change in behaviour must be differentiated from changes in behaviour from other causes. The causes of such changes including aging, such as being stronger or improvement in memory in the early formative years, instinctive response tendencies such as a timid person being brave at the time of a crisis. Accordingly, as a unique determinant of behaviour, learning cannot take place unless the learner actually experiences what has to be learned.

---

## 15.5 COMPONENTS OF LEARNING

---

1. Learning involves change, be it good or bad.
2. The change in behaviour must be relatively permanent. For that matter, a temporary change in behaviour as a result of fatigue or temporary adaptations are not considered learning.



3. Only change in behaviour acquired through experience is considered learning. Therefore, a change in individual's thought process or attitudes, if accompanied by no change in behaviour, would not be learning. For example the ability to walk that is based on maturation disease or physical damages would not be considered learning.
4. Some form of experience is necessary for learning. Experience may be acquired directly through practice or observation or indirectly as through reading.
5. Learning is not confined to our schooling only. As a matter of fact, learning is a life long process.

---

## 15.6 DETERMINANTS OF LEARNING

---

The important factors that determine learning are:

1. **Motive:** Motives also called drives, prompt people to action. They are primary energisers of behaviour. They are the ways of behaviour and mainspring of action. They are largely subjective and represent the mental feelings of human beings. They are cognitive variables. They arise continuously and determine the general direction of an individual's behaviour without motive learning cannot occur.
2. **Stimuli:** Stimuli are objects that exist in the environment in which a person lives. Stimuli increase the probability of eliciting a specific response from a person.
3. **Generalisation:** The principle of generalisation has important implications for human learning. Generalisation takes place when the similar new stimuli repeat in the environment. When two stimuli are exactly alike, they will have probability of eliciting specific response. It makes possible for a manager to predict human behaviour when stimuli are exactly alike.
4. **Discrimination:** What is not generalisation is discrimination. In case of discrimination, responses vary to different stimuli. For example an MBA student may learn to respond to video teaching but not to the oral lecturing by his professor.
5. **Responses:** The stimulus results in responses - be these in the physical form or in terms of attitudes or perception or in other phenomena. However, the responses need to be operationally defined and preferably physically observable.
6. **Reinforcement:** Reinforcement is a fundamental conditioning of learning. Reinforcement can be defined as anything that both increases the strength of response and tends to induce repetitions of behaviour that preceded the reinforcement. No measurable modification of behaviour can take place without reinforcement.
7. **Retention:** Retention means remembrance of learned behaviour overtime. Converse is forgetting. Learning which is forgotten over time is called "extinction". When the response strength returns after extinction without only intervening reinforcement it is called "spontaneous recovery".

---

## 15.7 THEORIES OF LEARNING

---

The most basic purpose of learning theory like any other is to better explain how learning occurs. Attempts have been made by the psychologists and behavioural scientists to develop theories of learning.

How do we learn? Four theories have been offered to explain the process by which we acquire patterns of behaviour:

1. Classical conditioning theory;
2. Operant conditioning theory;

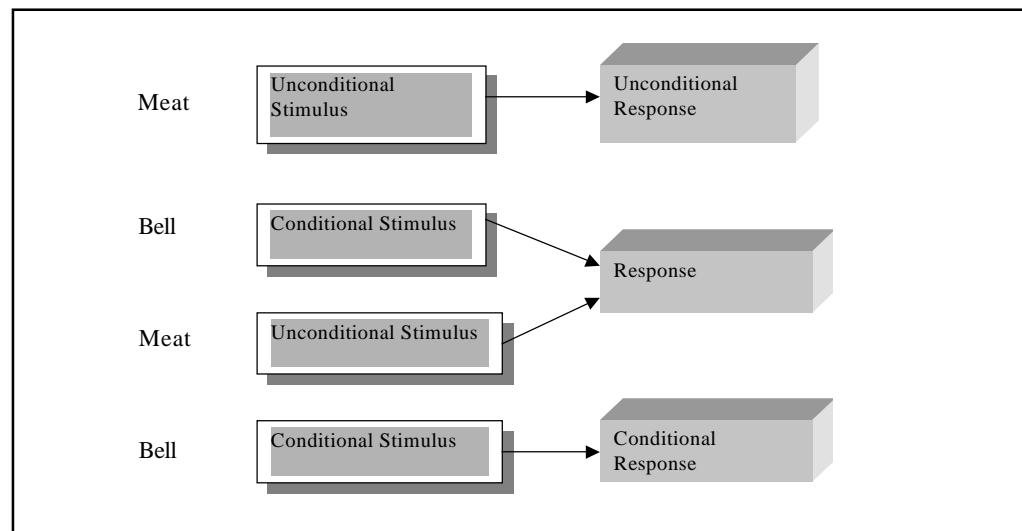
3. Cognitive learning theory; and
4. Social learning theory.

### 15.7.1 Classical Conditioning

Classical conditioning is one of the simplest forms of learning yet it has a powerful effect on our attitudes, likes and dislikes, and emotional responses. We have all learned to respond in specific ways to a variety of words and symbols. Our lives are profoundly influenced by associations we learn through classical conditioning. Ivan Pavlov whose research on the conditioned reflex in dogs revealed much of what we know about the principles of classical conditioning.

**Classical Conditioning of Pavlov:** Ivan Pavlov (1849 - 1936) organized and directed research in physiology at the Institute of Experimental Medicine in St. Petersburg, Russia from 1891 until his death in 1936. His book "Conditioned Reflexes" is one of the classic works in psychology.

Classical conditioning is modifying behaviour so that a conditioned stimulus is paired with an unconditioned stimulus and elicits an unconditioned behaviour. Ivan Pavlov, a Russian psychologist developed classical conditioning theory based on his experiments to teach dog to salivate in response to the ringing of a bell. When Pavlov presented meat (unconditioned stimulus) to the dog, he noticed a great deal of salivation (conditioned response). But, when merely bell was rung, no salivation was noticed in the dog. Then, when next Pavlov did was to link the meat and the ringing of the bell. He did this several times. Afterwards, he merely rang the bell without presenting the meat. Now, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no meat were presented. In effect, the dog had learned to respond i.e. to salivate to the bell.



Source: Ricky W Griffin and Gregory Moorhead "Organizational Behaviour", Houghton Mifflin (1986) page 106.

**Figure 15.2: Classical Conditioning Theory**

Classical conditioning introduces a simple cause-and-effect relationship between one stimulus and response. It also makes the response reflective or involuntary after the stimulus-response relationship has been established. This leaves no ground for making choice, which differences human beings from dogs. Under certain situations classical conditioning does explain human behaviour. For example, if a student is always reprimanded by his Principal when he is summoned to the principal's office he may become nervous whenever asked to come to the principal's office because of this association.

## The Elements and Processes in Classical Conditioning

**Reflex:** A reflex is an involuntary response to a particular stimulus. There are two kinds of reflexes:

- (i) **Conditioned Reflex:** This is a "learned" reflex rather than a naturally occurring one.
- (ii) **Unconditioned Reflex:** This is a "unlearned" reflex. Example, Salivation in response to food. Unconditioned reflex are built into the nervous system.

The Conditioned and Unconditioned Stimulus and Response: - Pavlov continued to investigate the circumstances under which a conditioned reflex is formed. Dogs do not need to be conditioned to salivate to food, so salivation of food is an unlearned or unconditioned response (UR). Any stimulus (such as food) that without learning will automatically elicit (bring forth) an unconditioned response is called an unconditioned stimulus (US).

A reflex is made up of both a stimulus and response. Following is a list of some common unconditioned reflexes, showing their two components - the unconditioned stimulus and unconditioned response.

UNCONDITIONED REFLEXES		
UNCONDITIONED STIMULUS (US)		UNCONDITIONED RESPONSE (UR)
Food	⇒	Salivation
Onion Juice	⇒	Tears
Heat	⇒	Sweating
Loud Noise	⇒	Startle
Light in Eye	⇒	Contraction of Pupil
Puff of air in eye	⇒	Blink.
Touching hot stove	⇒	Hand withdrawal

**Figure 15.3: Unconditioned Reflexes**

**Factors Influencing Classical Conditioning:** There are four major factors that affect the strength of a classically conditioned response and the length of time required for conditioning.

- (i) *The number of pairings of the conditioned stimulus and the unconditional stimulus.* In general, the greater the number of pairings, the stronger the conditioned response.
- (ii) *The intensity of the unconditioned stimulus.* If a conditioned stimulus is paired with a very strong unconditioned stimulus, the conditioned response will be stronger and will be acquired more rapidly than if it is paired with a weaker unconditioned stimulus.
- (iii) *The most important factor is how reliably the conditioned stimulus predicts the unconditioned stimulus.* Rescorla has shown that classical conditioning does not occur automatically just because a neutral stimulus is repeatedly paired with an unconditioned stimulus. The neutral stimulus must also reliably predict the occurrence of the unconditioned stimulus. For example, a tone that is always followed by food will elicit more salivation than one that is followed by food only some of the time.
- (iv) *The temporal relationship between the conditioned stimulus and the unconditioned stimulus.* Conditioning takes place faster if the conditioned stimulus occurs shortly before the unconditioned stimulus. It takes place more slowly or not at all when the two stimuli occur at the same time. Conditioning rarely takes place when the conditioned stimulus follows the unconditioned stimulus.

**Limitations:** Classical conditioning has real limitation in its acceptability to human behaviour in organizations for at least three reasons:

- (i) Human beings are more complex than dogs but less amenable to simple cause-and-effect conditioning.
- (ii) The behavioural environment in organizations is also complex.
- (iii) The human decision-making process being complex in nature makes it possible to override simple conditioning.

An alternate approach to classical conditioning was proposed by B.F. Skinner, known as Operant Conditioning, in order to explain the more complex behaviour of human, especially in organizational setting.

### 15.7.2 Operant Conditioning

Operant conditioning argues that behaviour is a function of its consequences. People learn to behave to get something they want or avoid something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unlearned behaviour. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement therefore strengthens behaviour and increases the likelihood it will be repeated.

What Pavlov did for classical conditioning, the Harvard psychologist B.F. Skinner did for operant conditioning.

Operant conditioning induces a voluntary change in behaviour and learning occurs as a "consequence" of such change. It is also known as reinforcement theory and it suggests that behaviour is a function of its consequences. It is based upon the premise that behaviour or job performance is not a function of inner thoughts, feelings, emotions or perceptions but is keyed to the nature of the outcome of such behaviour. The consequences of a given behaviour would determine whether the same behaviour is likely to occur with future or not. Based upon this direct relationship between the consequences and behaviour, the management can study and identify this relationship and try to modify and control behaviour. Thus, the behaviour can be controlled by manipulating its consequences. This relationship is built around two principles:

- The behaviour that results in positive rewards tend to be repeated and behaviour with negative consequences tend not to be repeated.
- Based upon such consequences, the behaviour can be predicted and controlled.

Hence, certain types of consequences can be used to increase the occurrence of a desired behaviour and other types of consequences can be used to decrease the occurrence of undesired behaviour. The consequences of behaviour are used to influence, or shape, behaviour through three strategies: reinforcement, punishment and extinction. Thus, operant conditioning is the process of modifying behaviour through the use of positive or negative consequences following specific behaviours.

From an organizational point of view, any stimulus from the work environment will elicit a response. The consequence of such a response will determine the nature of the future response. For example working hard and getting the promotion will probably cause the person to keep working hard in the future.

**Factors Influencing Operant Conditioning:** Several factors affect response rate, resistance to extinction and how quickly a response is acquired.

1. The first factor is the magnitude of reinforcement. In general, as magnitude of reinforcement increases, acquisition of a response is greater. For example, workers would be motivated to work harder and faster, if they were paid a higher salary.

Research indicates that level of performance is also influenced by the relationship between the amount of reinforcement expected and what is actually received. For example, your job performance would undoubtedly be affected if your salary were suddenly cut by half. Also, it might dramatically improve if your employer doubled your pay.

2. The second factor affecting operant conditioning is the immediacy of reinforcement. Responses are conditioned more effectively when reinforcement is immediate. As a rule, the longer the delay in reinforcement, the more slowly a response is acquired.
3. The third factor influencing conditioning is the level of motivation of the learner. If you are highly motivated to learn to play football you will learn faster and practice more than if you have no interest in the game. Skinner found that when food is the reinforcer, a hungry animal would learn faster than an animal with a full stomach.

**Difference between Classical Conditioning and Operant Conditioning**

CLASSICAL CONDITIONING	OPERANT CONDITIONING
1. A change in stimulus elicits a particular response	1. Stimulus serves as a cue for a person to emit the response
2. The strength and frequency of classically conditioned behaviours are determined mainly by the frequency of eliciting stimulus.	2. The strength and frequency of operantly conditioned behaviours are determined mainly by the consequences.
3. The stimulus serving as reward is present every time.	3. The reward is presented only if the organism gives the correct response.
4. Responses are fixed to stimulus	4. Responses are variable both in type and degree.

<b>CLASSICAL CONDITIONING</b>	
(S) <b>Stimulus</b> The individual is stuck by a pin The individual is shocked by an electric current	(R) <b>Response</b> Flinches Jumps and Screams
<b>OPERANT CONDITIONING</b>	
(R) <b>Response</b> Works The individual enters a library Works hard	(S) <b>Stimulus</b> is paid finds a book receives praise and promotion
Adapted from: Fred Luthans "Organizational Behaviour" McGraw Hill Inc., New Delhi (seventh Edition) 1995 page 200	

CHARACTERISTICS	CLASSICAL CONDITIONING	OPERANT CONDITIONING
Type of association	Between two stimuli	Between a response and its consequence
State of the subject	Passive	Active
Focus of Attention	On what precedes response	On what follows response
Type of response typically involved	Involuntary or reflexive response	Voluntary response
Bodily response typically involved	Internal Responses: Emotional and glandular reactions	External Responses: Muscular and skeletal movement and verbal responses.
Range of Responses	Relatively simple	Simple to highly complex
Responses learned	Emotional Reactions: fear, likes, dislikes	Goal-oriented responses

Source: Samuel E Wood, Ellen Green Wood "The World of Psychology" Allyn and Bacon, Boston (second edition) 1996 page 191.

**Figure 15.4: Classical and Operant Conditioning Compared**

### 15.7.3 Cognitive Learning Theory

Behaviourists such as Skinner and Watson believed that learning through operant and classical conditioning would be explained without reference to internal mental processes. Today, however, a growing number of psychologists stress the role of mental processes. They choose to broaden the study of learning to include such cognitive processes as thinking, knowing, problem solving, remembering and forming mental representations. According to cognitive theorists, these processes are critically important in a more complete, more comprehensive view of learning.

1. **Wolfgang Kohler (1887 - 1967):** Learning by insight: - A German Psychologist studied anthropoid apes and became convinced that they behave intelligently and were capable of problem solving. In his book "The Mentality of Apes" (1925), Kohler describes experiments he conducted on chimpanzees confined in caged areas.

In one experiment Kohler hung a bunch of bananas inside the caged area but overhead, out of reach of the apes; boxes and sticks were left around the cage. Kohler observed the chimp's unsuccessful attempts to reach the bananas by jumping or swinging sticks at them. Eventually the chimps solved the problem by piling the boxes one on top of the other until they could reach the bananas.

In another experiment, Sultan, the brightest of the chimps, was given one short stick; beyond reach outside the cage were a longer stick and a bunch of bananas. After failing to reach the bananas with the short stick, Sultan used it to drag the longer stick within reach. Then, finding that the long stick did not reach the bananas, Sultan finally solved the problem by fitting the two sticks together to form one long stick. With this stick, he successfully retrieved the bananas.

Kohler observed that the chimps sometimes appeared to give up in their attempts to get the bananas. However, after an interval they returned and came up with the solution to the problem as if it had come to them in a flash of insight. Kohler insisted that insight, rather than trial-and-error learning, accounted for the chimps' successes because they could easily repeat the solution and transfer this learning to similar problems.

Learning by insight occurs when there is a sudden realisation of the relationship between elements in a problem situation so that a solution becomes apparent. Kohler's major contribution is his notion of learning by insight. In human terms, a solution gained through insight is more easily learned, less likely to be forgotten, and more readily transferred to new problems than solution learned through rote memorization.

2. **Edward Tolman (1886 - 1959):** Latent Learning and Cognitive Maps:- Edward Tolman differed with the prevailing ideas on learning
  - (i) He believed that learning could take place without reinforcing.
  - (ii) He differentiated between learning and performance. He maintained that latent learning could occur. That is learning could occur without apparent reinforcement but not be demonstrated until the organism was motivated to do so.

The following experiment by Tolman and Honzik (1930) supported this position. The experiment consisted of three groups of rats that were placed in a maze daily for 17 days. The first group always received a food reward at the end of the maze. The second group never received a reward, and the third group did not receive a food reward until the 11th day. The first group showed a steady improvement in performance over the 17 day period. The second group showed gradual improvement. The third

group, after being rewarded on the 11th day showed a marked improvement the next day and from then on outperformed the rats that had been rewarded daily. The rapid improvement of the rats that had been rewarded daily. The rapid improvement of the third group indicated to Tolman that latent learning has occurred – that the rats had actually learned the maze during the first 11 days.

In later studies, Tolman showed how rats quickly learned to rearrange learned cognitive maps and find their way through increasingly complex mazes with ease.

#### 15.7.4 Social Learning

Albert Bandura contends that many behaviours or responses are acquired through observational learning. Observational learning, sometimes called modelling results when we observe the behaviours of others and note the consequences of that behaviour. The person who demonstrates behaviour or whose behaviour is imitated is called models. Parents, movie stars and sports personalities are often powerful models. The effectiveness of a model is related to his or her status, competence and power. Other important factors are the age, sex, attractiveness, and ethnicity of the model.

Whether learned behaviours are actually performed depends largely on whether the person expects to be rewarded for the behaviour.

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

Usually, the following four processes determine the influence that a model will have on an individual:

- **Attention Process:** People can learn from their models provided they recognise and pay attention to the critical features. In practice, the models that are attractive, repeatedly available or important to us tend to influence us the most.
- **Retention Process:** A model's influence depends on how well the individual can remember or retain in memory the behaviour/action displayed by him when the model is no longer readily available.
- **Motor Reproduction Process:** Now, the individual needs to convert the model's action into his action. This process evinces how well an individual can perform the modelled action.
- **Reinforcement Process:** Individuals become motivated to display the modelled action if incentive and rewards are provided to them.

In addition to observing others as role models, human beings have the capacity of self-regulation. By simply thinking about their behaviour, they can change their behaviours towards betterment and in accordance with the norms of social and organisational living.

Central to Bandura's social learning theory is the notion of self-efficacy. Self-efficacy is an individual's belief and expectancies about his or her ability to accomplish a specific task effectively. Individuals with high self-efficacy believe that they have the ability to get things done, that they are capable of putting forth the effort to accomplish the task, and that they can overcome any obstacles to their success. People with high levels of

self-efficacy are more effective at learning than are those with low levels of self-efficacy. According to Bandura, self-efficacy expectations may be enhanced through four means as follows:

1. Performance accomplishments (just do it!)
2. Vicarious experiences (watch someone else do it)
3. Verbal persuasion (be convinced by someone else to do it) or
4. Emotional arousal (get excited about doing it)

---

## **15.8 PRINCIPLES OF REINFORCEMENT**

---

Reinforcement has played a central role in learning. Most learning experts agree that reinforcement is the single most important principle of learning. Yet, there is much controversy over its theoretical explanation. The first major theoretical treatment given to reinforcement in learning is Thorndike's classic law of effect. According to Thorndike, "of several responses made to the same situation, those which are accompanied or closely followed by satisfaction (reinforcement) ..... will be more likely to recur; those which are accompanied or closely followed by discomfort (punishment). .....Will be less likely to occur". From a strictly empirical standpoint, most behavioural scientists, generally accept the validity of this law. Therefore, reinforcement is the attempt to develop or strengthen desirable behaviour by either bestowing positive consequences or withholding negative consequences.

Reinforcement is the process by which certain types of behaviours are strengthened. It is the attempt to develop or strengthen desirable behaviour by either bestowing positive consequences or withholding negative consequences. Thus, a "reinforcer" is any stimulus that causes certain behaviour to be repeated or inhibited. By introducing some reinforcers, the organizations can maintain or increase the probability of such behaviours as quality oriented performance, decision-making, high level of attendance and punctuality and so on. There are four basic reinforcement strategies:

1. Positive reinforcement
2. Negative reinforcement
3. Extinction
4. Punishment

### **15.8.1 Positive Reinforcement**

A positive reinforcement is a reward for a desired behaviour. The reward should be sufficiently powerful and durable so that it increases the probability of occurrence of desirable behaviour. Positive reinforcement results from the application of a positive consequence following a desirable behaviour.

For example

- (i) Bonuses paid at the end of a successful business year are an example of positive reinforcement
- (ii) Employees will work hard for a raise or a promotion
- (iii) Salesmen will increase their efforts to get rewards and bonuses
- (iv) Students will study to get good grades and
- (v) Children will throw temper tantrums to get candy or ice creams.

In these examples, the rises, promotions, awards, bonuses, good grades candy and ice cream are positive reinforcers.



### 15.8.2 Negative Reinforcers

Negative reinforcement also known as "escape conditioning" or "avoidance learning" it is also a method of strengthening desired behaviour. Negative reinforcement results from withholding a threatened negative consequence when a desired behaviour occurs. For example students study hard, write term papers and do their homework on time to avoid the consequences of failure in the examination.

Just as people engage in behaviours in order to get positive reinforcers, they also engage in behaviours to avoid or escape unpleasant conditions. Terminating an unpleasant stimulus in order to strengthen or increase the probability of a response is called negative reinforcement. If people find that a response successfully ends an aversive condition, they are likely to repeat it. For example, Heroin addicts will do almost anything to obtain heroin to terminate their painful withdrawal symptoms.

Responses that end discomfort and those that are followed by rewards are likely to be strengthened or repeated because both lead to a more desirable outcome. Some behaviour is influenced by a combination of positive and negative reinforcement. For example, if you eat a plateful of rather disgusting leftovers to relieve intense hunger then you are eating solely to remove hunger, a negative reinforcer. But if your hunger is relieved by dinner at a fine restaurant, both positive and negative reinforcement will have played a role.

### 15.8.3 Extinction

(withholding reinforcers) - We have seen that responses followed by reinforcers tend to be repeated and that responses no longer followed by reinforcers will occur less and less frequently and eventually die out.

In humans, extinction can lead to frustration or even rage. Consider a child having a temper tantrum. If whining and loud demands do not bring the reinforcer, the child may progress to kicking and screaming. It is what we expect and don't get that makes us angry.

An alternative to punishing undesirable behaviour is extinction - the attempt to weaken behaviour by attaching no consequences (either positive or negative) to it. It is equivalent to ignoring the behaviour. The rationale for using extinction is that a behaviour not followed by any consequence is weakened. However, some patience and time may be needed for it to be effective.

This type of reinforcement is applied to reduce undesirable behaviour, especially when such behaviours were previously rewarded. This means that if rewards were removed from behaviours that were previously reinforced, then such behaviours would become less frequent and eventually die out. For example, if a student in the class is highly mischievous and disturbs the class, he is probably asking for attention. If the attention is given to him, he will continue to exhibit that behaviour. However, if he is continuously ignored and not recognised, then such undesirable behaviour will vanish over a period of time.

### 15.8.4 Punishment

Punishment is the opposite of reinforcement. Punishment tends to lower the probability of a response by following it with an aversive or unpleasant consequence. And punishment can be accomplished either adding an unpleasant stimulus or removing a pleasant stimulus. The added unpleasant stimulus might take the form of criticism, a scolding, a disapproving

look, a fine, or a prison sentence. The removal of a pleasant stimulus might consist of withholding affection and attention, suspending a driver's license, or taking away a privilege such as watching television.

We often confuse negative reinforcement and punishment. Unlike punishment, negative reinforcement increases the probability of a desired response by removing an unpleasant stimulus when the correct response is made.

Punishment is the attempt to eliminate or weaken undesirable behaviour. It is used in two ways. One way to punish a person is through the application of a negative consequence following an undesirable behaviour. The other way to punish a person is through the withholding a positive consequence following an undesirable behaviour.

Punishment is the most controversial method of behaviour modification and involves delivering an unpleasant consequence contingent upon the occurrence of an undesirable behaviour.

The punishment process consists of "application" of an undesirable consequence or "withdrawal" of a desirable consequence for an undesirable behaviour, which has never been associated with reward before.

According to B. F. Skinner, punishment is still the most common technique of behaviour control in today's life. When a child misbehaves, he is spanked. If a person does not behave as the society or law wants him to behave, he is punished by arrest and jail.

Certain undesirable behaviours must be punished; otherwise, they will have far reaching effects. Accordingly, in situations where punishment is desirable as a means of behaviour modification, certain guidelines would make it more effective thus minimizing its dysfunctional consequences.

- (a) Praise in public; punish in private.
- (b) Apply punishment before the undesirable behaviour has been strongly reinforced. Thus, the punishment should immediately follow the undesirable behaviour.
- (c) The punishment should focus on the behaviour and not on the person.

One problem with punishment is that it may have unintended results. Because punishment is discomforting to the individual being punished, the experience of punishment may result in negative psychological, emotional, performance or behavioural consequences. For example, the person being punished may become angry, hostile, depressed or despondent. From an organizational standpoint, this result becomes important when the punished person translates negative emotional and psychological responses into negative actions.

The figure below explains the reinforcement and punishment strategies.

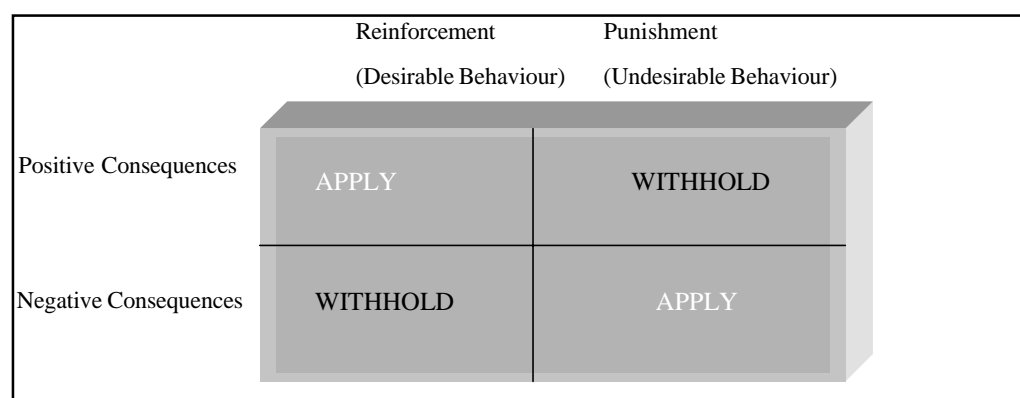


Figure 15.5: Reinforcement and Punishment Strategies

These four reinforcement strategies are illustrated below with the help of an example when a superior advises his employee to come to work on time

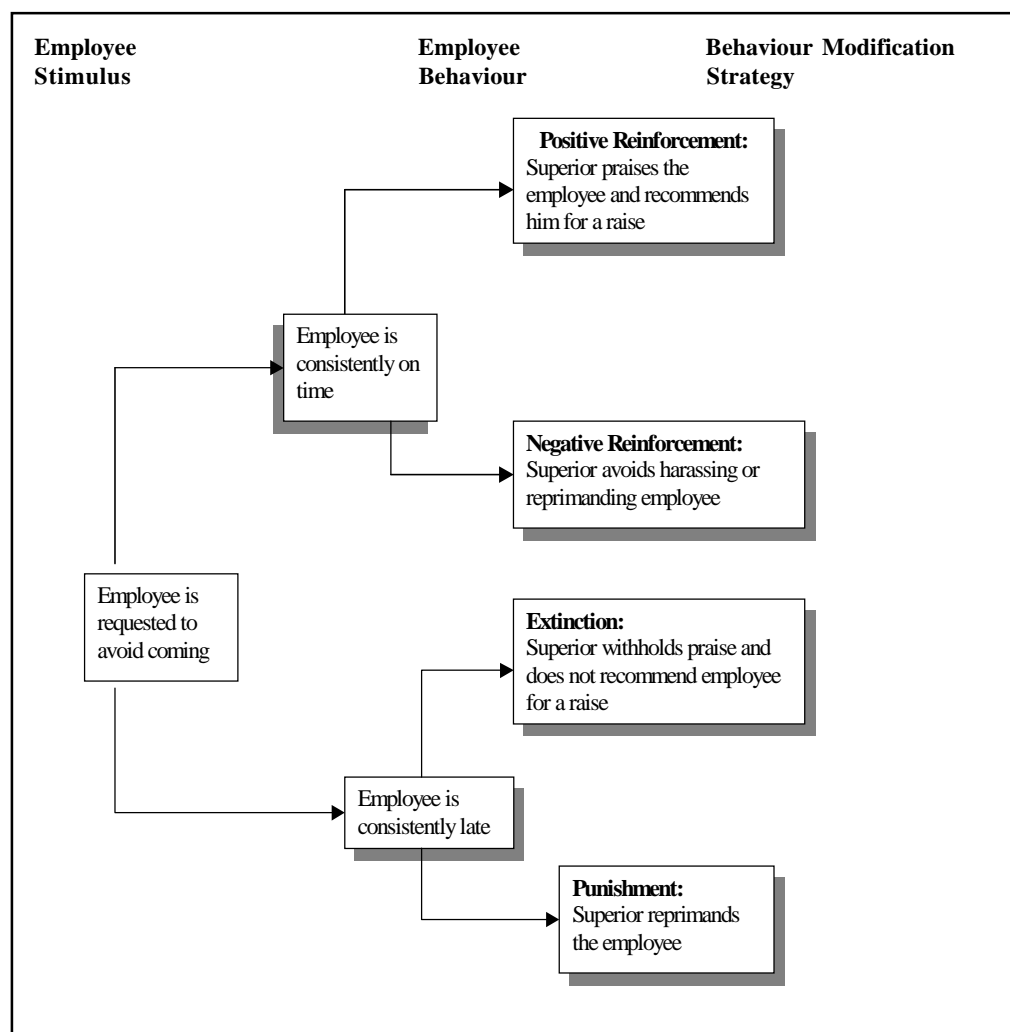


Figure 15.6: Reinforcement Strategies

### 15.8.5 Schedules of Reinforcement

Any analysis of reinforcement shows that it is not provided in a consistent manner. The various ways by which the reinforcement can be administered can be categorized into two groups. These are continuous and partial reinforcement schedules.

1. **Continuous reinforcement Schedule:** A continuous schedule is that one in which the desirable behaviour is reinforced every time it occurs and the reinforcement is immediate. This results in fast acquisition of the desired response and the learning is rapid.

Continuous reinforcement strategy is not always feasible in the organizational environment where continuous observation of behaviour is not possible due to time constraints imposed upon management.

Reinforcing every correct response is known as continuous reinforcement. It is the most efficient way to condition a new response. However, after a response has been conditioned, partial or intermittent reinforcement is more effective in maintaining or increasing the rate of response.

2. **Partial Reinforcement Schedule:** A partial reinforcement schedule rewards desirable behaviour at specific intervals. It is believed that "behaviour tends to be persistent when it is learned under conditions of partial and delayed reinforcement. There are four kinds of partial reinforcement schedule. These are:

- (a) *Fixed Interval Schedule*: In this type of schedule, a response is reinforced at fixed intervals of time. Fixed-interval schedules produce an uneven pattern of responses. The highest rate of response occurs fairly close to the time when reinforcement occurs. For example, if there are two tests announced at fixed intervals in a semester, you will see that the students will study harder as the time of the test approaches because the test itself is a reinforcer and the studying behaviour is reinforced by the opportunity to demonstrate your knowledge and earn a good grade.
- (b) *Variable Interval Schedule*: In this type of schedule, the reinforcement is administered at random times that cannot be predicted by the employee. For example: "Surprise Quizzes" in the classroom is one of the examples of variable-interval schedules.
- (c) *Fixed Ratio Schedules*: In a fixed ratio schedule, the reinforcement is administered only upon the completion of a given number of desirable responses. Reward is consistently tied to the output. The individual soon determines that reinforcement is based upon the number of responses and performs the responses as quickly as possible in order to receive the reward. For example, a professor may receive a promotion after a certain number of research articles have been published.
- (d) *Variable Ratio Schedules*: It is similar to fixed ratio schedule except that the number of responses required before reinforcement is determined, are not fixed but vary from situation to situation. The variable ratio schedule elicits a rapid rate of response. The value of the reward and its unpredictability keeps the behaviour at high-level desirability.

REINFORCEMENT SCHEDULES COMPARED			
Schedule of Reinforcement	Response Rate	Pattern of Responses	Resistance to Extinction
Fixed Ratio	Very high	Steady response with low ratio. Brief pause after each reinforcement with very high ratio	The higher the ratio, the more resistance to extinction.
Variable Ratio	Highest response rate	Constant response pattern, No pauses	Most resistance to extinction.
Fixed Interval	Lowest response rate	Long pause after reinforcement followed by gradual acceleration	The longer the interval, the more resistance to extinction.
Variable Interval	Moderate	Stable, uniform response	More resistance to extinction than fixed – interval schedule with same average

Source: Samuel E Wood and Ellen Green Wood "The World of Psychology" (second edition) Allyn and Bacon, Boston (1996) Page 185.

Figure 15.7: Reinforcement Schedules Compared

## 15.9 LIMITATIONS OF BEHAVIOUR MODIFICATION

While in general, some of the behaviour modification techniques, as discussed previously are effective in eliciting desirable behaviours from employees in work situations, there are some limitations that make these techniques ineffective in certain situations:

- (a) Behaviour modification is an overall structure and ignores, individual difference. People have different needs, desire, values and abilities. They cannot all respond to the same stimuli in the same manner. For example, not all people value praise for their performance as a desired reinforcement.
- (b) Behaviour modification programmes assume that extrinsic rewards are the key factors in behaviour modification and they ignore the fact that employees can be

intrinsically motivated. The extrinsic rewards in the form of money and praise primarily satisfy the lower level needs, while there are some people who strive for higher level needs such as self esteem and self actualisation which are satisfied by the nature of the job and pride in accomplishing such a job.

- (c) Behaviour modification ignores prevailing work-group norms. It is important for the management to recognize the power of work-group norms. Most people working together tend to be emotionally attached to each other, thus sympathising with each other's needs. For example strike and protests.

### Check Your Progress 2

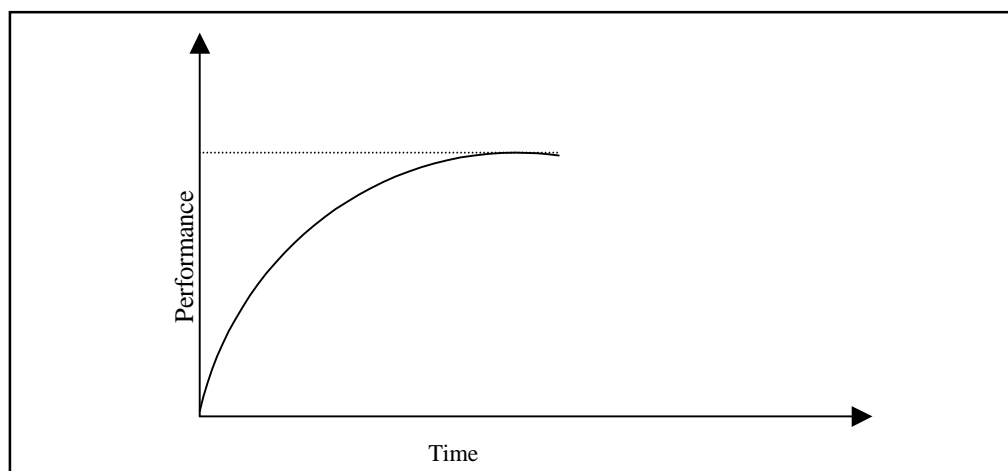
1. Explain the meaning of learning.
2. What are the components of learning?
3. What are the determinants of learning?
4. Explain any two theories of learning.
5. Explain the principles of reinforcement.

## 15.10 LEARNING CURVES

This principle of learning involves the time factor and the repeated effort in order to gradually increase the strength of the response. This is especially true when the behaviours to be learned are comparatively complex such as skills that are learned and improved by practice.

Learning curve is a diagrammatic presentation of the amount learned in relation to time. There are 4 types of learning curves:

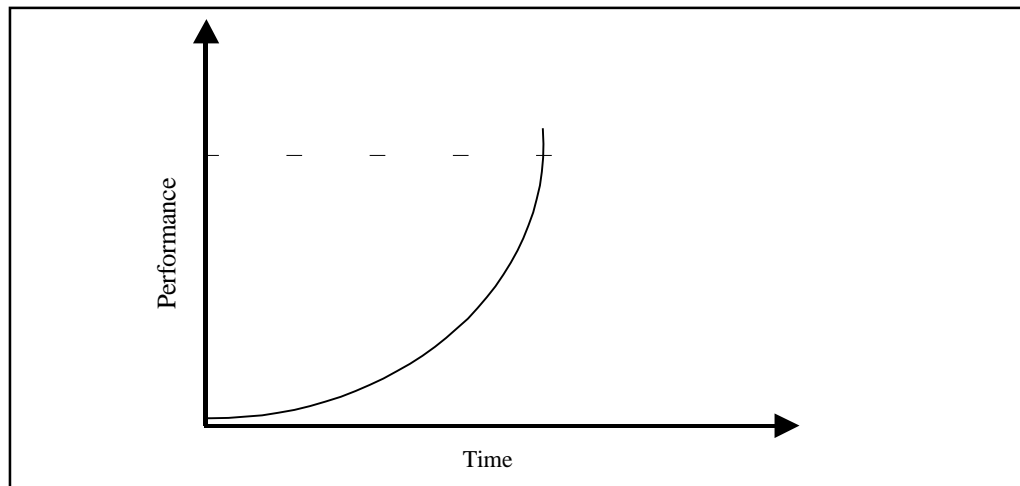
1. ***Diminishing-returns Learning Curve:*** In this type of learning, the "rate of increase" in the degree of skill is higher in the beginning but decreases with time until it reaches zero and the person has obtained the maximum skill. It indicates that initially there is a spurt in learning, usually the graph levels at some stage indicating the maximum performance has been achieved. This is because at the beginning of the learning process, the learner is highly motivated to exhibit a significant surge of effort.



**Figure 15.8: Diminishing Return Learning Curve**

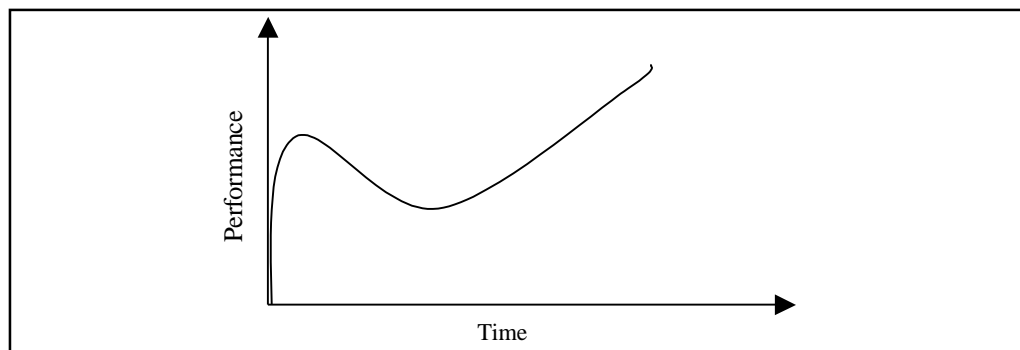
***Increasing Returns Learning Curve:*** Another type of learning curve is the "increasing-return curve" which is just the opposite of "diminishing-return curve" in the sense that there are

certain learning skills where the rate of increased learning is slow in the beginning and then it increases until the maximum potential for learning is reached. This usually occurs when a person is learning a complex unfamiliar and new task.



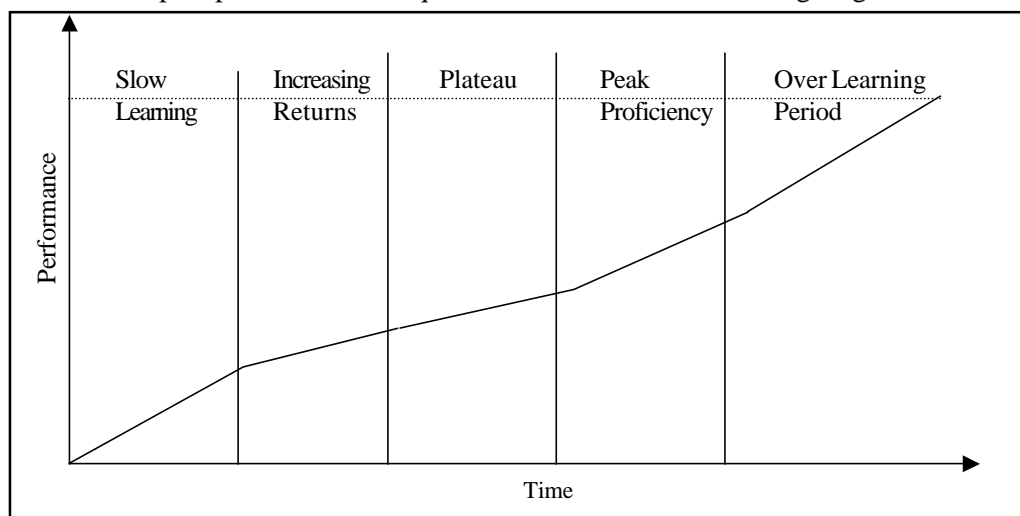
**Figure 15.9: Increasing-Return Learning Curve**

**Increasing-Decreasing-Return Learning Curve:** It is a combination both the "diminishing-returns curve" and the "increasing-returns curve". It is an "s-Shaped curve". If a person is totally new to the skill that he is learning, then all learning will probably follow an S-shaped curve. The lower portion of the curve represent the initial stages of acquiring a skill with very slow learning initially followed by successively greater returns, eventually reaching the absolute limit.



**Figure 15.10: Increasing-Decreasing Return Learning Curve**

A rather complex pattern of skill acquisition is shown in the following diagram:



Source: George Stareess and Leonard Sayles, "Personnel: The Human Problems of Management", Prentice Hall 1972., 451.

**Figure 15.11: Increasing-Decreasing-Return Learning Curve (complex pattern)**

The stages in the increasing-decreasing-return learning is explained below:

- **Slow Learning:** The initial stage in the above curve is that of slow learning because of the newness and difficulty of skill. Once the learner has acquired some basics of his operations, he gains some confidence and this results in the second stage of increasing returns.
- **Increasing Returns:** The learner gains confidence in this stage. He has acquired the required skill. This results in the third stage.
- **Plateau:** When the learner feels that he has acquired the required skills, he reaches a comparative plateau where no further gains in skills are acquired. However, this may be a false plateau and the learner may be developing new ideas in improving efficiency.
- **Peak Proficiency:** The development and application of new ideas may further improve upon his skill until he reaches the peak inefficiency, beyond which the skill becomes a kind of habit and an integral part of operations.
- **Over Learning:** When the skill becomes a kind of habit, the period is termed as over learning because the learning becomes automatic and unforgettable.

---

## 15.11 LEARNING AND BEHAVIOUR

---

Learning is considered vital for understanding human behaviour at work in organizations. Let us try to understand in an orderly manner how learning helps managers change human behaviour in different organizational situations such as:

- (i) **Reducing absenteeism through learning:** Learning can help managers evolve programmes to reduce absenteeism. An example of such a programme may be rewarding employees for their satisfactory attendance. The management of a private software enterprise introduced lottery system to reward its employees with attractive prizes. Only employees with perfect attendance were eligible to contest for prizes. This lottery programme was a rousing success as it resulted in lower absence rates (about 30%) among employees.
- (ii) **Substituting well-pay for sick-pay:** Paid sick leave is one of the fringe benefits provided to salaried employees by most of the organizations. However, research studies indicate that paid sick leave programmes reinforce the undesirable behaviour that is, absence from work. The reality is that employees use sick leaves all up, regardless of whether they are sick.
- (iii) **Improving employee discipline:** Managers, at times, have to deal with employees' undesirable behaviour, such as drinking at work place, insubordination, stealing company property, arriving continuously late etc. Usually managers respond to these with punishment like oral reprimands, written warnings and even suspension. Punishment, however, provides only a short-term solution and has ill effect on the punished employee.
- (iv) **Developing training programmes:** Learning also helps managers develop effective training programmes. Particularly social-learning theory serves as a guide for this purpose. It suggests that the training programme should offer a model to grab the trainee's attention, provide required motivational properties, provide adequate opportunities to practice the new behaviours and also offer due reward to employees for accomplishment of tasks.

---

## 15.12 LEARNING AND PERSONALITY DIFFERENCES

---

Our treatment of learning would not be complete without touching on Jung's theory of personality differences. Two elements of Jung's theory have important implications for learning.

1. The first element is the distinction between introverted and extroverted people.
 

**Introverts:** The introvert is energized by time alone. Introverts prefer quiet for concentration, and they like to think things through in private. They do not mind working on a project for a long time and are careful with details. Introverts dislike telephone interruptions, and they may have trouble recalling names and faces. Introverts need quite time to study, concentrate and reflect on what they are learning. They think best when they are alone.

**Extroverts:** The extravert is energized by interaction with other people. In work settings, extroverts prefer variety and they do not mind the interruptions of the phone or visits from co-workers. They communicate freely but may say things they regret later. Extraverts need to interact with other people, learning through the process of expressing and exchanging ideas with others. They think best in groups and while they are talking.
2. The second element is the personality functions of intuition, sensing thinking and feeling.
 

**Intuition:** Intuiting is gathering information through "sixth sense" and focusing on what could be rather than what actually exists. Inductors like solving new problems and are impatient with routine details. They enjoy learning new skills more than actually using them. Inductors tend to think about several things at once, and others may see them as absentminded. They like figuring out how things work just for the fun of it.

**Sensing:** Sensing is gathering information through the five senses and to what actually exists. At work, sensors prefer specific answers to questions and can become frustrated with vague instructions. They like jobs that yield tangible results, and they enjoy using established skills more than learning new ones.

**Thinking:** The thinker makes decisions in a logical, objective fashion. Thinkers tend to analyse decisions and try to be impersonal. In work setting, thinkers do not show much emotion, and they may become uncomfortable with people who do. They respond more readily to other people's thoughts. They are firm minded and like putting things into a logical framework.

**Feelings:** Feeling is making decisions in a personal, value-oriented way. Feelers are more comfortable with emotion in the workplace. They enjoy pleasing people and need a lot of praise and encouragement.

The above-mentioned functions are given in the figure below, along with their implications for learning by individuals.

Personality preference	Implications for learning by individuals
<b>Informing Gathering</b>	
Intuitors	Prefer theoretical frameworks. Look for the meaning in material. Attempt to understand the grand scheme. Look for possibilities and intentions.
Sensors	Prefer specific, empirical data. Look for practical applications. Attempt to master details of a subject. Look for what is realistic and doable.
<b>Decision Making</b>	
Thinkers	Prefer analysis of data and information. Work to be fair-minded and evenhanded. Seeks logical, just conclusions. Do not like to be too personally involved.
Feelers	Prefer interpersonal involvement. Work to be tender hearted and harmonious. Seek subjective, merciful results. Do not like objective, factual analysis.

**Source:** O. Kroeger and J. M Thuesen, "Type Talk: The 16 Personality Types that Determine How We Live, Love and Work" Dell Publishing Company, New York (1988).

**Figure 15.12: Personality Functions and Learning**



The function of intuition and sensing determine the individual's preference for information gathering. The functions of thinking and feeling determine though the individual evaluates and makes decisions about newly acquired information. Each person has a preferred mode of gathering information and a preferred mode of evaluating and making decisions about that information.

### Check Your Progress 3

1. What is a learning curve?
2. Explain the stages in the increasing-decreasing-return learning.
3. Explain the relationship between learning and behaviour.

---

## 15.13 LET US SUM UP

---

Perception involves the way we view the world around us. It adds, meaning to information gathered via the five senses of touch, smell, hearing, vision and taste. Perception is the primary vehicle through which we come to understand our surroundings and ourselves. A number of factors operate to shape and sometimes distort perception. Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. People in organizations are always judging each other. In many cases, these judgements have important consequences for the organizations. Learning is a term frequently used by a great number of people in a wide variety of contexts. Learning can be defined as a relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience. Reinforcement has played a central role in learning. Most learning experts agree that reinforcement is the single most important principle of learning. Reinforcement has played a central role in learning. Most learning experts agree that reinforcement is the single most important principle of learning. Learning is considered vital for understanding human behaviour at work in organizations.

---

## 15.14 LESSON END ACTIVITY

---

“Any observable change in behaviour is prima facie evidence that learning has taken place” – discuss.

---

## 15.15 KEYWORDS

---

Perception

Learning

Learning Curves

Behaviour

---

## 15.16 QUESTIONS FOR DISCUSSION

---

1. What is learning? How does it take place?
2. Define the terms learning, reinforcement, punishment and extinction.
3. What are positive and negative consequences in shaping behaviour and how should they be managed?
4. Discuss the nature of classical conditioning and operant conditioning. How do they differ from each other?

5. Contrast Classical conditioning, Operant conditioning and Social learning
6. What are the major dimensions of social learning theory?
7. Explain the concept of learning in detail and with examples. How learning differs from the change in behaviour that occurs due to natural growing up such as a baby “learning” to talk?
8. How do you relate Pavlov’s experiments with dogs to human behaviour?
9. How can reinforcement be used to generate change in behaviour?
10. What factors should be considered when using punishment for behaviour modification?
11. Describe in detail the various types of learning curves. Give examples of “diminishing-return curves” and “increasing-return curves”.
12. Does punishment strategy work in changing undesirable behaviour?
13. What are the limitations on behaviour modification? Is there any type of behaviour that cannot be changed? If so give reasons and examples.
14. What are the purposes for conducting performance appraisals?
15. How can supervisors best provide useful performance feedback?

---

### **15.17 SUGGESTED READINGS**

---

Aquinas P.G., *“Organizational Behaviour – Concepts, Realities and Challenges”*, Excel Books New Delhi (2005).

Boulding K.E., *“Conflict and Defence: A General Theory”*, Harper and Row, New York (1962).

Bernard, M Bass and Edward C Ryterband, (1979) *“Organizational Psychology”*, (2<sup>nd</sup> Ed.) Allyn and Bacon, Boston.

Boss R.W (1989), *“Organizational Development in Health Care”*, Addison-Wesley Mass; Reading.

Chabra Ahuja and Jain, *“Managing People at Work”*, Dhanpat Rai and Sons, New Delhi.

Davis P. and John Rohrbugh, *“Group Decision Process Effectiveness: A Competing Value Approach”*, Group and Organization Studies, March 1990.

Harrel T.W., *“Industrial Psychology”*, Oxford and IBH, New Delhi (1972).

Marvin D Dunnette (1976), *“Handbook of Industrial and Organizational Psychology”*, Rand McNally, Chicago.

# **UNIT-V**

---

## LESSON

# 16

## STRESS

---

### CONTENTS

- 16.0 Aims and Objectives
- 16.1 Introduction
- 16.2 Meaning & Definition of Stress
- 16.3 The General Adaptation Syndrome (GAS)
  - 16.3.1 Alarm Stage
  - 16.3.2 Resistance
  - 16.3.3 Exhaustion
- 16.4 Approaches to Stress
  - 16.4.1 The Homeostatic / Medical Approach
  - 16.4.2 The Cognitive Appraisal Approach
  - 16.4.3 The Person-Environment Fit Approach
  - 16.4.4 The Psychoanalytic Approach
- 16.5 The Causes of Stress
  - 16.5.1 Internal Stimuli for Stress
  - 16.5.2 Environmental Stressors
- 16.6 Individual Response to Stress (Influence of Personality)
- 16.7 Consequences of Stress
- 16.8 Managing Stress
- 16.9 Framework for Preventive Stress Management
- 16.10 Managerial Implications of Stress
- 16.11 Let us Sum up
- 16.12 Lesson-end Activities
- 16.13 Keywords
- 16.14 Questions for Discussion
- 16.15 Suggested Readings

---

### 16.0 AIMS AND OBJECTIVES

---

This lesson is intended to study the various aspects of stress at work. After studying this lesson you will be able to:

- (i) explain the meaning and definition of stress.
- (ii) describe the general adaptation syndrome.

- (iii) understand four different approaches to stress.
- (iv) explain the causes and consequences of work related stress.
- (v) understand stress management.

---

## 16.1 INTRODUCTION

---

Stress is an exceedingly complex concept that does not lend itself to a simple definition. It can best be understood in terms of the internal and external conditions necessary for its arousal and the symptoms by which it is identified. Its identifiable symptoms are both psychological and physiological. Stress carries a negative connotation for some people, as though it were something to be avoided. This is unfortunate, because stress is a great asset in managing legitimate emergencies and achieving peak performance.

---

## 16.2 MEANING & DEFINITION OF STRESS

---

Some definitions of stress are given below:

According to J. C. Quick and J.D Quick, “Stress, or the stress response, is the unconscious preparation to fight or flee a person experiences when faced with any demand”.

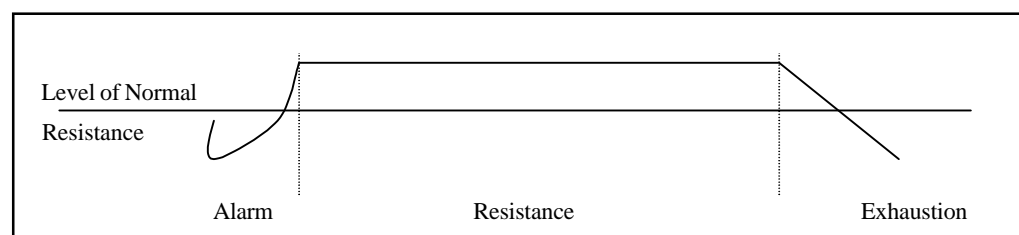
According to Mikhail A., “Stress refers to a psychological and physiological state that results when certain features of an individual’s environment challenge that person, creating an actual or perceived imbalance between demand and capability to adjust that results in a non-specific response”.

---

## 16.3 THE GENERAL ADAPTATION SYNDROME (GAS)

---

Hans Selye, the world’s foremost authority on stress, was the first to describe systematically the changes through which the body passes to deal with a perceived threat. He described what he called the General Adaptation Syndrome (GAS), an adaptive response; that occurs in three phases: A, an alarm reaction; B, the stage of resistance; and C, the stage of exhaustion. The figure below shows the course of the General Adaptation Syndrome.



**Figure 16.1: A Stress Episode**

This diagram shows the course of the General Adaptation Syndrome (GAS) describes the psychological and physical response to stress - that is, the way a person tries to adapt to a stressor. The syndrome is called "general" because the stress response occurs in several areas of the body. GAS has 3 stages.

### 16.3.1 Alarm Stage

According to this model, the general adaptation syndrome begins when a person in encounters a stressor and enters the alarm stage. A person in this stage wonders how to

cope and feels anxiety, even panic. The person breathes faster, blood pressure rises, pupils dilate and muscles tense. At this stage, the person is coping ineffectively.

### 16.3.2 Resistance

Assuming the person can summon the resources to cope with the stressor, he or she begins to feel more confident and to think of how to respond. During the second stage of the general adaptation syndrome, "resistance", the person channels his or her energy and uses it to resist the stressor's negative effects. The person tackles the problem, delegates the challenge, or adjusts to the change. Resistance to the stressor is high, but the person's resistance to other stressors may be low because the body's resources are being used up. Evidence shows that a person's immune system function tends to decline during periods of stress.

### 16.3.3 Exhaustion

Many stressors are short term - the person can solve the problem, or the situation ends on its own. In such cases, the general adaptation syndrome ends during resistance stage. But occasionally a stressor persists. In situations where stressors persist, the person may enter the third stage: exhaustion. In this stage, the symptoms of the alarm stage return and the person eventually uses up his or her adaptive energy.

---

## 16.4 APPROACHES TO STRESS

---

We will review four different approaches to defining stress:

1. Homeostatic / Medical Approach.
2. Cognitive Appraisal Approach.
3. Person-environment fit Approach.
4. Psychoanalytic Approach.

These four approaches to stress will give you a more complete understanding of what stress really is.

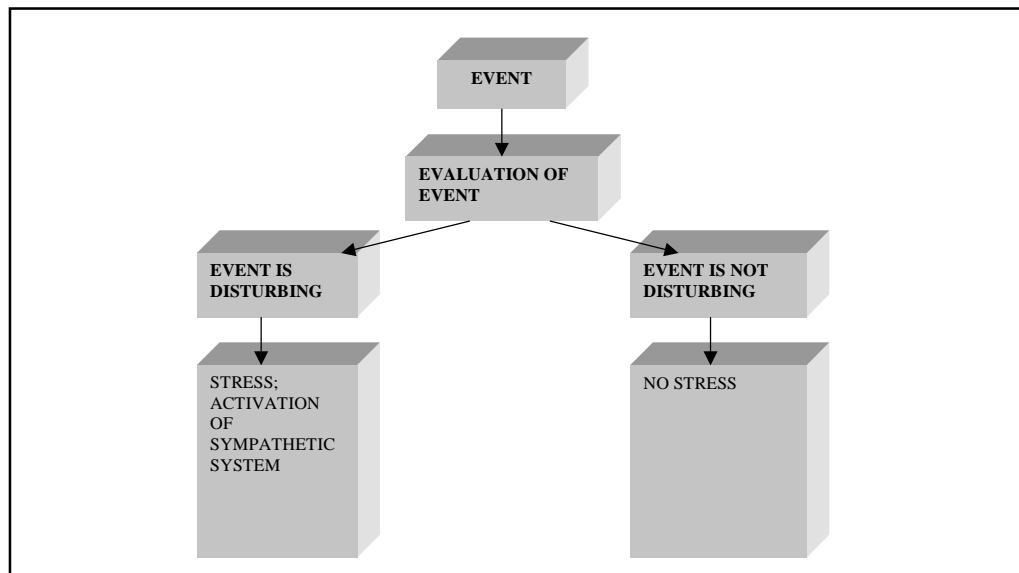
### 16.4.1 The Homeostatic / Medical Approach

Walter B Cannon was the medical psychologist who originally discovered stress and called it "the emergency response" or "the militaristic response", arguing that it was rooted in "the fighting emotions". According to Cannon, stress resulted when an external environmental demand upset the person's natural steady-state balance referred to as "homeostasis". He called the stress response the fight-or-flight response. Cannon believed the body was designed with natural defence mechanisms to keep it in homeostasis.

### 16.4.2 The Cognitive Appraisal Approach

According to Richard Lazarus (1977), "stress is a situation that someone regards as threatening and as possibly exceeding his or her resources". Lazarus pointed out, that the stress evoked by an event depends on how people interpret the event and what they can do about it. For example, pregnancy may be much more stressful for a 16 year old unmarried schoolgirl than it is for a 25 year old married woman.

The Figure 16.2 explains how we experience stress.



**Note:** Lazarus believes that evaluation of some kind, conscious or unconscious, always precedes emotion. Thus a given event may be highly stressful for one person, only slightly stressful or not at all for a second person.

**Source:** R.S Lazarus, "Psychological Stress and the Coping Process" McGraw-Hill, New York (1966).

**Figure 16.2: Lazarus's Approach to Stress**

Lazarus saw stress as a result of a person-environment interaction, and he emphasized the person's cognitive appraisal in classifying persons or events as stressful or not. Individual differ in their appraisal of events and people. What is stressful for one person may not be stressful for another. Perception and cognitive appraisal are important processes in determining what is stressful, and a person's organizational position can shape such perception.

To the extent that stress is related to our interpretation of an event, not simply to the event itself, people can learn to cope with potentially stressful events. They can learn to deal with events actively instead of feeling threatened by them. Therefore, stress would have to include not only the unpleasant events (hassles) that we have to deal with but also the pleasant events (uplifts) that brighten our day and help to cancel out the unpleasant events. The figure below lists ten most frequent hassles and uplifts

TEN MOST FREQUENT HASSLES AND UPLIFTS	
<b>HASSLES</b> 1. Concerns about weight 2. Health of a family member 3. Raising prices of common goods. 4. Home maintenance. 5. Too many things to do. 6. Misplacing or losing things. 7. Yard work or outside home maintenance. 8. Property, investment, or taxes. 9. Crime. 10. Physical appearance.	<b>UPLIFTS</b> 1. Relating well with your spouse or lover. 2. Relating well with friends. 3. Completing a task. 4. Feeling healthy. 5. Getting enough sleep. 6. Eating out. 7. Meeting your responsibilities. 8. Visiting, phoning or writing someone. 9. Spending time with family. 10. Hone (inside) pleasing to you.
<small><b>Source:</b> Kanner, Coyne, Schaefer, and Lazarus (1981).</small>	

**Figure 16.3: The Most Frequent Hassels and Uplifts**

Thus, Lazarus introduced problem-focused and emotion-focused coping. Problem-focused coping emphasizes managing the stressor, and emotion-focused coping emphasizes managing your response.

### 16.4.3 The Person-Environment Fit Approach

Robert Kahn's approach emphasized how confusing and conflicting expectations of a person in a social role create stress for the person. A good person-environment fit occurs when a person's skills and abilities match a clearly defined, consistent set of roles

expectations. Stress occurs when the role expectations are confusing and conflicting or when a person's skills and abilities are not able to meet the demands of the social role. Thus, Kahn was concerned with the social psychology of stress.

#### 16.4.4 The Psychoanalytic Approach

Harry Leveson believes that two elements of the personality interact to cause stress:-

- (i) **Ego Ideal:** is the first element, the embodiment of a person's perfect self.
- (ii) **Self-Image:** is the second element - how the person really sees himself or herself, both positively and negatively.

Stress results from the discrepancy between the idealized self (ego ideal) and the real self-image; the greater the discrepancy, the more stress a person experiences- Psychoanalytic theory helps us understand the role of unconscious personality factors as causes of stress within a person.

#### Check Your Progress 1

1. Define stress.
2. What do you mean by General Adaptation syndrome?
3. Explain the approaches to stress.
4. Explain in detail the homeostatic approach to stress.

---

## 16.5 THE CAUSES OF STRESS

---

The causes of stress are found within the environment, the individual, and the interaction between the two. The stress experienced by a given individual is seldom traceable to a single source. Stress has become increasingly common in organizations, largely because individuals experience increased job complexity and increased economic pressures. In exploring the causes of stress it is important that a clear distinction be made between stress and the stressor (the source of the stress). It is confusing and technically incorrect to speak of a "stressful situation" as though anyone placed in that situation would experience stress. For purposes of analysis and understanding, stressors are divided into two classes:

- (i) Those that lie within the individual, and
- (ii) Those that are a part of the external environment.

### 16.5.1 Internal Stimuli for Stress

The internal sources of stress are complex and difficult to isolate. There are three internal sources of stress. Each of these internal influences on stress is considered separately, although they function in continual interaction.

1. **Inner Conflicts:** For many people stress is a constant companion regardless of how favourable or unfavourable external conditions may be. Non-specific fears, anxiety and guilt feelings maintain the body in a state of readiness for emergency action on a continuing basis.
2. **Perceptual Influences:** Perception is influenced by a number of internal factors. Certainly people with inner conflicts sufficient to cause stress are more likely than self-confident people to perceive environmental conditions as threatening. Because the environment is presumed to be full of danger, evidences of danger are perceived everywhere. They are selectively perceived in exaggerated form.



3. **Thresholds of Stress:** The threshold of stress is not independent of the two factors just discussed. People who have few internal conflicts and a minimum of perceptual distortion can withstand external conflict and pressure that weaken personalities would find intolerable. People who have high thresholds for stress have high levels of resistance to it.
4. **Motivational Level:** People who are ambitious and highly motivated to achieve are more likely to experience stress than are those who are content with their career status. Persons whose self-expectations exceed their abilities and opportunities are especially stress prone.

### 16.5.2 Environmental Stressors

Environmental and internal conditions that lie beyond an individual's control are called environmental stressors. Such stressors can have a considerable impact on work performance and adjustment. We can organize environmental stressors into the following categories:

1. **Task Demands:** Task demands are factors related to a person's job. They include the design of the individual's job, working conditions, and the physical work layout. Changes and lack of control are two of the most stressful demands people face at work. Change leads to uncertainty, a lack of predictability in a person's daily tasks and activities and may be caused by job insecurity related to difficult economic times. Technology and technological innovation also create change and uncertainty for many employees, requiring adjustments in training, education and skill development.

Lack of control is a second major source of stress, especially in work environments that are difficult and psychologically demanding. The lack of control may be caused by inability to influence the timing of tasks and activities, to select tools or methods for accomplishing the work, to make decisions that influence work outcomes, or to exercise direct action to affect the work outcomes.

2. **Role Demands:** The social-psychological demands of the work environment may be every bit as stressful as task demands at work. Role demands relate to pressures placed on a person as a function of the particular role he or she plays in the organization. Role conflicts create expectations that may be hard to reconcile or satisfy. Role conflict results from inconsistent or incompatible expectations communicated to a person. The conflict may be an inter-role, intra-role or person-role conflict.
  - (a) **Inter-role Conflict:** is caused by conflicting expectations related to two separate roles, such as employee and parent. For example, the employee with a major sales presentation on Monday and a sick child at home is likely to experience inter-role conflict.
  - (b) **Intra-role Conflict:** is caused by conflicting expectations related to a single role, such as employee. For example, the manager who presses employees for both vary fast work and high-quality work may be viewed at some point as creating a conflict for employees.
  - (c) **Person-role Conflict:** Ethics violations are likely to cause person-role conflicts. Employees expected to behave in ways that violate personal values, beliefs or principles experience conflict.

The second major cause of role stress is role ambiguity. Role ambiguity is created when role expectations are not clearly understood and the employee is not sure what he or she is to do. Role ambiguity is the confusion a person experiences related to the expectations of others. Role ambiguity may be caused by not understanding what is expected, not knowing how to do it, or not knowing the result of failure to do it.

3. **Inter-personal Demands:** These are pressures created by other employees. Lack of social support from colleagues and poor interpersonal relationships can cause considerable stress, especially among employees with a high social need. Abrasive personalities, sexual harassment and the leadership style in the organization are interpersonal demands for people at work.
  - (a) **The Abrasive Person:** May be an able and talented employee, but one who creates emotional waves that others at work must accommodate.
  - (b) **Sexual Harassment:** The vast majority of sexual harassment is directed at women in the workplace, creating a stressful working environment for the person being harassed, as well as for others.
  - (c) **Leadership Styles:** Whether authoritarian or participative, create stress for different personality types. Employees who feel secure with firm, directive leadership may be anxious with an open, participative style. Those comfortable with participative leadership may feel restrained by a directive style.
4. **Physical Demands:** Non-work demands create stress for people, which carry over into the work environment or vice versa. Workers subject to family demands related to marriage, child rearing and parental care may create role conflicts or overloads that are difficult to manage. In addition to family demands, people have personal demands related to non-work organizational commitments such as churches and public service organizations. These demands become more or less stressful, depending on their compatibility with the person's work and family life and their capacity to provide alternative satisfactions for the person.

## **16.6 INDIVIDUAL RESPONSE TO STRESS (INFLUENCE OF PERSONALITY)**

The same stressful events may lead to distress and strain for one person and to excitement and healthy results for another. Even when all employees agree that a source of stress is negative, some will cope better than others. Individual differences play a central role in the stress-strain relationship. Several factors that help explain these individual differences are:

1. **Life Events:** Some employees are affected by workplace stress because they experience life events requiring change outside of work. The stress of coping with the changes away from the workplace leaves these employees less able to cope with work-related stressors. Dr. Thomas H Holmes and his colleagues have developed a stress scale measured in life change units (LCU), and have predicted that people whose LCU points exceed 300 run the risk of becoming seriously ill within the next two years. The figure below lists a number of major life events according to the degree of adjustment they require.

<b>Social Readjustment Rating Scale</b>		
<b>Rank</b>	<b>Life Event</b>	<b>Mean Value</b>
1	Death of spouse	100
2.	Divorce	73
3.	Marital separation	65
4.	Jail term	63
5.	Death of close family member	63
6.	Personal injury or illness	53
7.	Marriage	50
8.	Fired at Work	47
9.	Material reconciliation	45
10.	Retirement	45
11.	Change in health of family member	44
12.	Pregnancy	40
13.	Sex Difficulties	39

*Contd...*

14.	Gain of new family member	39
15.	Business readjustment	39
16.	Change in financial state	38
17.	Death of close friend	37
18.	Change to different line of work	36
19.	Change in number of arguments with spouse	35
20.	Mortgage over \$10,000*	31
21.	Foreclosure of mortgage or loan	30
22.	Change in responsibilities at work	29
23.	Son or daughter leaving home	29
24.	Trouble with in-law	29
25.	Outstanding personal achievement	28
26.	Spouse beginning or stopping work	26
27.	Beginning or ending school	26
28.	Change in living conditions	25
29.	Revision of personal habits	24
30.	Trouble with boss	23
31.	Change in work hours or conditions	20
32.	Change in residence	20
33.	Change in schools	20
34.	Change in recreation	19
35.	Change in Church activities	19
36.	Change in social activities	18
37.	Mortgage or loan less than \$10,000*	17
38.	Change in sleeping habits	16
39.	Change in number of family get-togethers	15
40.	Change in eating habits	15
41.	Vacation	13
42.	Christmas	12
43.	Minor violations of the law	11

**Note:** To measure the amount of life stress a person has experienced in a given period of time, add the values (shown in the right-hand column) associated with events the person has experienced during the target time period.

In the 1990's average mortgages are much more than \$10,000.

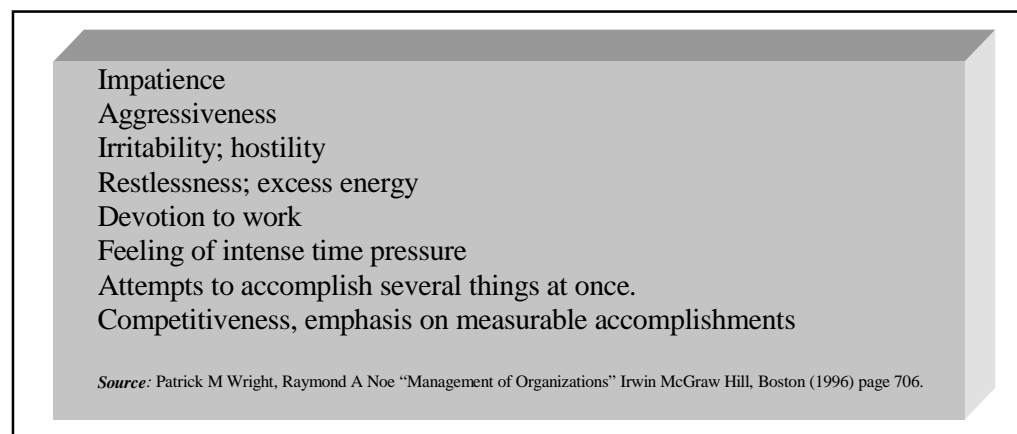
**Source:** Thomas H Holmes and Richard H Rahe, "The Social Readjustment Rating Scale", Journal of Psychomatic Research (1967) Pages 213-218.

**Figure 16.4: Holmes Scale of Stress Values.**

If, in the course of a year, a person experiences life events whose points total 150 to 300, that person has a 50% chance of a serious health problem in the following year. The risk rises to at least 70% among people whose total points exceed 300. In other words, life events requiring readjustment appear to be a source of stress.

2. **Type A Behaviour Pattern:** Type A behaviour pattern is a complex of personality and behavioural characteristics, including competitiveness, time urgency, social status insecurity, aggression hostility and a quest for achievements. Type A people set high standards, push themselves to achieve and worry about time pressure. They try to get more and more done in less and less time.

Type A behaviour pattern is summarized in the figure below:



**Figure 16.5: Type A Behaviour Pattern**

According to M Friedman and R. H Rosenman, Type A individual is "aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons". These characteristics tend to be highly prized and positively associated with ambition and the successful acquisition of material goods.

The medical advice to hard-working Type As is to slow down and learn to relax. Organizations face ethical and practical challenges in managing these individuals. The need to accomplish work and the Type A person's need to achieve might suggest that managers should assign Type A employees to difficult projects. Type A behaviour has been linked to high performance in academic settings, but the evidence for such a link in other settings has been mixed. So far, the research literature does not provide firm conclusions to help managers resolve this ethical dilemma. Other things being equal, it might be best to select Type A employees for the less complex jobs or at least to notify them of the risks.

3. **Type B Behaviour Pattern:** The alternative to the type A behaviour pattern is the Type B behaviour pattern. According to M Friedman and R. H Rosenman, Type B's are "rarely harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time".

Type B's behaviour pattern is

- Never suffer from a sense of time urgency with its accompanying impatience;
- Feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation;
- Play for fun and relaxation, rather than to exhibit their superiority at any cost; and
- Can relax without guilt.

Type B people are less coronary prone, but if they do have a heart attack, they do not appear to recover as well as those with type A personalities.

Organizations can also be characterized as Type A or Type B organizations. Type A individuals in Type B organizations and Type B individuals in Type A organizations experience stress related to a misfit between their personality type and the predominant type of the organization. However, preliminary evidence suggests that Type A individuals in Type A organizations are most at risk of health disorders.

Type A or Type B characteristics reflect an individual's desire for achievement, perfectionism, competitiveness, and ability to relax, as reflected in the figure below.

Circle the number of the continuum (the verbal descriptions represent endpoints) that best represents your behavior for each dimension.		
Am casual about appointments	1 2 3 4 5 6 7 8	Am never late
Am not competitive	1 2 3 4 5 6 7 8	Am very competitive
Never feel rushed, even under pressure	1 2 3 4 5 6 7 8	Always feel rushed
Take things one at a time	1 2 3 4 5 6 7 8	Try to do many things at once; Think about what I am going to do next
Do things slowly	1 2 3 4 5 6 7 8	Do things fast (eating, walking, etc.)
Express feelings	1 2 3 4 5 6 7 8	"sit on" feelings
Have many interests	1 2 3 4 5 6 7 8	Have few interests outside work
Now score your responses by totalling the numbers circled. Then multiply the total by 3. The interpretation of your score is as follows:		
<b>Number of Points</b>	<b>Type of Personality</b>	
Less than 90	B	
90 to 99	B+	
100 to 105	A-	
106 to 119	A	
120 or more	A+	

*Source:* R. W Bortner, "A short rating scale as a potential measure of pattern: A behaviour", Journal of Chronic Diseases 22 (1966) pages 87 - 91.

**Figure 16.6: Excerpt from Type A - Type B scale**

4. **Personality Hardiness:** Instead of looking for what makes people susceptible to the effects of stress, some psychologists have focused on identifying and describing people who resist illness when exposed to stressors. This view considers people's appraisal of stressors as well as the stressors themselves. People who have personality hardiness resist strain reactions when subjected to stressful events more effectively than do people who are not hardy. The components of personality hardiness are
- Commitment (versus alienation)
  - Control (versus powerlessness) and
  - Challenge (versus threat).

**Commitment:** Commitment is a curiosity and engagement with one's environment that leads to the experience of activities as interesting and enjoyable. Commitment therefore refers to a person's belief in the truth, importance and interest value of self and work.

**Control:** Control is a person's belief that he or she can influence events, coupled with the tendency to act accordingly. Control therefore is an ability to influence the process and outcomes of events that lead to the experience of activities as personal choices.

**Challenge:** Challenge is the belief that people seek change rather than routine and stability.

The hardy personality appears to use these three components actively to engage in transformational coping, which is actively changing an event into something less subjectively stressful by viewing it in a broader life perspective, by altering the course and outcome of the event through action and / or by achieving greater understanding of the process. The alternative to transformational coping is regressive coping, a much less healthy form of coping with stressful events characterized by a passive avoidance of events by decreasing interaction with the environment. Regressive coping may lead to short-term stress reduction at the cost of long-term healthy life adjustment.

People experiencing significant stressors are less likely to become mentally or physically ill if they have a high level of hardiness. These people are likely to use such coping strategies as keeping the stressors in perspective, knowing that they have the resources to cope, and seeing stressors as opportunities rather than threats.

5. **Negative Affectivity:** A person who is high in negative affectivity has a mood state characterized by anger, fear and depression. This type of person tends to focus on the negative side of life, including the bad traits of self and others. People with negative affectivity tend to perceive themselves as being under stress and in poor health. Organizational attempts to alleviate stress may have relatively little impact on employees with negative affectivity.
6. **Self-Reliance:** Self-reliance is a personality attribute related to how people form and maintain supportive attachments with others. Self-reliance is a healthy, secure, interdependent pattern of behaviour. It may appear paradoxical because a person appears independent while maintaining a host of supportive attachments.
- Self-reliant people respond to stressful, threatening situations by reaching out to others appropriately.
  - Self-reliance is a flexible, responsive strategy of forming and maintaining multiple, diverse relationships.
  - Self-reliant people are confident, enthusiastic and persistent in facing challenges.

Self-reliance results in a secure pattern of attachment and interdependent behaviour. The two insecure patterns of attachment are counter dependence and over dependence.

**Counter dependence:** Counter dependence is an unhealthy, insecure pattern of behaviour that leads to separation in relationships with other people. Counter dependence may be characterized as a rigid, dismissing, denial of the need for other people in difficult and stressful times. Counter dependent people exhibit a fearless, aggressive and actively powerful response to challenges.

**Over dependence:** Over dependence is also an unhealthy, insecure pattern of behaviour. Over dependence may be characterized as a desperate, preoccupied attempt to achieve a sense of security through relationships. Over dependence prevents a person from being able to organize and maintain healthy relationships and thus creates much distress.

7. **Social Support:** Social support system is the circle of people who care about the individual. A person's resistance to stress also may be strengthened by his or her social support system. A strong social support system provides a place to share problems and put them in perspective. To make the social support system effective, the person must perceive that the support system enhances self-esteem, is available when needed and provides relationships that are satisfying. A person's social support system includes spouse, relatives and friends.

## 16.7 CONSEQUENCES OF STRESS

An individual who is experiencing a high level of stress may develop high blood pressure, ulcers, loss of appetite etc. Stress shows itself in a number of ways. All the consequences need not be negative. The consequences of healthy, normal stress (called eustress, for "euphoria + stress") include a number of performance and health benefits to be added to the more commonly known costs of stress listed above known as distress. The figure below lists the benefits of Eustress and costs of Distress.

BENEFITS OF EUSTRESS	
PERFORMANCE	HEALTH
Increased Arousal Bursts of Physical Strength	Cardiovascular Efficiency Enhanced Focus in an Emergency
COSTS OF DISTRESS	
INDIVIDUAL	ORGANIZATIONAL
Psychological disorders Medical illnesses Behavioural problems	Participation problems Performance decrements Compensation awards
<small>Source: Debra L Nelson, James Campbell Quick "Organizational Behaviour – Foundations, Realities and Challenges" (second edition). West Publishing Company, Minneapolis (1997) page 195.</small>	

**Figure 16.7: Benefits of Eustress and Costs of Distress.**

The three consequences of stress are explained below:

1. **Performance and Health benefits of stress:** The stress response is not inherently bad or destructive. Performance and health benefits of stress indicate that stress leads to improved performance up to an optimum point. Beyond the optimum point, further stress and arousal have a detrimental effect on performance. Therefore, healthy amounts of eustress are desirable to improve performance by arousing a person to action. The stress response does provide momentary strength and physical force for brief periods, thus providing a basis for peak performance.

The various individual and organizational forms of distress often associated with the word stress are the result of prolonged activation of the stress response, mismanagement of the energy induced by the response, or unique vulnerabilities in a person.

2. **Individual Distress:** In general, individual distress usually takes one of the three basic forms -

- (a) Physiological symptoms
  - (b) Psychological symptoms and
  - (c) Behavioural symptoms.
- (a) **Physiological Symptoms:** A number of medical illnesses have a stress-related component. The most significant medical illnesses of this form are heart disease and strokes, backaches, peptic ulcers, and headaches. Most of the early concern with stress was directed at physiological symptoms. This was primarily because specialists in the health and medical sciences researched the topic. The link between stress and particular physiological symptoms is not clear. There is no clear evidence that stress is a direct causal agent. However, stress may play an indirect role in the progression of disease. For example, an extreme preoccupation with work may result in acute individual distress, such as the unique Japanese phenomenon of "Karoshi" (death by overwork).
- (b) **Psychological Symptoms:** The most common types of psychological distress are depression, burnout, and psychogenic disorders. In the early stages, depression and burnout result in decline in efficiency; diminished interest in work; fatigue; and an exhausted run-down feeling. Psychogenic disorders are physical disorders with a genesis (beginning) in the psyche (mind). For example, the intense stress of public speaking may result in a psychogenic speech disorder; that is, the person is under so much stress that the mind literally will not allow speech to occur.
- (c) **Behavioural Symptoms:** Behavioural problems are the third form of individual distress. These problems include violence, substance abuse of various kinds and accidents. Behaviourally related stress symptoms include changes in productivity, absence and turnover as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting and sleep disorders. Accidents, both on and off the job, are another behavioural form of distress that can sometimes be traced to work-related stressors. For example, an unresolved problem at work may continue to preoccupy or distract an employee driving home and result in the employee having an automobile accident.

These three forms of individual distress cause a burden of personal suffering.

3. **Organizational Distress:** The University of Michigan studies on organizational stress identified a variety of indirect costs of mismanaged stress for the organization, such as low morale, dissatisfaction, breakdowns in communication and disruption of working relationships. The problems caused by organizational distress are: -
- (a) **Participation problems:** Participation problems are the costs associated with absenteeism, tardiness, strikes and work stoppages and turnover.
  - (b) **Performance decrements:** Performance decrements are the costs resulting from poor quality or low quality of production, grievances and unscheduled machine downtime and repair.
  - (c) **Compensation awards:** Compensation awards are a third organizational cost resulting from court awards for job distress.

---

## 16.8 MANAGING STRESS

---

Stress is an inevitable feature of work and personal life. As organizations and their employees have come to perceive the consequences of stress as serious, they have tried to manage it. Some of these efforts have sought to limit the amount of stress employees

experience; most are directed at improving employees' coping ability. Both kinds of efforts may be conducted at the individual level and at the organizational level.

1. **Individual Level:** An employee can take personal responsibility for reducing his or her stress level. At the individual level stress management usually focuses on becoming more able to cope with stress. Individual strategies that have proven effective include implementing time-management techniques, increasing physical exercise, relaxation training and expanding the social support network.

(A) *Time Management:* A practical way to manage stress is to better control your use of time. Many people manage their time poorly. The well-organized employee, can often accomplish twice as much as the person who is poorly organized. The basic principle beyond time management is to decide what tasks are most important, then do those things first. So an understanding and utilization of basic time-management principles can help individuals better cope with tensions created by job demands. A few of the more well-known time-management principles are: -

- Make daily or weekly lists of activities to be accomplished.
- Prioritising activities by importance and urgency. Therefore you must rate them A (must be performed) B (should be performed) or C (optional).
- Scheduling activities according to the priorities set. You then structure your time to ensure you do the A-level items. If time remains, you devote it to the B-level items and then the C-level items.
- Knowing your daily cycle and handling the most demanding parts of your job during the high part of your cycle when you are most alert and productive.

To be truly effective, time management should include making sure you are clear about what is expected of you and saying no to activities that are not required or that you feel you cannot fit into your schedule. This requires being realistic about making promises. Improving time management skills can give people a greater sense of control. Furthermore, because time management emphasizes focusing on the most important task, it provides the satisfaction of accomplishing worthwhile goals.

(B) *Non-Competitive Physical Exercise:* Employees can seek to improve their physical health by exercising regularly. Non-competitive physical exercise such as aerobics, walking, jogging, swimming and riding a bicycle have long been recommended by physicians as a way to deal with excessive stress levels. When people exercise regularly, they improve their physical health. In addition, they tend to feel more confident, more optimistic and less stressed. These forms of physical exercise increase heart capacity, lower at-rest, provide a mental diversion from work pressures, and offer a means to let off steam.

(C) *Relaxation and Biofeedback:* Individuals can teach themselves to reduce tension through relaxation techniques such as meditation, hypnosis, and biofeedback. People can also benefit from a variety of tactics that helps them slow down.

- Relaxation decreases muscle tension, lowers heart rate and blood pressure and slows breathing. The objective is to reach a state of deep relaxation, where one feels physically relaxed, somewhat detached from the immediate environment and detached from body sensations. 15 to 20 minutes a day of deep relaxation releases tension and provides a person with a pronounced sense of peacefulness.



- Meditation provides the conditions for relaxation: a quiet environment, closed eyes, comfortable posture, and a word or phrase to repeat silently or aloud.
  - Simply taking regular vacations is a basic but important part of relaxation.
  - Biofeedback or monitoring physiological responses such as brain waves, heart rate, muscle tension, and blood pressure, then using the information to control those responses. In this way, biofeedback helps people relax. It also helps with stress management by showing people they have some control over their bodies.
- (D) *Development of Social Support Systems:* Having friends, family or work colleagues to talk to provide an outlet when stress levels become excessive. Developing a social support system to help with the routine stress of organizational life requires committing time to family and friends. Regularly laughing, crying or discussing problems, help people blow off steam before problems become intolerable. Research also demonstrates that social support moderates the stress-burnout relationship. That is, high support reduces the likelihood that heavy work stress will result in job burnout.
- (E) *Adjustment of Perceptions:* Effective stress management may require conscious adjustment of your thinking because perceptions of a stressor play a role in the way the stressor is experienced. A basic type of looking at the stressor is to view yourself as facing challenges rather than problems.
- (F) *Learned Optimism:* Optimism and pessimism are two different thinking styles people use to explain the good and bad events in their lives to themselves. Pessimism is an explanatory style leading to depression, physical health problems and low levels of achievement. Optimism is an alternative explanatory style that enhances physical health and achievement and averts susceptibility to depression. Optimistic people avoid distress by understanding the bad events and difficult times in their lives as temporary, limited and caused by something other than themselves. Learned optimism begins with identifying pessimistic thoughts and then distracting oneself from these thoughts or disputing them with evidence and alternative thoughts. These explanatory styles are habits of thinking learned over time, not inborn attributes. Learned optimism is non-negative thinking.
- (G) *Leisure Time Activities:* Leisure time activities provide employees an opportunity for rest and recovery from strenuous activities either at home or at work. Leisure is increasingly a luxury among working people. The key to the effective use of leisure time is enjoyment. Leisure time can be used for spontaneity, joy and connection with others in our lives.
- (H) *Diet:* Diet may play an indirect role in stress and stress management. Good dietary practices contribute to a person's overall health, making the person less vulnerable to distress.
- (I) *Opening Up:* Everyone experiences a traumatic stressful or painful event in life at one time or another. One of the most therapeutic, curative responses to such an event is to confide in another person. Confession need not be through personal relationship with friends. It may occur through a private diary. For example, a person might write each evening about all of his or her most troubling thoughts, feelings and emotions during the course of the day. Confession and opening up may occur through professional helping relationships. The process of opening up and confessing appears to counter the detrimental effects of stress.

2. **Organizational Level:** Management controls several of the factors that cause stress -particularly task and role demands, and organization structure. As such, they can be modified or changed. In some cases, organizations recognize that they can improve performance by reducing the amount of work-related stress employees' experience. Ways to do this include improving the work environment and clarifying roles. In addition, the organization can support employees' efforts to cope with stress by offering wellness programmes and it can foster a supportive organizational culture.
- (A) *Job Redesigning:* Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress because these factors give the employee greater control over work activities and lessen dependence on others. Job redesign to increase worker control is one strategy of preventive stress management. It can be accomplished in a number of ways, the most common being to increase job decision latitude. Increased job decision latitude might include greater decision authority over the sequencing of work activities, the timing of work schedules, the selection and sequencing of work tools, or the selection of work teams. A second objective of job redesign should be to reduce uncertainty and increase predictability in the workplace. Uncertainty is a major stressor.
  - (B) *Goal Setting:* Organizational preventive stress management can also be achieved through goal-setting activities. These activities are designed to increase task motivation, while reducing the degree of role conflict and ambiguity to which people at work are subject.
  - (C) *Role Negotiation:* Role negotiation begins with the definition of a specific role, called the focal role, within its organizational context. The person in the focal role then identifies the expectations understood for that role, and key organizational members specify their expectations of the person in the focal role. The actual negotiation follows from the comparison of the role incumbent's expectations and key members' expectations. The point of confusion and conflict are opportunities for clarification and resolution. The final result of the role negotiation process should be a clear well-defined focal role with which the incumbent and organizational members are both comfortable.
  - (D) *Organizational Communication:* Increasing formal organizational communication with employees reduces uncertainty by lessening role ambiguity and role conflict. Given the importance that perception play in moderating the stress-response relationship, management can also use effective communications as a means to shape employee perceptions.
  - (E) *Employee Wellness Programmes:* Organizations may sponsor wellness programmes, which are designed to promote employee health and well-being. Evidence suggests that wellness programme make economic sense. Employees have access to exercise equipment and may participate in educational programmes. An ethical issue with regard to wellness programmes is whether the employer has the right to have input in what employees eat, whether they smoke and how much they exercise. Often, some employees are not receptive to involvement in wellness programme. This implies that employees who could most benefit from a wellness programme are least likely to benefit from it.
  - (F) *Social Support System at the Work Place:* Team building, is one way to develop supportive social relationship in the work place. However, team building is primarily task oriented, not socio-emotional in nature. Although employees

may receive much of their socio-emotional support from personal relationships outside the workplace, some socio-emotional support within the workplace is also necessary for psychological well-being. Social support system can be enhanced through the work environment in a number of ways. These relations provide emotional caring, information, evaluative feedback, modelling and instrumental support.

- (G) *Organizational Culture:* The organization's culture can help employees manage stress by limiting stress, strengthening coping skills and providing shared values and beliefs. Such a culture recognizes that employees are human beings in need of rest, social support, and a good laugh once in a while.

#### **Employee Stress Isn't a Management Problem**

The recent attention given to employee stress by behavioral scientists has blown totally out of proportion. Undoubtedly, a small proportion of the working population suffers from stress. These people have ongoing headaches, ulcers, high blood pressure and the like. They may even turn to alcohol and drugs as an outlet to deal with their stress. But if there is a problem, it's a medical one. It's not a management problem. In support of this position, I argue that: (1) stress is not that important because human beings are highly adaptive; (2) most stress that employees experience is of the positive type; and (3) even if the first two points weren't relevant, a good portion of what causes excessive work stress tends to be uncontrollable by management anyway.

Those who seem to be so concerned about employee stress forget that people are more adaptable than we traditionally give them credit for. Individuals are amazingly resilient. Most successfully adjust to illnesses, misfortune, and other changes in their lives. All through their school years, they adapted to the demands that dozens of teachers put on them. They survived the trials of puberty, dating, beginning and ending relationships, and leaving home - to name a few of the more potentially stressful times we have all gone through. By the time individuals enter the work force, they have experienced many difficult situations and, for the most part, they have adjusted to each. There is no reason to believe this ability to adapt to changing or uncomfortable conditions breaks down once people begin their working careers.

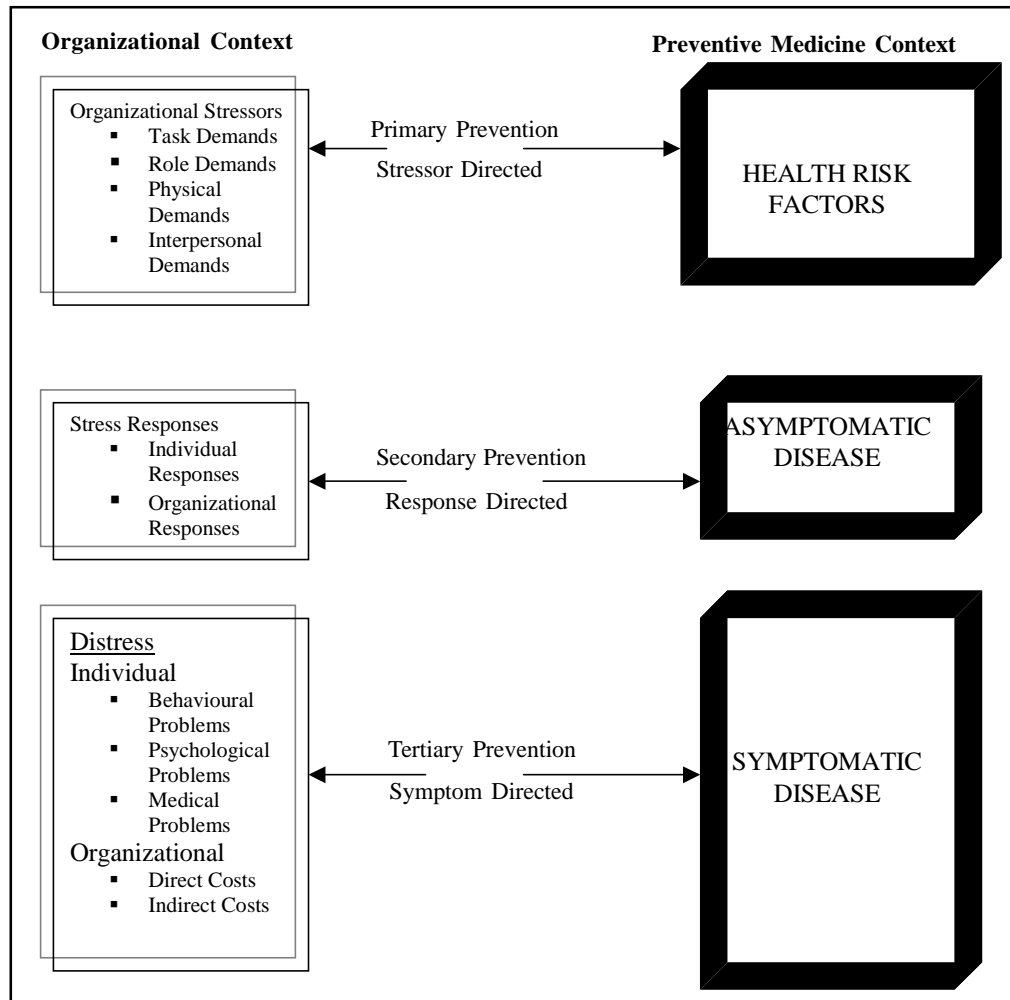
Stress, like conflict, has a positive as well as a negative side. But that positive side tends to be overshadowed by concern with the negative. A life without stress is a life without challenge, stimulation, or change. Many positive and exciting life events - marriage, the birth of a child, inheriting a large sum of money, buying a new home, a job promotion, vacations - have been found to create stress. Does that mean these positive events should be avoided? The answer is obviously "No". Unfortunately, when most people talk about stress and the need to reduce it, they tend to overlook its positive side.

Finally, there is the reality that many sources of employee stress are outside the control of management. Management can't control environmental factors. If stress is due to an inherent personality characteristic, here again, the source lies outside management's control. Most other individual factors, too, are outside management's influence. Even if stresses created by such individual factors as family and economic problems can be influenced by managerial actions, there remains the ethical question: Does management have the right to interfere in an employee's personal life? Undoubtedly, a good portion of any employee's total stress level is created by factors that are uncontrollable by management - marital problems, divorce, children who get into trouble, poor personal financial management, uncertainty over the economy, societal norms to achieve and acquire material symbols of success, pressures of living in a fast-paced, urban world, and the like. The actions of management didn't create these stressors. Most are just part of modern living. More importantly, employers can do little to lessen these stressors without extending their influence beyond the organization and into the employee's personal life. That's something most of us would agree is outside the province of the employer-employee relationship.

*Source:* Stephen P Robbins "Organizational Behaviour - concepts, controversies and applications" (seventh edition) Prentice Hall, Englewood Cliffs, NJ507632 (1996).

## 16.9 FRAMEWORK FOR PREVENTIVE STRESS MANAGEMENT

Stress is an inevitable feature of work and personal life. Individual and organizational distress are not inevitable. A framework for understanding preventive stress management is presented in the Figure 16.8



*Source:* J. D. Quick, R.S Horn and J. S Quick, "Health Consequences of Stress" Journal of Organizational Behaviour Management 8, No 2, figure 1 (fall 1986), 21.

**Figure 16.8: A Framework for Preventive Stress Management**

The above figure explains that the three stages of prevention are primary, secondary and tertiary prevention.

**Primary Prevention:** Primary prevention is intended to reduce, modify or eliminate the demand or stressor causing stress. True organizational stress prevention is largely primary in nature, because it changes and shapes the demands the organization places on people at work.

**Secondary Prevention:** Secondary prevention is intended to alter or modify the individual's response to a demand or stressor. People must learn to manage the inevitable.

**Tertiary Prevention:** Tertiary prevention is intended to heal the individual of symptoms of distress and strain. Tertiary prevention is therapeutic, aimed at arresting distress and healing the individual.

---

## **16.10 MANAGERIAL IMPLICATIONS OF STRESS**

---

Stress is an inevitable result of work and personal life. Managers must learn how to create healthy stress for employees to facilitate performance and well being without distress. They should be sensitive to early signs of distress at work, such as employee fatigue or changes in work habits, in order to avoid serious forms of distress. Distress is important to the organization because of the costs associated with turnover and absenteeism, as well as poor-quality production. Managers can use the principles and methods of preventive stress management to create healthier work environments. They can practice several forms of individual stress prevention to create healthier lifestyles for themselves, and they can encourage employees to do the same.

### **Check Your Progress 2**

1. What are the causes of stress?
2. Explain the various environmental stressors.
3. How do individuals respond to stress?
4. Explain the consequences to stress.

---

## **16.11 LET US SUM UP**

---

Stress carries a negative connotation for some people, as though it were something to be avoided. This is unfortunate, because stress is a great asset in managing legitimate emergencies and achieving peak performance. The causes of stress are found within the environment, the individual, and the interaction between the two. Hans Selye described the General Adaptation Syndrome (GAS), an adaptive response that occurs in three phases: A, an alarm reaction. B, the stage of resistance; and C, the stage of exhaustion. Stress is an inevitable feature of work and personal life. As organizations and their employees have come to perceive the consequences of stress as serious, they have tried to manage it. Some of these efforts have sought to limit the amount of stress employees experience; most are directed at improving employees' coping ability. Managers can use the principles and methods of preventive stress management to create healthier work environments. They can practice several forms of individual stress prevention to create healthier lifestyles for themselves, and they can encourage employees to do the same.

---

## **16.12 LESSON END ACTIVITY**

---

Describe the sources of potential stress. Which of these are controllable by management?

---

## **16.13 KEYWORDS**

---

Stress

GAS

Homeostatic Approach

Psycho Analytic Approach

Stressors

---

## 16.14 QUESTIONS FOR DISCUSSION

---

1. Define stress.
2. Describe the four approaches to understanding stress.
3. Explain the benefits of Eustress and the costs Distress.
4. Why should organizations help individuals to manage stress?
5. Why should organizations be concerned about stress at work? What are the costs of distress to organizations?
6. What physiological changes occur in the alarm phase of the General Adaptation Syndrome? How is each change adaptive to organizations?
7. Describe the relationship between stress and performance.
8. What personality characteristics or traits are likely to contribute to a high threshold of resistance to stress?
9. What can organizations do to reduce stress?
10. How do the type A behaviour pattern, personality hardiness and self-reliance moderate the relationship between stress and strain?
11. Describe the individual preventive stress management methods.
12. Describe the major organizational stress prevention methods.
13. What is primary prevention, secondary prevention and tertiary prevention of stress.

---

## 16.15 SUGGESTED READINGS

---

- Aquinas P.G., *“Organizational Behaviour – Concepts, Realities and Challenges”*, Excel Books New Delhi (2005).
- Boulding K.E., *“Conflict and Defence: A General Theory”*, Harper and Row, New York (1962).
- Bernard, M. Bass and Edward C. Ryterband (1979), *“Organizational Psychology”*, (2<sup>nd</sup> Ed.) Allyn and Bacon, Boston.
- Boss R.W (1989), *“Organizational Development in Health Care”* Addison-Wesley Mass; Reading.
- Chabra Ahuja and Jain, *“Managing People at Work”*, Dhanpat Rai and Sons, New Delhi.
- Davis P. and John Rohrbugh, *“Group Decision Process Effectiveness: A Competing Value Approach”*, Group and Organization Studies, March 1990.
- Harrel T.W, *“Industrial Psychology”*, Oxford and IBH, New Delhi (1972).
- Marvin D. Dunnette (1976), *“Handbook of Industrial and Organizational Psychology”*, Rand McNally, Chicago.

---

## LESSON

# 17

## FOUNDATION OF GROUP BEHAVIOUR

### CONTENTS

- 17.0 Aims and Objectives
- 17.1 Introduction
- 17.2 Definition of Groups
- 17.3 Reasons for Forming Groups
- 17.4 Stages of Group Development
- 17.5 Characteristics of Groups
  - 17.5.1 Characteristics of Mature Groups
  - 17.5.2 External Conditions Imposed on the Group
- 17.6 Group Structure
  - 17.6.1 Characteristics of Roles
  - 17.6.2 Types of Norms
  - 17.6.3 Factors Influencing Conformance to Norms
- 17.7 Group Decision Making
- 17.8 Understanding Work Teams
- 17.9 Let us Sum up
- 17.10 Lesson-end Activity
- 17.11 Keywords
- 17.12 Questions for Discussion
- 17.13 Suggested Readings

---

### 17.0 AIMS AND OBJECTIVES

---

In previous lessons we have studied about the individual behaviour. In this lesson we will study about group behaviour. After studying this lesson you will be able to:

- (1) describe meaning and types of group.
- (2) explain the reasons for which people and organisations form groups.
- (3) understand characteristics of groups.
- (4) discuss various structure of groups.
- (5) know the techniques of group-decision making.
- (6) describe meaning, objectives and types of teams.

---

## 17.1 INTRODUCTION

---

We define "group" as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of each acting in his or her own way. Learning capabilities represent the set of core competencies, which are defined as the special knowledge, skills, and technological know-how that differentiate an individual or an organisation from his/its competitors and enable them to adapt to their environment. Learning capacities are the fuel for individuals or organisational success.

---

## 17.2 DEFINITION OF GROUPS

---

We define "group" as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of each acting in his or her own way. In other words, when individuals are in groups, they act differently than they do when they are alone.

Groups can be either formal or informal.

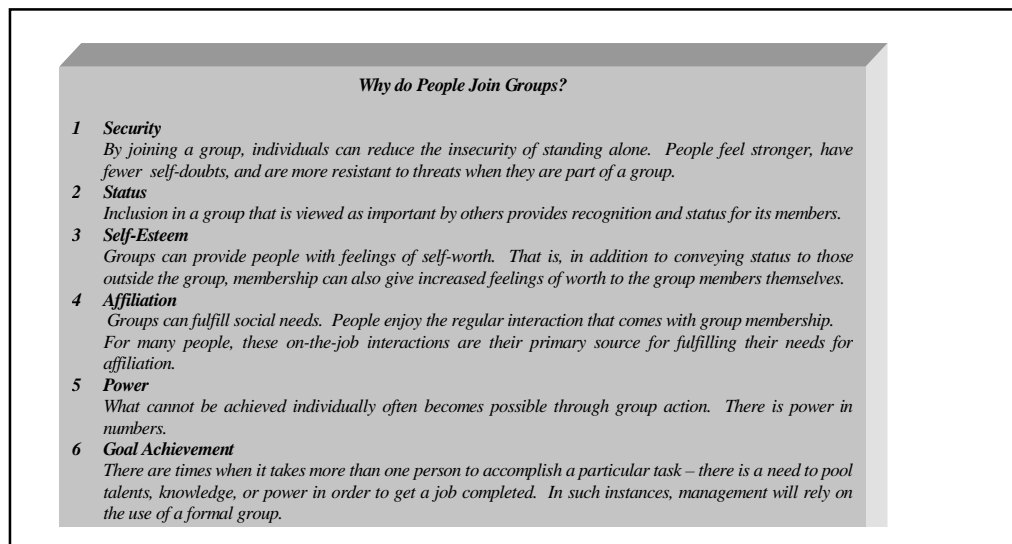
1. **Formal Groups:** A formal group is set up by the organization to carry out work in support of the organization's goals. In formal groups, the behaviours that one should engage in are stipulated by and directed toward organizational goals. Examples include a bookkeeping department, an executive committee, and a product development team. Formal group may be command groups or task groups.
  - (i) **Command Group:** A command group consists of a manager and the employees who report to him or her. Thus, it is defined in terms of the organization's hierarchy. Membership in the group arises from each employee's position on the organizational chart.
  - (ii) **Task Group:** A task group is made up of employees who work together to complete a particular task or project. A task group's boundaries are not limited to its immediate hierarchical superior. It can cross command relationships. A employee's membership in the group arises from the responsibilities delegated to the employee - that is, the employee's responsibility to carry out particular activities. Task group may be temporary with an established life span, or they may be open ended.
2. **Informal Groups:** An organization's informal groups are groups that evolve to meet social or affiliation needs by bringing people together based on shared interests or friendship. Thus, informal groups are alliances that are neither formally structured nor organizationally determined. These groups are natural formations in the work environment that appear in response to the need for social contact. Many factors explain why people are attracted to one another. One explanation is simply proximity; when people work near one another every day, they are likely to form friendships. That likelihood is even greater when people also share similar attitudes, personalities, or economic status.
  - (i) **Friendship Groups:** Groups often develop because the individual members have one or more common characteristics. We call these formations friendship groups. Social alliances, which frequently extend outside the work situation, can be based on similar age, hold same political view, attended the same college etc.
  - (ii) **Interest Groups:** People who may or may not be aligned into common command or task groups may affiliate to attain a specific objective with which each is concerned. This is an interest group.



- (iii) **Reference Groups:** Sometimes, people use a group as a basis for comparison in making decisions or forming opinions. When a group is used in this way, it is a reference group. Employees have reference groups inside or outside the organization where they work. For most people, the family is the most important reference groups. Other important reference groups typically include co-workers, friends, and members of the person's religious organization. The employee need not admire a group for it to serve as a reference group. Some reference groups serve as a negative reference; the employee tries to be unlike members of these groups.
- (iv) **Membership Groups:** When a person does belong to a group (formal and informal groups to which employees actually belong) the group is called a membership group (or affiliation group) for that person. Members of a group have some collection of benefits and responsibilities that go beyond the group serving as a reference point. In a membership group, each member would be expected to contribute to the group's well being and would enjoy the benefit arising from the group member's friendship.

## 17.3 REASONS FOR FORMING GROUPS

Formal and informal groups form in organizations for different reasons. Formal groups are sometimes called official or assigned groups and informal groups may be called unofficial or emergent groups. Organizations routinely form groups. If we assume management decisions are rational, groups must benefit organizations in some way. Presumably, the use of groups can contribute to achieving and maintaining a sustainable competitive advantage. Groups can do this if they enable an organization to fully tap the abilities and energy of its human resources. Furthermore, with regard to informal groups, people form groups to meet their individual needs.



**Figure 17.1: Why do People Join Groups?**

- (1) **Performance:** Group effort can be more efficient and effective than individual efforts because they enable employees to specialize and contribute a variety of strengths. Organizations structure employees into functional and task groups so that they can develop and apply expertise in particular functions, products, problems or customers. The other factor contributing to performance is motivation, and groups can enhance this as well. When employees work in groups, the group is an important force for creating and enforcing standards for behaviour.
- (2) **Cooperation:** Carrying out an organization's mission is something no single person can do alone. However, for several people to accomplish a mutual goal, they must cooperate. Group dynamics and characteristics can enhance cooperation among

employees, especially when members identify themselves as group and are rewarded for group success.

- (3) **Satisfaction:** If satisfaction improves motivation (and therefore performance), organizations as well as individual employees can benefit from employees' satisfaction derived from group membership. A major source of this satisfaction is that people have needs for being with others and being liked by them. The way people satisfy this category of needs is participating in groups focusing on social activity. Group membership may also be a means for satisfying needs for security, power and esteem.

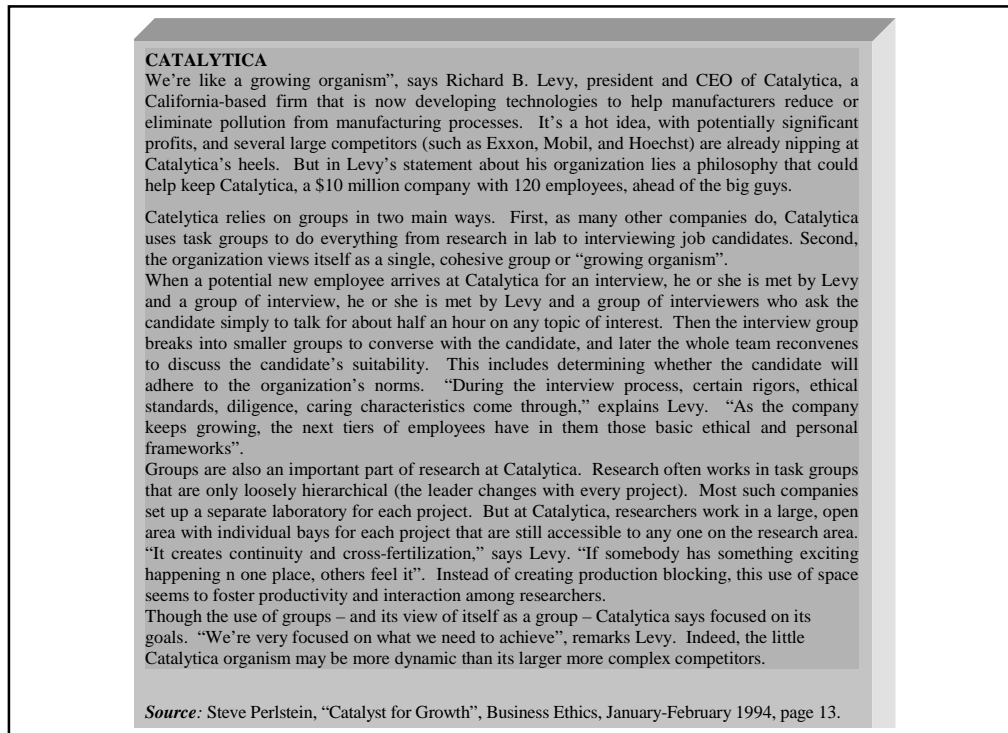


Figure 17.2: Organizations to Admire

## 17.4 STAGES OF GROUP DEVELOPMENT

In interpreting behaviour of a particular group, it is important to recognize not only a broad pattern of development but also the unique characteristics of the particular group and the circumstances that contribute to (or detract from) its development. The way in which a particular group develops depends in part on such variables as the frequency with which group members interact and personal characteristics of group members. However, it was believed groups pass through a standard sequence of five stages.

- (1) **Forming:** When a group is initially formed, its members cannot accomplish much until they agree on what their purpose is, how they will work together and so on. Answering such questions brings group members face to face with the first obstacle to maturity: uncertainty, anxiety, and disagreement over power and authority. In this stage, the focus is on the interpersonal relations among the members. Members assess one another with regard to trustworthiness, emotional comfort, and evaluative acceptance. Thus, the forming stage is characterized by a great deal of uncertainty about the group's purpose, structure and leadership. Members are testing the waters to determine that type of behaviour is acceptable. This stage is complete when members have begun to think of themselves as part of a group.
- (2) **Storming:** The storming stage is one of inter-group conflict. Members accept the existence of the group, but resist the constraints the group imposes on individuality. Further, there is conflict over who will control the group. After a group leader has emerged, the remaining group members must sort out where they fit in the group. Even if all the group members must sort out where they fit in the group. Even if all

the group members accept the leader, the group enters a phase of conflict and challenge. One or more followers may test the leader. The group may split into factions supporting and opposing the leader. If the group gets stuck in this phase of development, group members may engage in battles over turf and expend their energies on a variety of political tactics. When this stage is complete, a relatively clear hierarchy of leadership exists within the group.

- (3) **Norming:** In this stage, close relationships develop and the group demonstrates cohesiveness. Entering and conducting the cohesion phase requires intervention by a group member who is emotionally unaffected by power and authority issues. Typically, such a person encourages group members to confront these issues openly. If the group engages in this process, the cohesion phase usually passes quickly. Group members recognize where they fit in, and the group agrees on how it will operate. A new leader may emerge, or the existing leader may become more aware of how much others in the group contribute. The norming stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behaviour.
- (4) **Performing:** The fourth stage is performing. The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to performing the task at hand. Members' attention is directed to self-motivation and the motivation of other group members for task accomplishment. Some members focus on the task function of initiating activity and ensure that the work of the group really gets moving. Other members contribute to motivation and commitment within the group through maintenance functions such as supporting, encouraging and recognizing the contributions of members or through establishing the standards that the group may use in evaluating its performance.
- (5) **Adjourning:** For permanent work groups, performing is the last stage in their development. However for temporary groups, there is an adjourning stage. In this stage, the group prepares for its disbandment. High task performance is no longer the group's top priority. Instead, attention is directed toward wrapping up activities.

---

## 17.5 CHARACTERISTICS OF GROUPS

---

Groups in organizations are more than collections of individual employees. We can distinguish effective groups in terms of role structures, norms, cohesiveness, leadership, status, tasks and size. These characteristics act as a means of understanding why some groups perform better than others.

1. **Role Structures:** Each person in a group has a role, or a pattern of expected behaviours associated with a certain position in the group. Each group member's role is a part of the group's overall role structure, that is the set of roles and relationships among roles that has been defined and accepted by group members. Roles develop through a combination of group processes and individual processes.
  - (i) Group members have an expected role for each individual. In formal groups, the organization has expectations for what employees in each position should do.
  - (ii) Through verbal and behavioural messages, group members communicate their expectations: a sent role. For expected roles in formal groups, the organization often spells out its expectations in job descriptions.
  - (iii) The individual group member's perceptions of these communication results in a perceived role.

- (iv) The group member's response, acting out (or not acting out) the perceived role is the enacted role. The way the role is enacted influences the group's future role expectations.

A group is most likely to be effective if its members understand and accept roles that are consistent with high perform.

2. **Norms:** The standards that a work group uses to evaluate the behaviour of its members are its norms of behaviour. These norms may be written or unwritten, verbalized or not verbalized, implicit or explicit. So long as individual members of the group should do, or they may specify what members of a group should not do. Norms may exist in any aspect of work group life. They may evolve informally or unconsciously within a group, or they may arise in response to challenges.

Norms reflect the culture of the particular group, so they vary from one group to another. When the group's norms are consistent with the organization's goals, they can contribute to organizational effectiveness. The degree to which norms have an impact depends on the extent to which group members comply with them and the group's enforcement of them.

**Individual Adjustment:** The degree to which group members accept norms is called individual adjustment. The impact of individual adjustment on the group depends on whether norms are pivotal or peripheral. Pivotal norms define behaviour that is absolutely required for continued membership in the group. Peripheral norms define behaviour that is desirable - but not essential - for continued group membership. Combining these types of norms with the choice of whether to accept them results in four possible levels of individual adjustment:

- (i) Acceptance of both kinds of norms is "conformity" to the group.
- (ii) Rejection of both kinds of norms results in "open revolution".
- (iii) Accepting only pivotal norms amounts to "creative individualism".
- (iv) Accepting only peripheral norms amounts to "subversive rebellion".

**Enforcement of Norms:** To function effectively, groups enforce their norms in various ways.

- (i) The group may increase communication with a non-conforming member.
- (ii) If that does not work, the group may ignore the non-conforming member and exclude him or her from activities.
- (iii) In extreme cases, group members may resort to physical coercion or expulsion.

3. **Cohesiveness:** The commitment of members to a group and the strength of their desire to remain in the group constituted the group's cohesiveness. It is the "interpersonal glue" that makes the members of a group stick together is group cohesion. Group cohesion can enhance job satisfaction for members and improve organizational productivity. Highly cohesive groups at work may not have many interpersonal exchanges away from the workplace. However, they are able to control and manage their membership better than work groups low in cohesion. This is due to the strong motivation in highly cohesive groups to maintain good, close relationships with other members.

**Factors Affecting Cohesiveness:** Individuals tend to consider a group attractive if it meets the following conditions:

- The group's goals are clear and compatible with members' goals.
- The group has a charismatic leader.
- The group has a reputation for successfully accomplishing its task.
- The group is small enough that members can air their opinions and have them evaluated.
- The members support one another and help each other overcome barriers to growth and development.

Furthermore, cohesiveness may be easier to establish in a group whose membership is homogeneous. Groups also tend to be highly cohesive when they perceive a threat that gives group members a "common enemy".

4. **Leadership:** A key role in determining the success of the group is the role of the leader. Effective leadership can shape a group into a powerful force for accomplishing what individual members could not or would not do alone. Organizations need to cultivate effective group leaders whose goals support the organization's objectives.
5. **Status:** Status is the degree of worth and respects that other members of the group accord individual group members. Status may arise from the person's job or behaviour in the group. Often, a group member's status is linked to the person's position in the organization. Someone near the top of the organizations hierarchy has a higher status. Status may also be based on age, gender, education level, seniority, race or other characteristics.

The status of group members can enhance effectiveness if the high-status members have the most to contribute to the group's objectives. However, if status causes a person to have influence beyond his or her ability to contribute to group goals, the group's effectiveness will suffer.

6. **Tasks:** The productivity and satisfaction of group members also depend on the kinds of tasks the group carries out. Major ways to describe group tasks are in terms of type and performance requirements.

(i) **Task Type:** The type of task carried out by a group is defined by the major kinds of activity involved. Tasks may be classified as follows:

- **Production tasks:** Tasks requiring the group to produce and present ideas, images or arrangements.
- **Discussion tasks:** tasks requiring the group to evaluate issues and
- **Problem-solving tasks:** Tasks requiring the group to decide on a course of action for resolving a particular problem.

(ii) **Performing Requirements:** The performing requirements of a task may be of following types:

- **Disjunctive Tasks:** Tasks that can be completed through individual efforts of group members.
- **Conjunctive Tasks:** These are tasks where each person's efforts are tightly linked to the efforts of others. Group members are highly interdependent.
- **Additive Tasks:** Are tasks where productivity is measured by adding together the output of each group member.

**EFFECTIVE GROUPS**

- The atmosphere tends to be relaxed, comfortable, and informal
- The group's task is well understood and accepted by the members.
- The members listen well to one another; most members participate in a good deal of relevant discussion.
- People express both their feelings and their ideas.
- Conflict and disagreements are present and centered around ideas or methods, not people.
- The group is aware and conscious of its own operation and function.
- Decisions are usually based on consensus, not majority vote.
- When actions are decided, clear assignments are made and accepted by members of the group.

Source: Debra L Nelson and James Campbell Quick "Organizational Behaviour – Foundations, Realities, and Challenges (second edition) McGraw-Hill Publishing Company, Minneapolis (1997) page 252.

**Figure 17.3: Characteristics of a Well-Functioning, Effective Group**

### 17.5.1 Characteristics of Mature Groups

The description of a well-functioning effective groups in the figure above characterises a mature group. Such a group has four distinguishing characteristics:

1. **Purpose and Mission:** The purpose and mission may be assigned to a group or may emerge from within the group. Even in the case of an assigned mission, the group may re-examine, modify, revise, or question the mission. It may also embrace the mission as stated. The mission statement is converted into a specific agenda, clear goals, and a set of critical success factors. Stating the purpose and mission in the form of specific goals enhances productivity over and above any performance benefits achieved through individual goal setting.
2. **Behavioural Norms:** Behavioural norms, which evolve over a period of time, are well-understood standards of behaviour within a group. They are benchmarks against which team members are evaluated and judged by other group members. Some behavioural norms become written rules while other norms remain informal, although they are no less well understood by group members.
3. **Group Cohesion:** It enables a group to exercise effective control over its members in relationship to its behavioural norms and standards. Goal conflict in a group, unpleasant experiences, and domination of a subgroup are among the threats to a group's cohesion. Groups with low levels of cohesion have greater difficulty exercising control over their members and enforcing their standards of behaviour.

Group cohesion is influenced by a number of factors, most notably time, size, the prestige of the team, external pressure, and internal competition. Group cohesion evolves gradually over time through a group's normal development.

4. **Status Structure:** Status structure is the set of authority and task relations among a group's members. The status structure may be hierarchical or egalitarian (democratic), depending on the group. Successful resolution of the authority issue within a team results in a well-understood status structure of leader-follower relationship. Where leadership problems arise, it is important to find solutions and build team leader effectiveness.

### 17.5.2 External Conditions Imposed on the Group

Groups are a subset of a larger organization system. Therefore, the organization will impose some conditions on the group. These external conditions are: -

1. **Authority Structures:** Organizations have authority structures that define who reports to whom, who makes decisions, and what decisions individuals or groups are empowered to make. So, while someone who emerges informally from within the group might lead a work group, the formally designated leader (appointed by management) has authority that others in the group don't have.
2. **Organizational Culture:** Every organization has an unwritten culture that defines standards of acceptable and unacceptable behaviour for employees. Members of work groups have to accept the standards implied in the organization's dominant culture if they are to remain in good standing.
3. **Formal Regulations:** Organizations create rules, procedures, policies and other forms of regulations to standardize employee behaviour. The more formal regulations that the organization imposes on all its employees, the more the behaviour of work group members are consistent and predictable.
4. **Organizational Resources:** When organizations have limited resources, so do their work groups. What a group actually accomplishes is, to a large degree, determined by what it is capable of accomplishing. The presence or absence of

resources such as money, time, raw materials and equipment – which are allocated to the group by the organization – has a large bearing on the group's behaviour.

5. **Physical Work Setting:** The physical work setting imposed on the group by external parties has an important bearing on work group behaviour. The physical setting creates both barriers and opportunities for work group interaction. Workers will not be able to waste time if their superiors work close to them.
6. **Reward System:** Since work groups are part of the larger organizational system, group members will be influenced by how the organization evaluates performance and what behaviours are rewarded.

---

## 17.6 GROUP STRUCTURE

---

Work groups are not unorganised mobs. They have a structure that shapes the behaviour of members and makes it possible to explain and predict a large portion of individual behaviour within the group as well as the performance of the group itself. Group structure includes: -

- (1) **Leadership:** A major responsibility in working with groups is the recognition of leadership forces. Almost every work group has a formal leader. This leader can play an important part in the group's success. He is appointed by management and can exercise legitimate sanctioned power. The formal leader possesses the power to discipline and/or fire members of his work group. Informal leaders, on the other hand, tend to emerge gradually as group members interact. They emerge from within the group according to the nature of the situation at hand.

The primary function of a leader (informal / formal) is to facilitate the accomplishment of group goals. He aids the group in accomplishing its goals. To survive, the group must gear its efforts to achieve its primary goals. Leader, constantly evaluates, directs and motivates member behaviour towards overall goals.

- (2) **Roles:** A role is a set of activities expected of a person occupying a particular position within the group. It is a pattern of behaviour that is expected of an individual when he interacts with others. The understanding of role behaviour would be dramatically simplified if each of us chose one role and play it out regularly and constantly. However, individuals play multiple roles adjusting their roles to the group in which they are. So different groups impose different role requirements on individuals.

### 17.6.1 Characteristics of Roles

- (i) Roles are impersonal. It is the position that determines the expectations not the individual.
- (ii) An organizational role is the set of expected behaviours for a particular position vis-à-vis a particular job.
- (iii) It is fairly difficult to pin down roles in exact terms. It is the most complex organized response pattern the human being is capable of making.
- (iv) Roles are learned quickly and can result in major changes in behaviour.

**Role Identity:** Role identity is certain attitudes and behaviour consistent with a role. People have the ability to shift roles rapidly when they recognize that the situation and its demands clearly require major changes. For example, when a worker holds a position in a workers union is promoted as supervisor, his attitude will change from pro-union to pro-management.

**Role Perception:** Role perception is an individual's view of how he or she is supposed to act in a given situation. Based on an interpretation of how we believe we are supposed to behave, we engage in certain types of behaviour.

**Role Expectations:** Role expectations are defined as how others believe you should act in a given situation. How you behave is determined to a large extent by the role defined in the context in which you are acting.

**Role Conflict:** Role conflict is a situation in which an individual is confronted by divergent role expectations. Role conflict, like other forms of conflict, can be a major source of stress. Excessive stress can cause problems for individual employees and for the organizations that employ them.

- (3) **Norms:** Norms are shared ways of looking at the world. Groups control members through the use of norms. A norm is a rule of conduct that has been established by group members to maintain consistency in behaviour. Norms tell members what they ought and ought not to do under certain circumstances. From an individual's standpoint they tell what is expected of you in certain situations. Norms differ among groups, communities, and societies, but they all have norms.

According to Hackman, Norms have five characteristics: -

- (i) Norms summarize and simplify group influence processes. They resolve impersonal differences in a group and ensure uniformity of action.
- (ii) Norms apply only to behaviour – not to private thoughts and feelings.
- (iii) Norms are usually developed gradually, but the process can be shortened if members so desire.
- (iv) Not all norms apply to everyone. High status members often enjoy more freedom to deviate from the "letter of the law" than do other members.

### 17.6.2 Types of Norms

A work group's norms are unique to each work group. Yet there are some common classes of norms that appear in most work groups.

- (i) **Performance-related processes:** Work groups typically provide their members with explicit cues on how hard they should work, how to get the job done, their level of output etc. These norms deal with performance-related processes and are extremely powerful in affecting an individual employee's performance.
- (ii) **Appearance Factors:** Some organizations have formal dress codes. However, even in their absence, norms frequently develop to dictate the kind of clothing that should be worn to work.
- (iii) **Allocation of Resources:** These norms cover pay, assignment of difficult jobs, and allocation of new tools and equipment.
- (iv) **Informal Social arrangement:** These norms can originate in the group or in the organization and cover pay assignment of difficult jobs, and allocation of new tools and equipment.

### 17.6.3 Factors Influencing Conformance to Norms

As a member of a group, you desire acceptance by the group. Because of your desire for acceptance, you are susceptible to conforming to the group's norms. Considerable evidence shows that groups can place strong pressures on individual members to change their attitudes and behaviours to conform to the group's standard. However, conformity to norms is not automatic it depends on the following factors:

- (i) **Personality Factors:** Research on personality factors suggests that the more intelligent are less likely to conform than the less intelligent. Again, in unusual situations where decisions must be taken on unclear items, there is a greater tendency to conform to the group's norms. Under conditions of crisis, conformity to group norms is highly probable.



- (ii) **Situational Factors:** Group size, communication patterns, degree of group unanimity etc., are the situational factors influencing the conformity to norms.
- (iii) **Intra-group Relationships:** A group that is seen as being creditable will evoke more compliance than a group that is not.
- (iv) **Compatible Goals:** When individual goals coincide with group goals, people are more willing to adhere to group norms.
- (4) **Status:** Status is a socially defined position or rank given to groups or group members by others. Individual group members are also distinguished by the amount of status they have within the group, that is, the degree of worth and respect they are accorded by group members. Status is an important factor in understanding human behaviour because it is a significant motivator and has major behavioural consequences when individuals perceive a disparity between what they believe their status to be and what others perceive it to be.

**Formal Status:** Status may be formally imposed by organizations through position and titles. We are all familiar with the trappings of high organizational status - large offices with impressive views, fancy titles, high pay etc.

**Informal Status:** Status may be informally acquired by such characteristics as education, age, gender, skill and experience. Anything can have status value if others in the group evaluate it as status conferring.

Status is an important characteristic of groups because it affects group structure and dynamics. Status figures in the allocation of roles among group members. In general, high-status group members get high status roles such as group leader or expert, whereas low-status group members get low-status roles. Furthermore, group members tend to pay more attention to input from high-status group members, including their contributions to group decisions.

- 5. **Size:** The size of a group can have profound implications on how the group behaves internally and with regard to other groups. It is an important factor determining the number of interactions of individuals in a group. In a small group face-to-face interaction is quite easy and uncomplicated. Members can easily communicate with other group members. Research evidence confirms the fact that small groups are effective. On the other hand, in large groups members have a better chance of finding people they like to work with. The potential for greater variety of talents is also greater. But the disadvantages of size are more than offset its advantages. Larger group offer greater opportunities for differences between and among individuals.

**Composition:** Most group activities require a variety of skills and knowledge. Given this requirement, it would be reasonable to conclude that heterogeneous groups would be more likely to have diverse abilities and information and should be more effective. When a group is heterogeneous in terms of gender, personalities, opinions, abilities, skills and perspectives, there is an increased probability that the group will possess the needed characteristics to complete its tasks effectively. The group may be more conflict laden and less expedient as diverse positions are introduced and assimilated, but the evidence generally supports the conclusion that heterogeneous groups perform more effectively than do those that are homogeneous

**Conclusion:** In interpreting behaviour of a particular group, it is important to recognize not only a broad pattern of development but also the unique characteristics of the particular group and the circumstances that contribute to (or detract from) its development. The behaviour of individuals in groups is something more than the sum total of each acting in his or her own way. Groups help in building synergy is necessary for an organisation's success.

Managers like to believe that they are accomplished in such group activities like group decision making, goal setting and problem solving. However-their ability to implement such techniques is often hindered by their lack of understanding of the dynamics of group-decision making processes. As a result, these managers often end up perpetuating problems that they themselves create through their insensitivity to the needs of other group members. Hence, instead of achieving a consensus, such managers take decision by the use of their authority. Sometimes, they lead the group towards decision making by minority rule or by majority rule. The better way to achieve consensus would be for them to track how decisions are made and ensure that they are achieved by consultations with group members. The various methods of group decision making are given below:

1. **Decision by Lack of Response:** The most common group decision-making method is the decision by lack of response. In this method, someone suggest an idea and before anyone else has said anything about it, without any deliberations it is rejected. In other words, all ideas that have been simply bypassed have in a sense been rejected by the group. The idea has been rejected because the 'rejections' is a simply a common decision not to support the idea. This method is also called the 'plop' method because the suggestion of the proposer has been 'plopped'.
2. **Decision by Authority Rule:** Many groups have a power structure that makes it clear that the leader (chairman or someone in authority) will make the ultimate decision. In this case the group can generate ideas and hold free discussion, but the chairman or the leader may say that he has heard the discussion and has decided upon a given plan. The authority rule method produces a bare minimum of involvement by the group and unless the leader is very proficient he will not be able to take good decisions.
3. **Decision by Minority Rule:** A single person can enforce a decision, particularly if he is the chairman and does not give in to the opposition. A common form of minority rule is for two or more members to come to a quick and powerful agreement on a course of action and implement it through the chairman or other powerful members of the group. Usually in the decision by minority rule, one, two or three people employ the tactics that produce action and therefore must be considered decisions but which are taken without the consent of the majority.
4. **Decision by Majority Rule:** Under this system, it is felt that if the majority of participants feels the same way, it is often assumed that, that decision is the best. On the surface, this method seems completely sound but often it turns out that decisions made by this method are not well implemented, even by the group that made the decision. This is so because of two kinds of psychological barriers:
  - The minority feels that there was an insufficient discussion or that their point of view were not properly understood and they may therefore feel misunderstood and sometimes resentful.
  - The minority members feel that voting (done to understand majority preference) has resulted in two camps and that their camp has lost.

As there are time constraints in coming to a group decision and because there is not perfect system, a decision by consensus is one of the most effective methods. This method is time consuming. Recognising the several types of group decision-making is only part of the process. Managers must be specific in their approach to the one that is best in their own situation.

**Techniques for Group Decision Making:** - The most common form of group decision-making takes place in face-to-face interacting groups. Interacting groups often censor themselves and pressure individual members toward conformity of opinion. Once a

manager has determined the technique that a group decision approach should be used, he or she can determine the technique best suited to the decision situation. Seven techniques are summarized below:

1. **Brainstorming:** Brainstorming is a good technique for generating alternatives. The idea behind brainstorming is to generate as many ideas as possible, suspending evaluation until all of the ideas have been suggested. Participations are encouraged to build upon the suggestions of others, and imagination is emphasized. Brainstorming is meant to overcome pressures for conformity in the interacting group that retard the development of creative alternatives. Groups that use brainstorming have been shown to produce significantly more ideas than groups that do not.

In typical brainstorming session, about 6 to 10 people sit and discuss the problem. The group leader states the problem in a clear manner so that all participants understand it. No criticism is allowed, and all the alternatives are recorded for later discussion and analysis.

One recent trend is the use of electronic brainstorming instead of verbal brainstorming in groups. Electronic brainstorming overcomes two common problems that can produce group-brainstorming failure:

- (i) **Production Blocking:** While listening to others, individuals are distracted from their own ideas. This is referred to as production blocking.
- (ii) **Evaluation Apprehension:** Some individuals suffer from evaluation apprehension in brainstorming groups. They fear that others might respond negatively to their ideas.

Brainstorming, however, is merely a process for generating ideas.

2. **Nominal Group Technique (NGT):** The nominal group technique restricts discussion or interpersonal communication during the decision-making process, hence the term nominal. Group members are all physically present, as in a traditional committee meeting, but members operate independently. NGT has the following discrete steps:

- (i) Individuals silently list their ideas.
- (ii) Ideas are written on a chart one at a time until all ideas are listed.
- (iii) Discussion is permitted, but only to clarify the ideas. No criticism is allowed.
- (iv) A written vote is taken

NGT is a good technique to use in a situation where group members fear criticism from others. The chief advantage of the NGT method is that it permits the group to meet formally but does not restrict independent thinking, as does the interacting group.

3. **Delphi Technique:** The Delphi technique originated at the Rand Corporation to gather the judgements of experts for use in decision-making. Delphi method is similar to the nominal group technique except it does not require the physical presence of the group's members. Experts at remote locations respond to a questionnaire. A coordinator summarizes the responses to the questionnaire, and the summary is sent back to the experts. The experts then rate the various alternatives generated, and the coordinator tabulates the results. The following steps characterize the Delphi technique:

- (i) The problem is identified and members are asked to provide potential solutions through a series of carefully designed questionnaire.
- (ii) Each member anonymously and independently completes the questionnaire.
- (iii) Results of the questionnaire are compiled at a central location, transcribed, and reproduced.

- (iv) Each member receives a copy of the results.
- (v) After viewing the results, members are again asked for their solutions.

***The advantages of the Delphi Technique are as follows:***

- (i) The Delphi technique is valuable in its ability to generate a number of independent judgements without the requirement of a face-to-face meeting.
- (ii) The Delphi technique can be used for decision making among geographically scattered groups.
- (iii) The cost of bringing experts together at a central location is avoided.

***The Disadvantages of the Delphi Technique are mentioned below:***

- (i) The Delphi technique is extremely time consuming, it is frequently not applicable where a speedy decision is necessary.
  - (ii) The method may not develop the rich array of alternatives as the interacting of nominal group technique does.
  - (iii) Ideas that might surface from the heat of face-to-face interaction may never arise.
4. ***Electronic Meetings:*** This method, blends the nominal group technique with sophisticated computer technology. Issues are presented to participants and they type their responses onto their computer screen. Individual comments, as well as aggregate votes, are displayed on a projection screen.

***The advantages of electronic meetings are***

- (i) Participants can anonymously type any message they want and it flashes on the screen for all to see at the push of a participant's keyboard.
- (ii) It allows people to be brutally honest without penalty.
- (iii) It is fast because discussions don't go off the point and many participants can "talk" at once.

***The disadvantages of electronic meetings are***

- (i) Those who can type fast can outshine those who are verbally eloquent but poor typists;
- (ii) Those with the best ideas don't get credit for them; and
- (iii) The process lacks the information richness of face-to-face oral communication.

5. ***Quality Circles and Quality Teams:*** Quality circles are small groups that voluntarily meet to provide input for solving quality or production problems. Quality circles are often generated from the bottom up; that is, they provide advice to managers, who still retain decision-making authority. As such, quality circles are not empowered to implement their own recommendations. They operate in parallel fashion to the organization's structure, and they rely on voluntary participation.

Quality teams, in contrast, are included in total quality management and other quality improvement efforts as part of a change in the organization's structure. Quality teams are generated from the top down and are empowered to act on their own recommendations.

Quality Circles and quality teams are methods for using groups in the decision-making process. The next method, self-managed teams take the concept of participation one step further.

6. ***Self-Managed Teams:*** Self-managed teams make many of the decisions that were once reserved for managers, such as work scheduling, job assignments and

staffing. Unlike quality circles, whose role is an advisory one, self-managed teams are delegated authority in the organization's decision-making process.

Before choosing a group decision-making technique, the manager carefully evaluates the group members and the decision situation. Then the best method for accomplishing the objectives of the group decision-making process can be selected. For example: -

- a. The need for expert input would be best facilitated by the Delphi Technique.
- b. If the goal is generating a large number of alternatives.
- c. Decisions that concern quality or production would benefit from advice of quality circles.
- d. If group members were reluctant to contribute ideas, the nominal group technique would be appropriate.
- e. A manager who wants to provide total empowerment of a group should consider self-managed.

---

## 17.8 UNDERSTANDING WORK TEAMS

---

A team is a relatively permanent work group whose members must coordinate their activities to achieve one or more common objectives. The objectives might include advising others in the organization, producing goods or services, and carrying out a project. Because achievement of the team's objectives requires coordination, team members depend on one another and must interact regularly. A work team generates positive synergy through coordinated effort. Their individual efforts result in a level of performance that is greater than the sum of those individual inputs. Teams have far-reaching impact in the today's workplace. They have become an essential part of the way business is being done.

Teams imply a high degree of coordination among their members, along with a shared belief that winning (achieving team goals) is not only desirable but the very reason for the team's existence. Any team is therefore a group, but only some groups have the high degree of interdependence and commitment to success we associate with a team. Although the desire to achieve high levels of commitment and coordination is common among organizations using teamwork, the nature of specific teams varies considerably. Two major dimensions along which teams differ are differentiation of team roles and integration into the organization.

- (i) **Differentiation:** is the extent to which team members are specialized relative to others in the organization.
- (ii) **Integration:** is the degree to which the team must coordinate with managers, employees, suppliers and customers outside the team.

### Types of Teams

Based on their objectives teams may be classified as problem-solving teams, self-managed teams and cross-functional teams.

1. **Problem-Solving Teams:** Problem-solving teams consists of groups of 5 - 10 employees from the same department who meet for a few hours each week to discuss ways of improving quality, efficiency and the work environment. These members share ideas or offer suggestions on how work processes and methods can be improved. Problem-solving teams meet regularly to discuss their quality problems, investigate causes of the problems recommend solutions and take corrective actions.

2. **Self-Managed Work Teams:** A self-managed team includes collective control over the pace of work, determination of work assignments, organization of breaks, and collective choice of inspection procedures. Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result, supervisory positions take on decreased importance and may even be eliminated. These teams do their own scheduling, rotate jobs on their own, establish production targets, set pay scales that are linked to skills, fire co-workers and do the hiring.
3. **Cross-Functional Teams:** Cross-functional teams are made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task. Cross-functional teams are an effective way to allow people from diverse areas within an organization (or even between organization) to exchange information, develop new ideas and solve problems and coordinate complex projects. These teams are not easy to manage. Their early stages of development are often very time consuming as members learn to work with diversity and complexity. It takes time to build trust and teamwork, especially among people from different backgrounds, with different experiences and perspectives. There are two types of cross-functional teams. They are: -

*Task force* - It is nothing other than a temporary cross-functional team.

*Committees* - Composed of groups made up of members from across departmental lines.

#### Check Your Progress

1. What are the various methods of group decision-making?
2. What are techniques for Group Decision Making?
3. What are the different types of Teams?

---

## 17.9 LET US SUM UP

---

We define "group" as more than two employees who have an ongoing relationship in which they interact and influence one another's behaviour and performance. The behaviour of individuals in groups is something more than the sum total of each acting in his or her own way. When individuals are in groups, they act differently than they do when they are alone. Formal and informal groups are formed in organizations for different reasons. The way in which a particular group develops depends in part on such variables as the frequency with which group members interact and personal characteristics of group members. It is therefore important for us to understand in an orderly manner how groups help managers change human behaviour in different organizational situations.

---

## 17.10 LESSON END ACTIVITY

---

Delphi method is similar to nominal group technique except that it does not require the physical presence of the group members. Explain.

---

## 17.11 KEYWORDS

---

Groups

Formal Groups

Informal Groups

Cohesiveness

---

## 17.12 QUESTIONS FOR DISCUSSION

---

1. Define groups. Explain the different types of groups.
2. Explain the reasons for forming groups.
3. What are the stages in the development of groups?
4. Explain the characteristics of groups.
5. Describe a well-functioning group. What are the characteristics of a mature group?
6. Explain the external conditions imposed on a group.

---

## 17.13 SUGGESTED READINGS

---

Ahmed Abad (1972), *"Management and Organisation Development"*, Rachna Prakashan, New Delhi.

Arnold and Feidman, *"Organisation behaviour"*, McGraw Hill International, New York.

Apple White, Phillip B. (1965), *"Organisational Behaviour"*, Prentice Hall, Englewood Cliffs.

Argyris C (1957), *"Personality and Organization"*, Harper and Row, New York.

Bechkard Richard (1969), *"Organization Development: Strategies and Model"* Addison Wesley Publishing Company.

Chabra Ahuja and Jain, *"Managing People at Work"*, Dhanpat Rai and Sons, New Delhi.

Davis Keith and Scott William G. (1969), *"Human Relations and Organisational Behaviour: Readings and Comments"*, McGraw Hill, New York.

French W. L. and Hellreigal Don (1971), *"Personnel Management and Organizational Development: Fields in Transition"*, Houghton Mifflin Boston.

Harrell T. W. (1972), *"Industrial Psychology"*, Oxford and IBH, New Delhi.

Likert R. (1961), *"The Human Organisation"* McGraw Hill, New York

Mitzberg H. (1973), *"The Nature of Managerial Work"*, Harper and Row, New York.

Woodward J. (Ed.) (1970), *"Industrial Organisations: Behaviour and Control"*, Oxford University Press, Oxford.

P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.

**Case: SELF DIRECTED WORK TEAMS**

It's hard to think of the Internal Revenue Service as a service organization, let alone on that has customers. But for the last decade or so, the IRS has actually devoted itself to customer service - in fact, the agency considers customer service to be a strategic business objective.

Realizing that the only way to achieve better service was through its employees, former IRS commissioner Larry Gibbs turned to the human resource department for help. In conjunction with the union, the HR department instituted a quality improvement process with more than 400 formal task groups to identify and solve problems, then move to a strategy of continuous improvement in service.

Initially, the IRS formed four task groups (called "impact teams") that could be monitored closely for their effectiveness. Each group was small, about twenty members. A manager was assigned as the leader. The groups were aligned by function, such as tax collection or criminal investigation, and tasks were specific and measurable, within the realm of each

Contd...

group's own work processes. Groups were required to use a structured decision-making model, and though consensus was encouraged, it was not a high priority.

Even with a rigid, closely monitored structure, the groups had to go through stages of development. Leaders and facilitators (who had separate roles within the groups) first completed special training sessions on small-group dynamics. But as the groups actually got going, members often discovered the theories weren't necessarily applicable because opportunities to practice them didn't always arise. So the groups had to find their own paths of development.

Eight months after the impact teams began working together, the IRS administered a questionnaire designed to measure their progress in effective small-group dynamics and communication. It seemed that three of the four groups were pleased with the way they had evolved, and most members had developed mutual acceptance, trust, and an ability to communicate and make decisions together. They said they valued being able to ask each other questions.

How productive were the groups? Those that tackled small, concrete projects first did the best. For instance, one team that was located in an area that served a high volume of taxpayers decided that service could be improved by ensuring that lunch and other breaks were taken on schedule - so they synchronized the office clocks every two weeks. Later, as the program expanded, different groups achieved the following; one created an automated database program that identified taxpayers who were liable for federal taxes so that state benefits could be withheld; one wrote a step-by-step employee handbook for preparing tax adjustments; and one made changes in a single tax form that reduced the taxpayer's time to complete it by nearly half. If we as taxpayers consider ourselves customers of the IRS, we can say that we are better served by an agency that has embraced groups to improve quality.

**Questions:**

1. Why is it just as important for a government agency like the IRS as it is for a commercial business firm to rely on productivity groups to benefit the organization as a whole?
2. Do you think the rigid structure and close monitoring of the initial impact teams inhibited their development? Why or why not?
3. What characteristics of an effective group did the IRS impact teams have?

*Source:* Mathew J Ferrero, "Self-Directed Work Teams Untax the IRS," Personnel Journal, July 1994, pages 66 - 71.



---

## LESSON

# 18

## ORGANISATIONAL CHANGE

---

### CONTENTS

- 18.0 Aims and Objectives
- 18.1 Introduction
- 18.2 Managing Change in the Organisational Context
- 18.3 Forces for Change in Organization
- 18.4 Forms of Change
- 18.5 The Role of Change Agents
- 18.6 Resistance to Change
- 18.7 Managing Resistance to Change
- 18.8 Let us Sum up
- 18.9 Lesson-end Activity
- 18.10 Keywords
- 18.11 Questions for Discussion
- 18.12 Suggested Readings

---

### 18.0 AIMS AND OBJECTIVES

---

This lesson is intended to discuss integrative approach to organisation change. After studying this lesson you will be able to:

- (i) understand meaning and forms of organisation change.
- (ii) explain various forces of change.
- (iii) know how to manage organisational change.
- (iv) describe the role of change agents.
- (v) identify the reasons for resistance to change.

---

### 18.1 INTRODUCTION

---

There is nothing permanent except change. It has become an inescapable fact of life; a fundamental aspect of historical evolution. Change is inevitable in a progressive culture. Change in fact, is accelerating in our society. Revolutions are taking place in political, scientific, technological and institutional areas. Organizations cannot completely buffer themselves from this environmental instability. Change is induced by the internal and external forces. Meeting this challenge of change is the primary responsibility of management. An organization lacking adaptability to change has no future. Adaptability to change is a necessary quality of good management. Modern managers have the responsibility to device the management practices to meet the new challenges and make use of the opportunities for the growth of the organization.



## Why is organizational change so important?

From outside and inside the organization a variety of forces press for change. "We live in the midst of constant change" has become a well-worn but relevant cliché. Pressures for change are created from both inside and outside the organization. Organization must forge ahead on these forces to survive. Some of these are external, arising from outside the company, whereas others are internal arising from sources within the organization.

1. **External Forces:** When the organization's general or task environment changes, the organization's success often rides on its ability and willingness to change as well. Modern manager is change-conscious and operating in the constantly changing environment. Many external changes bombard the modern organizations and make change inevitable. The general environment has social, economic, legal and political and technological dimensions. Any of these can introduce the need for change. In recent years, far-reaching forces for change have included developments in information technology, the globalization of competition, and demands that organizations take greater responsibility for their impact on the environment. These forces are discussed below:

(a) **Technological Change:** Rapid technological innovation is a major force for change in organizations, and those who fail to keep pace can quickly fall behind. It is perhaps the greatest factor that organizations reckon with. According to C. Handy "the rate of technological changes is greater today than any time in the past and technological changes are responsible for changing the nature of jobs performed at all levels in the organization". For example, the substitution of computer control for direct supervision is resulting in wider spans of control for managers and flatter organizations.

Technological innovations bring about profound change because they are not just changes in the way work is performed. Instead, the innovation process promotes associated changes in work relationships and organizational structures. Sophisticated information technology is also making organizations more responsive. The team approach adopted by many organizations, leads to flatter structures, decentralized decision making and more open communication between leaders and team members.

(b) **Globalization:** The global economy means competitors are likely to come from across the ocean. The power players in the global market are the multinational and trans-national organizations. This has led companies to think globally. There are no mental distinctions between domestic and foreign operations. Globalization, for an organization, means rethinking the most efficient ways to use resources, disseminate and gather information and develop people. It requires not only structural changes but also changes in the minds of employees. Successful organizations will be the ones that can change in response to the competition. They will be fast on their feet, capable of developing new products rapidly and getting them to market quickly.

(c) **Social and Political Changes:** A firm's fate is also influenced by such environmental pressures as social and political changes. Many new legal provisions in the corporate sector get introduced every time that affects the organizations.

(d) **Workforce Diversity:** Related to globalization is the challenge of workforce diversity. Workforce diversity is a powerful force for change in organization. The demographic trends contributing to workforce diversity are

- The workforce will see increased participation from females, as the majority of new workers will be female.
- The workforce will be more culturally diverse than ever (part of this is attributable to globalization).

- The workforce is aging. There will be fewer young workers and more middle aged working.
- (e) **Managing Ethical Behaviour:** Employees face ethical dilemmas in their daily work lives. The need to manage ethical behaviour has brought about several changes in organizations. Most centre on the idea that an organization must create a culture that encourages ethical behaviour. Society expects organizations to maintain ethical behaviour both internally and in relationships with other organizations. Ethical behaviour is expected in relationships with customers, environment and society. These expectations may be informal or they may come in the form of increased legal requirements.

These challenges are forces that place pressures to change on organizations. Organizations cannot afford to be rigid and inflexible in the wake of environmental pressures, they must be rather dynamic and viable so that they survive.

### Corporate Insights

**New Force for Change**

For Tata Iron and Steel Company, foreign investors (suppliers of capital) are a new force for change. In the past, Tata emphasized the creation of jobs in its community of Jamshedpur, a city in eastern India. Tata's 78,000 workers receive lifetime employment, along with free housing, education and medical care. The company, in turn has benefited from a complete lack of strikes in 60 years. But investors interested in Tata have asked how the company might improve its profit margin of only 3.7 percent. Notes Tata's managing director, Jamshed Irani, "we will now be forced to balance loyalty against productivity."

Source: Pete Engardio and Shekhar Hattangadi, "India's Mr. Business," Business Week, April 18, 1994 pages 100-101.

2. **Internal Forces:** Besides reacting to or anticipating changes on the outside, an organization may change because someone on the inside thinks a new way of doing things will be beneficial or even necessary. Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered. These internal forces are discussed below:
- (a) **Changes in Managerial Personnel:** One of the most frequent reasons for major changes in an organization is the change of executives at the top. No two managers have the same styles, skills or managerial philosophies. Managerial behaviour is always selective so that a newly appointed manager might favour different organizational design, objectives procedures and policies than a predecessor. Changes in the managerial personnel are thus a constant pressure for change.
  - (b) **Declining Effectiveness:** Declining effectiveness is a pressure to change. A company that experiences losses is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost cutting programmes, whereas others view the loss as symptomatic of an underlying problem, and seek out the cause of the problem.
  - (c) **Changes in Work Climate:** Changes in the work climate at an organization can also stimulate change. A workforce that seems lethargic, unmotivated, and dissatisfied is a symptom that must be addressed. This symptom is

common in organizations that have experienced layoffs. Workers who have escaped a layoff may find it hard to continue to be productive. They may fear that they will be laid off as well and may feel insecure in their jobs.

- (d) **Deficiencies in the Existing System:** Another internal pressure for organizational change is the loopholes in the system. These loopholes may be unmanageable spans of control, lack of coordination between departments, lack of uniformity in politics, non-cooperation between line and staff etc.
- (e) **Crisis:** A crisis may also stimulate change in an organization. Strikes or walkouts may lead management to change the wage structure. The resignation of a key decision maker is one crisis that causes the company to rethink the composition of its management team and its role in the organization.
- (f) **Employees, Expectations:** Changes in employees expectations can also trigger change in organizations. These forces may be:-
  - Employees' desire to share in decision-making.
  - Employees' demand for effective organizational mechanism.
  - Higher employees' expectation for satisfying jobs and work environment.
  - Employees' desire for higher wage payment.

All these forces necessitate change in organizations. Besides these forces, a company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers.

Although organizational changes are important, managers should try to institute changes only when they make strategic sense. A major change or two every year can be overwhelming to employees and create confusion about priorities. A logical conclusion is that managers should evaluate internal forces for change with as much care as they evaluate external forces.

---

## 18.4 FORMS OF CHANGE

---

Change has become the norm in most organizations. Adaptiveness, flexibility and responsiveness are terms used to describe the organizations that will succeed in two basic forms of change in organizations that will succeed in meeting the competitive challenges that businesses face. There are two basic forms of change in organizations: Planned change and unplanned change.

- (a) **Planned Change:** Planned change is a change resulting from a deliberate decision to alter the organization. It is an intentional, goal-oriented activity. The goals of planned change are:
  - First it seeks to improve the ability of the organization to adapt to changes in its environment.
  - Second, it seeks to change the behaviour of its employees.
- (b) **Unplanned Change:** Not all change is planned. Unplanned change is imposed on the organization and is often unforeseen. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of organizations. Examples of unplanned changes are changes in government regulations and changes in the economy.

---

## 18.5 THE ROLE OF CHANGE AGENTS

---

Change in organizations is inevitable, but change is a process that can be managed. The individual or group who undertakes the task of introducing and managing a change in an organization is known as a change agent. Change agents can be of two types:

- (a) **Internal Change Agents:** Change agents can be internal such as managers or employees who are appointed to oversee the change process.

Internal change agents have certain advantages in managing the change process. They are:

- They know the organization's past history, its political system, and its culture.
- Internal change agents are likely to be very careful about managing change because they must live with the results of their change efforts.

There are also disadvantages of using internal change agents. They are:

- They may be associated with certain factions within the organization and may easily be accused of favouritism.
- Internal change agents may be too close to the situation to have an objective view of what needs to be done.

- (b) **External Change Agents:** Change agents can also be external, such as outside consultants. They bring an outsider's objective view to the organization.

External change agents have certain advantages:

- They may be preferred by employees because of their impartiality.
- They have more power in directing changes if employees perceive the change agents as being trustworthy, possessing important expertise, having a track record that establishes credibility.

There are also disadvantages of using external change agents. They are:

- External change agents face certain problems, including their limited knowledge of the organization's history.
- They may be viewed with suspicion by organization members.

### **Reorganization as Rebirth**

Like many organizations in the 1980's St. Francis Regional Medical Center of Wichita, Kansas, tried downsizing. A layoff of 400 people was a horrible experience, both for those who left and for those who stayed. The 1990's brought a change in the health care environment, and the hospital's administration needed to change the structure and culture in order to remain competitive.

The management team remapped the ideal management structure to run things without regard to the structure that was actually in place. To make such radical changes without regard to the structure that was actually in place. To make such radical change work, they defined specific job titles, but not specific people. They dissolved the old organizational chart and created a new one, unveiling a chart that had all the new titles on it with no names. Those who wanted to be part of the new organization had to apply for whatever position they felt they were most qualified to fill. Imaging having to apply for whatever position they felt they were qualified to fill. Imaging having to apply to a company you'd been with for fifteen years! The restructuring also meant are thinking of corporate culture. An examination of culture revealed that making decisions at the hospital become bogged down by management and dictated by policy.

Eliminating old policies allowed the team to look at things as possibilities rather than restrictions. Two task forces were formed to look at service lines and functional realignment. A consulting firm was called in to help the hospital make the transition. The consulting firm helped strategize and create a time line for the changes.

*Contd...*

At the reorganization meeting, each employee was given an 80-page bound booklet complete with vision statement, the organizational chart, timetable, reorganization fact sheet, copies of all position descriptions, and a question and answer section. The result was terror, confusion, upheaval, and little by little, understanding cooperation and success. Instead of approaching the reorganization as a shameful secret, the task forces highlighted the changes in the new culture and tied the internal changes to the changes in the health care industry. Each week "The Grapevine: Reorganization Update" was distributed. In the first official day of the new organization, employees were given flowers and a message stating "Today starts a new beginning focused on you".

The new corporate culture involves management by contract. The new VPs walk the hallways and touch base constantly with what's going on. The result of the reorganization is decision making at lower levels, which results in faster actions. No more ideas die because of red tape. The reorganization is fluid and ongoing with employees and managers still incorporating the new management philosophy and corporate culture into their daily work lives.

Source: M.S. Egan, "Reorganization as Rebirth," HR Magazine (January 1995), Pages 84 - 88.

### Check Your Progress 1

1. How do you manage change in an organizational context?
2. Explain the forces of change.
3. What are the forms of change?
4. Explain the role of change agents to foster change.

## 18.6 RESISTANCE TO CHANGE

As the manager contemplates and initiates change in the organization one phenomenon that is quite likely to emerge anytime in the change process is the resistance to change. People often resist change in a rational response based on self-interest. Resistance to change doesn't necessarily surface in standardized ways. Resistance can be overt, implicit, immediate, or deferred. It is easiest for management to deal with resistance when it is overt and immediate. The greater challenge is managing resistance that is implicit or deferred.

The sources of resistance to change can be categorized into two sources: individual and organizational.

1. **Individual Resistance:** One aspect of mankind that has remained more or less constant is his innate resistance to change. Individuals resist change because they attach great preference to maintain *status quo*. Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities and needs. The following are the reasons:-
  - (a) **Economic Reasons:** The economic reasons to fear change usually focus on one or more of the following:
    - Fear of technological unemployment.
    - Fear of reduced work hours and consequently less pay.
    - Fear of demotion and thus reduced wages.
    - Fear of speed-up and reduced incentive wages.

Changes in job tasks or established work routines can also arouse economic fears if people are concerned they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

- (b) *Fear of the Unknown*: Change often bring with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them. This is especially a problem when there has been a lack of communication about the change.
  - (c) *Fear of Loss*: When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology is introduced. Employees may also fear losing their status because of a change. Another common fear is that changes may diminish the positive qualities the individual enjoys in the job. For example, computerizing the customer service positions, threaten the autonomy that sales representatives previously enjoyed.
  - (d) *Security*: People with a high need for security are likely to resist change because it threatens their feeling of safety.
  - (e) *Status quo*: Perhaps the biggest and most sound reason for the resistance to change is the *status quo*. As human beings, we are creatures of habit. Change may pose disturbance to the existing comforts of *status quo*. When confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance. Change means they will have to find new ways of managing them and their environment – the ways that might not be successful as those currently used.
  - (f) *Peer Pressure*: Individual employees may be prepared to accept change but refuse to accept it for the sake of the group. Whenever change is unwilling to the peers, they force the individuals who want to accept change to resist change.
  - (g) *Disruption of Interpersonal Relationships*: Employees may resist change that threatens to limit meaningful interpersonal relationships on the job.
  - (h) *Social Displacement*: Introduction of change often results in disturbance of the existing social relationships. Change may also result in breaking up of work groups. Thus when social relationships develop, people try to maintain them and fight social displacement by resisting change.
2. **Organizational Resistance**: Organizations, by their very nature are conservative. They actively resist change. Some of the organizational resistances are explained below:
- (a) *Resource Constraints*: Resources are major constraints for many organizations. The necessary financial, material and human resources may not be available to the organization to make the needed changes. Further, those groups in organization that control sizable resources often see change as a threat. They tend to be content with the way things are.
  - (b) *Structural Inertia*: Some organizational structures have in-built mechanism for resistance to change. For example, in a bureaucratic structure where jobs are narrowly defined, lines of authority are clearly spelled out change would be difficult. This is so because formalization provides job descriptions, rules, and procedures for employees to follow. The people who are hired into an organization are chose for fit; they are then shaped and directed to behave in certain ways. When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability.



- (c) *Sunk Costs*: Some organizations invest a huge amount of capital in fixed assets. If an organization wishes to introduce change then difficulty arises because of these sunk costs.
- (d) *Politics*: Organizational change may also shift the existing balance of power in organization. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.
- (e) *Threat to established power relationships*: Any redistribution of decision-making authority can threaten long established power relationships within the organization. Managers may therefore resist change that introduces participative decision making because they feel threatened.
- (f) *Threat to expertise*: Change in organizational pattern may threaten the expertise of specialized groups. Therefore specialist usually resists change.
- (g) *Group Inertia*: Even if individuals want to change their behaviour, group norms may act as a constraint. For example, if union norms dictate resistance any unilateral change made by management, an individual member of the union who may otherwise be willing to accept the changes may resist it.

**Oop! Let's Do That Again!**

One of the reasons why managing change is so difficult is because change is so final. That is, once a change is made one cannot go back to the original conditions. The reason for this can be explained by the diagram below.

Original State	Change State	New State
<div style="border: 1px solid black; padding: 5px; display: inline-block;">A</div>	<div style="border: 1px solid black; padding: 5px; display: inline-block;">B</div>	<div style="border: 1px solid black; padding: 5px; display: inline-block;">C</div>

Each of the boxes describes a state of nature. A is the situation as it exists prior to a change. State B is the state after change. Assume that after state B it is decided that the change was a poor idea and we wish to go back to state A. This is impossible because A did not include having experienced state B. Therefore, the only possibility is to move on to State C, a new state of nature. The lessons here are: (1) when a change is made it should be thought out carefully because the conditions before the change will never exist again; and (2) to overcome a mistake in managing change usually means that new changes must be made (state C) rather than trying to go back to where everything started.

Source: Jerry L Gray and Frederick A Starke "Organizational Behaviour - Concepts and Applications" (3rd Edition) Charles E. Merrill Publishing Company Columbus (1984) Page 556.

## **18.7 MANAGING RESISTANCE TO CHANGE**

Although resistance to change is a common phenomenon in organizations, it must be noted that not all changes are resisted. In fact, if we look at any organization closely we would probably find that far more changes are accepted than resisted. The traditional view of resistance to change treated it as something to be overcome, and many organizational attempts to reduce the resistance have only served to intensify it. The contemporary view holds that resistance is simply a form of feedback and that this feedback can be used very productively to manage the change process. One key to managing resistance is to plan for it and to be ready with a variety of strategies for using the resistance as feedback and helping employees negotiate the transition. Some tactics have been suggested for use in dealing with resistance to change.

- (a) **Education and Communication**: Communication about impending change is essential if employees are to adjust effectively. The details of the change should be provided, but equally important is the rationale behind the change. Employees

want to know why change is needed. If there is no good reason for it, why should they favour the change? Providing accurate and timely information about the change can help prevent unfounded fears and potentially damaging rumours from developing. It is also beneficial to inform people about the potential consequences of the change. Educating employees on new work procedures is often helpful.

- (b) **Participation:** It is difficult for individuals to resist a change decision in which they participated. Prior to making a change, those opposed can be brought into the decision process. When employees are allowed to participate, they are more committed to the change.
- (c) **Empathy and Support:** Another strategy for managing resistance is providing empathy and support to employees who have trouble dealing with the change. Active listening is an excellent tool for identifying the reasons behind resistance and for uncovering fears. An expression of concerns about the change can provide important feedback that managers can use to improve the change process.
- (d) **Negotiation:** Another way to deal with potential resistance to change is to exchange something of value for a lessening of the resistance. Where some persons in a group clearly lose out in a change, and where groups have considerable power to resist, negotiation and agreements are helpful. It becomes relatively easy to avoid major resistance through negotiation. Negotiation as a tactic may be necessary when resistance comes from a powerful source.
- (e) **Manipulation and cooperation:** Manipulation refers to covert influence attempts. Twisting and distorting facts to make them appear more attractive, withholding undesirable information and creating false rumours to get employees to accept a change are all examples of manipulation. It involves giving individuals a desirable role in design or implementation of change.
- (f) **Coercion:** Coercion is the application of direct threats or force on the resisters. They essentially force people to accept a change by explicitly or implicitly threatening them with the loss of their jobs, promotion possibilities and transferring them. Coercion is mostly applied where speed is essential in implementing change and the change initiator possesses considerable power.

#### A Change Readily Accepted

As noted in the text, not all changes are resisted. If we examine a change readily accepted, we can learn some important principles of how to manage change effectively. The authors' place of residence is not noted for its mild winters. In fact, it can get downright miserable, notwithstanding the many days of sunshine we get and the many winter activities available. Temperatures can reach 40 below zero and if the wind blows, the wind-chill factor can hit 60 or 70 below. Any winter day will see hundreds, perhaps thousands of Winnipeggers at the airport boarding flights to various places such as Mexico, Florida, the Bahamas, or California. All of these people are going through a major change process: Change of physical location (which often means a major cultural change as well), change in daily habits, manner of dress, and social contacts. By any measure, these are major changes. Yet, not only are they not resisting the change, they are even paying large sums for the privilege!

A simple analysis of this change shows the following reasons why there is no resistance:

1. It is their choice to experience the change.
2. Each agrees the change is for the better.
3. The change satisfies an important need for them.
4. Each person is fully informed about the change.

Contd...

5. The change is planned in advance.
6. Each person anticipates having a positive experience with the change.

If these principles could be incorporated into organizational changes, perhaps resistance to change would be reduced.

*Source:* Jerry L. Gray and Frederick A. Starke "Organizational Behaviour - Concepts and Applications" (3rd Edition) Charles E. Merrill Publishing Company Columbus (1984) Page 556.

### Check Your Progress 2

1. Why do people resist change?
2. How do we manage resistance to change?

---

## 18.8 LET US SUM UP

---

Change in fact, is accelerating in our society. Meeting this challenge of change is the primary responsibility of management. An organization lacking adaptability to change has no future. Adaptability to change is a necessary quality of good management. Practically everything a manager does is in some way concerned with implementing change. Although organizational changes are important, managers should try to institute changes only when they make strategic sense. Adaptability to change is a necessary quality of good management practice.

---

## 18.9 LESSON END ACTIVITY

---

Visit any organisation of your choice and discuss the change management strategies incorporated by that organisation.

---

## 18.10 KEYWORDS

---

Managing Change

Change Agents

Resistance to Change

---

## 18.11 QUESTIONS FOR DISCUSSION

---

1. What are the major reasons individuals resist change? How can organizations deal with resistance?
2. What are the major external and internal forces for change in organizations?
3. What is a change agent? Who plays this role?
4. What can change agents affect?
5. Why is participation considered such an effective technique for lessening resistance to change?
6. "Resistance to change is an irrational response". Do you agree or disagree? Explain.

---

## 18.12 SUGGESTED READINGS

---

Ashburner L. (1990) *"Impact of Technological and Organizational Change"*, Personnel Review U.K.

- Boss R.W. (1989) *"Organizational development in Health care"*, Addison-Wesley Mass; Reading.
- Burke W. W. (1989) *"Organisation Development: A Normative View"*, Addison-Wesley Mass; Reading.
- Clement R.W. (1992) *"The Changing Face of Organization Development: Views of a manager - turned-Academic"*. Business Horizons.
- Cole R.L. and Pace L.A. (1991) *"Power to Change: The Case of TVA"*, Training and Development.
- Cummings T.G.. and Huse E.F. (1989) *"Organization Development and Change"*, St. Paul, Minn: West.
- Darcy T. and Kleiner B.H. (1991) *"Leadership for Change in a Turbulent Environment"*, Leadership and Organizational Development Journal.
- John B. Nicholas, (1982) *"The Comparative Impact of Organization Development Interventions on Hard Criteria Measures"*, Academy of Management Review, October 1982.
- Howe M.A. (1989) *"Using Imagery to Facilitate Organisational Development and Change"*. Group and Organization studies.
- Ricardo R.J. (1991) *"The What, Why, and How of Change Management"*. Manufacturing Systems.
- Varney G..H. (1989) *"Building Productive Teams"*, Jossey-Bass, San Francisco.
- William G. Dyer (1989) *"Team Building: A Microcosm of the Past, Present, and Future of O.D"*. Academy of Management OD Newsletter, winter 1989.
- P.G. Aquinas, *"Organizational Behaviour"*, Excel Books, New Delhi.

**Case****Microsoft: Bill Gate's Own Culture Club**

It all comes from the top, Microsofters say over and over again, when speaking of Bill Gates and his influence on the organization. "He wants to be Henry Ford, Andrew Carnegie, and the Rockefellers all rolled together," claims a critic. In a way, Gates deserves to be the arrogant dictator. He's the one who understood the value of the little program called DOS (Disk Operating System) and licensed it to IBM. Now he's the second richest man in the United States. He expects his employees to have the same guts, drive, and dedication that he does. He creates an excitement that his workers find alluring. "It feels really good to be around really bright people, to be part of the energy, the growth, all that money," observes Ray Bily, a former microsofter.

Part of the culture - the Microsoft way - is hiring the right people, those who share Microsoft assumptions and values. Gates likes them young; half his employees are now hired right from college, and he'd like to increase that to 80 per cent. (The original Microsoft staff is now aging into its thirties.) Since the company has recently experienced some serious challenge from the competition, the new twenty something employees are even more driven, a lot less informal than the oldsters. As the organization grows larger (15000 employees in all), it gets harder to control exactly what type of people are hired. Karen Fries notes, "We've just grown so fast. The real challenge is to find people who have the religion."

To instill the religion, Microsoft sends new hires such as marketing staff to Marketing Managers Boot Camp, a three week training camp in the Microsoft Way. One employee who lasted only three months recalls, "It was like camp. You all wear company T-Shirts; go through brainwashing on the Way." Rites and rituals, systems and procedures, even stories and myths are clearly part of the way.

Contd...

How does Microsoft use its culture to create a sustained competitive advantage? First, as a leader Gates is never satisfied with being No. 2 in any arena Microsoft enters. He uses small, young, aggressive teams to get jobs done. And he maintains a vision: a computer in every home (with, of course, Microsoft products). Second, Microsoft is not shy about imbuing its employees with strong shared assumptions and values, which strengthen their productivity as individuals and as a whole. Finally, the company responds quickly to change because it values flexibility as an important factor in doing business. Certainly there are obstacles along the Information Highway. But Microsoft is likely to find a way around them, or through them. If not, the company will redefine them.

1. Do you believe the technique of brainwashing employees is ethically correct? Discuss.
2. "The Company responds quickly to change because its values are flexible" - Discuss.

*Source:* Michael Meyer, "Culture Club," Newsweek, July 11, 1994, pages 38 - 44.

---

## LESSON

# 19

## ORGANISATIONAL DEVELOPMENT

---

### CONTENTS

- 19.0 Aims and Objectives
- 19.1 Introduction
- 19.2 Organization Development: An Introduction
- 19.3 Definition of Organization Development (OD)
- 19.4 Objectives of OD Programmes
- 19.5 Basic Assumptions of OD
- 19.6 Types of OD Activities
  - 19.6.1 OD for the Individual
  - 19.6.2 OD for Two or Three People
  - 19.6.3 OD for Teams and Groups
- 19.7 Values OD
  - 19.7.1 Importance of Values
  - 19.7.2 Formation of Values
  - 19.7.3 Types of Values
- 19.8 OD Interventions or Techniques
- 19.9 Change Management
  - 19.9.1 Nature of Change
  - 19.9.2 Causes for Resistance to Change
  - 19.9.3 Planned Organizational Change
- 19.10 Let us Sum up
- 19.11 Lesson-end Activity
- 19.12 Keywords
- 19.13 Questions for Discussion
- 19.14 Suggested Readings

---

### 19.0 AIMS AND OBJECTIVES

---

After studying this lesson you will be able to:

- (i) understand meaning, objectives and types of organisational development.
- (ii) describe role of values in organisational development.
- (iii) explain techniques of organisational development.

---

## 19.1 INTRODUCTION

---

The term "Organization Development" (OD) was coined by Richard Beckhard in the mid 1950s, as a response to the need for integrating organizational needs with individual needs. OD came into prominence in the 1960s. OD arose in response to needs. Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organization in order to bring about planned change. According to Harold M. F. Rush, OD "seeks to change beliefs, attitudes, values, structures, and practices so that the organization can better adapt to technology and live with the fast pace of change". It seeks to use behavioural science knowledge to help organization and to adjust more rapidly to change.

---

## 19.2 ORGANIZATION DEVELOPMENT: AN INTRODUCTION

---

Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organizational development in order to bring about a planned change. It makes heavy uses of laboratory training approaches such as role playing, gaming and sensitivity training. It is important from the points of view of society, customers and workers themselves because overall costs are reduced that may be a result of reduction of wastage of human efforts and machine etc. In addition to that quality of the product improves and more effective organizational climate is developed. Wendell L. French and Cecil H. Bell Jr., traces the development of OD to the pioneering effort of The National Training Laboratories and Esso Standard Oil Company who began working on the problem of building better organizations and eventually OD evolved from their effort. There are mainly two causes that made OD necessary:

1. The reward structure on the job did not adequately reinforce conventional training, so it often failed to carry over to the job.
2. The second cause is the fast pace of change itself, which requires organizations to be extremely effective in order to survive and prosper.

OD attempts to develop the whole organization so that it can respond to change more uniformly and capable. OD is not without its shortfall Beckhard described the dilemma of integrating organizational needs with individual needs in the following words:\*

*"If we are talking about the basic dilemma of managing work, the management problem has two horns, one horn is, how do you take all that human energy and channel it towards the organization's mission? The other horn is , how do you organize the work, the communication patterns, the decision-making, the norms and values, the ground rules so that people's individual needs for self-worth, achievement, satisfaction and so on are significantly met at the work place?"*

*A great deal of attention has been given to the second horn of the dilemma. But that alone does not solve the problem any more than the other way around. So the dilemma is, how do you manage the dilemma and not how you manage one horn of it. OD tries to work out and organize the interaction between the two".*

---

## 19.3 DEFINITION OF ORGANIZATION DEVELOPMENT (OD)

---

According to Wendell L. French and Cecil H. Bell, Jr. "Organization Development is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organizational effectiveness".

According to Cummings and Worly - Organization Development is "a systematic application of behavioural science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness."

In the words of Burke "Organization development is a planned process of change in an organization's culture through the utilization of behavioural science technologies research and theory".

According to Schmuck and Miles "OD can be defined as a planned and sustained effort to apply behavioural science for system improvement, using reflexive, self-analytic methods".

According to Burk and Hornstien "Organization development is a process of planned change - change of an organization's culture from one which avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalizes and legitimizes this examination".

According to Warren Bennis - "Organization development is a response to change, a complex educational strategy intended to change the beliefs, attitudes and structure of organization so that they can better adapt to new technologies, markets and challenges".

American Society for Training and Development, defined OD as, "An effort (a) planned, (b) organization wide, (c) managed from the top, in order to (d) increase organizational effectiveness and health, through (e) planned intervention in the organizations "processes" using behavioural science knowledge".

From the above definitions we can say that organization development is an organizational improvement strategy. The term "Organization Development" (OD) may be defined as a technique for bringing change in the entire organization.

In the late 1950s and early 1960s it emerged out of insights from group dynamics and from the theory and practice of planned change. Organization development is about how people and organizations function and how to get them to function better. OD programmes are long-term, planned, sustained efforts. It is based on knowledge from behavioural science disciplines such as psychology, social psychology, sociology, anthropology, systems theory, organizational behaviour, organization theory and management. The two major goals of OD programmes are:

- (i) To improve the functioning of individuals, teams and the total organization, and
- (ii) To teach organization members how to continuously improve their own functioning.

It is a modern approach to the management of change and the development of human resource. It is an organization wide planned change for improvement through the use of behavioural science techniques. Organizational Development programmes lead to improved organization performance through an improved decision making climate.

---

## **19.4 OBJECTIVES OF OD PROGRAMMES**

---

The objectives of OD as given by Wendell French are given below:-

1. To build and enhance interpersonal trust, communication, co-operation and support among all individuals and group through the organization.
2. To encourage an analytical problem solving approach in a team spirit.
3. To enhance the sense of belonging of individuals to the organization so that the individual and organizational goals are synchronized.
4. To extend the process of decision making to the lowest operational level.
5. To increase personal responsibility for planning and implementing the plan.



### Box 19.1: Distinguishing Characteristics of Organization Development

1. OD focuses on culture and processes.
2. Specifically, OD encourages collaboration between organization leaders and members in managing culture and processes.
3. Teams of all kinds are particularly important for accomplishing tasks and are targets for OD activities.
4. OD focuses on the human and social side of the organization and in so doing also intervenes in the technological and structural sides.
5. Participation and involvement in problem solving and decision making by all levels of the organization are hallmarks of OD.
6. OD focuses on total system change and views organizations as complex social systems.
7. OD practitioners are facilitators, collaborators, and co-learners with the client system.
8. An overarching goal is to make the client system able to solve its problems on its own by teaching the skills and knowledge of continuous learning through self-analytical methods. OD views organization improvement as an ongoing process in the context of a constantly changing environment.
9. OD relies on an action research model with extensive participation by client system members.
10. OD takes a developmental view that seeks the betterment of both individuals and the organization. Attempting to create "Win-win" solutions is standard practice in OD programmes.

*Source:* Wendell L. French, Cecil H. Bell, Jr., "Organization Development - Behavioural Science Interventions for Organization Improvement" (6th Edition) Prentice Hall of India (P) Ltd. (2003) Page 29.

---

## 19.5 BASIC ASSUMPTIONS OF OD

---

The assumptions underlying OD programmes are:

1. ***Assumptions of dealing with Individuals:*** The two basic assumptions about individuals in organizations are:-
  - (a) Most individuals have drives towards personal growth and development. They want to develop their potential and therefore should be provided with an environment that is both supportive and challenging. In other words, individuals want personal growth and development, which can be attained in a supportive and challenging work situation.
  - (b) Most people desire to make, and are capable of making, a greater contribution to attain organization goals than most organizational environments permit. The implication of this assumption is that people are experts. Organizations must remove obstacles and barriers and reward success.
2. ***Assumptions of dealing with Groups:*** These assumptions relate to the importance of work teams.
  - (a) The most psychologically relevant reference groups for most people are the work group. The work group greatly influences feelings of satisfaction and competence. Therefore, individual goals should be integrated with group goals.
  - (b) Most people interact co-operatively with at least one small reference group.
  - (c) Work groups are the best way to satisfy social and emotional needs at work. Therefore, the growth of individual members is facilitated by relationships, which are open, supportive and trusting.
  - (d) The suppression of feelings adversely affects problem solving personal growth and satisfaction with one's work. Attitudinal and motivational problems in organizations require interactive and transactional solutions. Such problems have the greatest chance of constructive solution if all parties in the system alter their mutual relationship, co-operation is always more effective than conflict.

3. **Assumptions for designing Organizations:** These assumptions relate to the importance of designing organizations.
- Traditional hierarchical forms of organizations are obsolete. Therefore, experimenting with new organizational structures and new forms of authority is imperative (very important/ essential). Creating cooperative rather than competitive organizational dynamics is a primary task of the organization.
  - An optimistic, developmental set of assumptions about people is likely to reap rewards beneficial to both the organization and its members. Co-operation is always more beneficial.
  - People are an organization's most important resource. They are the source of productivity and profits and should be treated with care. An organization can achieve higher productivity only when the individual goals are integrated with organizational goals.

### Goals of Organization Development

Edwin B. Flippo has given the following seven specific goals of OD. They are:-

- Decision-making on the basis of competence rather than authority.
- Creatively resolving conflicts through confrontation designed to replace win-lose situations with win-win types.
- Reducing dysfunctional competition and maximizing collaboration.
- Increasing commitment and a sense of "ownership" of organizational objectives throughout the work force.
- Increasing the degree of interpersonal trust and support.
- Creating a climate in which an growth, development and renewal are a natural part of the enterprise's daily operation.
- Developing a communication system characterized by mutual openness and condor in solving organizational problems.

#### Box 19.2: Tools and Methods for applying Organizational Development Strategies

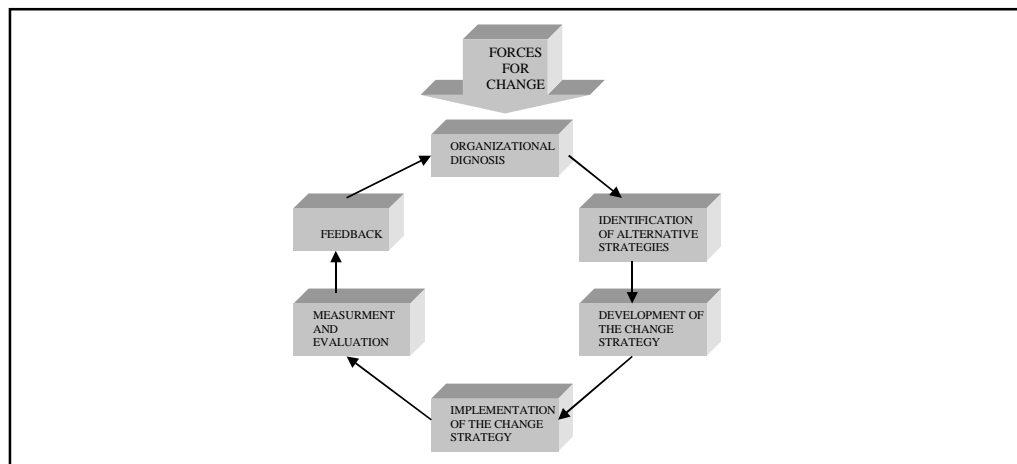
DIAGNOSTIC STRATEGIES	
<b>CONSTANTS</b>	This strategy consists of bringing in objective outsiders (consultants to analyze and conduct audits of existing policies, procedures, and problems. Consultants can be individuals or groups and may act as change agents as well.
<b>SURVEYS</b>	Surveys consist of interviews or questionnaires used to assess the attitudes, complaints, problems and unmet needs of employees. Surveys are usually conducted by outsiders and guarantee anonymity to participants.
<b>GROUP DISCUSSIONS</b>	Group discussions are periodic meetings conducted by managers to uncover problems and sources of their subordinates' discomfort and dissatisfaction.
CHANGE STRATEGIES	
<b>TRAINING PROGRAMMES</b>	Training programs are ongoing or special efforts to improve or increase skill levels change or install attitudes, or increase the knowledge needed to perform present jobs more effectively and efficiently.
<b>MEETINGS AND SEMINARS</b>	As change strategies, meetings or seminars are gatherings help to explore mutual problems and seek mutually agreeable solutions. Such group sessions may be chaired by insiders or outsiders and may be used to prepare people for changes in advance of implementation.
<b>GRID OD</b>	Grid OD is a six-phase program based on the leadership grid. Its purpose is management and organizational development. The first two phases focus on management development. The last four phases are devoted to organizational development. The six phases are laboratory training, team development, inter-group development, organizational goal setting, goal attainment, and stabilization.

*Source:* Warren R Plunkett, Raymond F Attner, Gemmy S Allen "Management - Meeting and Exceeding Customer Expectations" South-Western Thomson Learning, Australia (Seventh Edition) page 325.

The choice depends on the circumstances. Restrictions the managers have to take into account including limits on time and money and lack of skill at implementing a strategy. The choice of a strategy usually results from conferences and discussions involving those who will be most directly affected. The experiences, feelings and perceptions of conference participants help determine if their parts of the organization are ready for change and for OD techniques. The success of OD depends on a high level of receptiveness to change.

### Purpose of Organizational Development

The main purpose of OD according to Burton is "to bring about a system of organizational renewal that can effectively cope with environmental changes. In doing so, OD strives to maximize organizational effectiveness as well as individual work satisfaction". Organizational development is the most comprehensive strategy for intervention. It involves all the activities and levels of management in ongoing problems that respond to external and internal sources. The OD process is cyclic as shown in the figure below:



Source: Gene F. Burton, "Organizational Development - A Systematic Process", Management World (March 1975).

Figure 19.1: OD Process Cycle

#### Check Your Progress 1

1. Define OD.
2. What are the objectives of a OD programme?
3. Explain the basic assumptions of OD.
4. What are the goals of OD?
5. Explain the purpose of OD.

## 19.6 TYPES OF OD ACTIVITIES

The different types of OD activities may be divided into the following classification:

- (a) For the Individual
- (b) OD for two or three people
- (c) OD for Teams or Groups
- (d) OD for Inter-group Relations
- (e) OD for the total organization

### 19.6.1 OD for the Individual

**Sensitivity Training:** Sensitivity training was an early and fairly widespread OD technique. The purpose of sensitivity training sessions or T-groups (T for training) is to change the behaviour of the people through unstructured group interactions. In "T" groups, about ten participants are guided by a trained leader to increase their sensitivity and skills in handling interpersonal relationships. Members are brought together in a free and open environment, away from work places, in which participants discuss freely, aided by facilitator. No formal agenda is provided. The role of the facilitator is to create an opportunity for members to express their ideas, beliefs, and attitudes.

The objectives of sensitivity training are to provide the participants with increased awareness of their own behaviour and greater sensitivity to the behaviour of others.

Sensitivity training is less frequently used by organizations nowadays, and participants are usually screened to make sure that they can withstand the anxiety raised by a T group. Precautions are also taken to ensure that attendance is truly voluntary.

### 19.6.2 OD for Two or Three People

**Transactional Analysis (TA):** When two people interact with each other there results a social transaction. TA was pioneered by Eric Berne. TA encourages people to recognize the context of their communications. It encourages people to be more open and honest and to address the context of their messages. TA was popularised by Thomas Harris in the 1960s.

Transactional Analysis concentrates on styles and content of communication (transactions or messages) between people. It teaches people to send messages that are clear and responsible. Transactional analysis attempts to reduce destructive communication habits or "games" in which the intent or full meaning of messages is obscured.

TA has found its acceptance everywhere because of several advantages associated with it.

#### Box 19.3: Advantages and Disadvantages of Transactional Analysis

##### Advantages of Transactional Analysis

- The bases of TA are simple to learn.
- The validity of TA is demonstrable.
- It provides a means for reducing the amount of bad feelings experienced by an individual.
- It increases efficient use of time.
- Helps to promote effective communication.
- It reinforces and implements other management development activities, including communication, leadership, brainstorming, management by objective, job enrichment, conflict resolution, and the like.

##### Disadvantages of Transactional Analysis:

- Few scientific studies of its outcome are available.
- Ego states, basic to understand and utilize TA, are difficult to define.
- If inappropriately applied, TA tends to encourage "amateur psychologising."
- TA jargon may lead to more "cuteness" than insight into human encounter.
- It can be used to put down, or a discount, in inter-personal relations.

**Source:** Morrison and O'Hearne, "Practical Transactional Analysis in Management", Wiley Publishing Company, California (1977) page 1.

Eric Berne uses simple day-to-day language to explain the dynamics of personality and its application for human development. His theory has the following components:

**Structural Analysis:** A personality according to Berne consists of three ego states. He defines an ego state as "a consistent pattern of feeling and experience directly related to a corresponding consistent pattern of behaviour". Berne calls these three ego states as: Parent, Adult, and Child.

The parent ego-state - is "a set of feelings attitudes and behaviour patterns which resemble those of the parental figure". The parent ego state is authoritative, dogmatic, overprotective, controlling, nurturing, critical, and righteous.

The Adult ego-state - is "an autonomous set of feelings, attitudes and behaviour patterns which are adapted to the current reality". The adult is the "thinking" ego state. In dealing with other people the adult state is characterised by fairness and objectivity.

The Child ego-state - is "a set of feelings, attitudes and behaviour patterns which are relics of the individual's own childhood". The child ego state represents the childish, dependent, and immature part of a person's personality.

(i) **Transactional Analysis:** A transaction is the act of communication or interaction between two people. A transaction starts with a stimulus and ends with a response to the stimulus. Since each individual involved in the transaction has three ego-states; the transactions are between the various ego-states.

Depending on the kinds of ego states involved, the interaction can be complimentary, crossed or ulterior.

(ii) **Complimentary Transactions:** These occur when the message sent or the behaviour exhibited by one person's ego state receives the appropriate or expected response from the other person's ego state. Since, these transactions meet the needs and expectations of the initiators, communications flow freely, interactions will continue as inter-personal relations will improve. There is, therefore, no scope for conflict in complimentary transactions. Examples of complimentary transactions are parent-parent, adult-adult, parent-adult, and child-child transactions.

(iii) **Crossed Transactions:** Crossed transactions are the source of much inter-personal conflict in organization. The result can be hurt feelings and frustrations on the part of the parties involved and possible dysfunctional consequences for the organization.

(iv) **Ulterior Transactions:** A message sent may have two targets (ego states). There may be an overt message (open and expressed), but it may also contain a covert message (a hidden one). Transactions with such messages are called ulterior transactions. Ulterior transactions cause much damage to inter-personal relations.

(i) **Life-position Analysis:** Life position comprises certain deeply ingrained convictions about the worth of the self and others. A person's conviction about himself/herself may either be 'I'm OK' or 'I'm not OK'. Similarly he/she may look at others and think: 'You're OK' or 'You're not OK'. Combining these, we have four life positions:

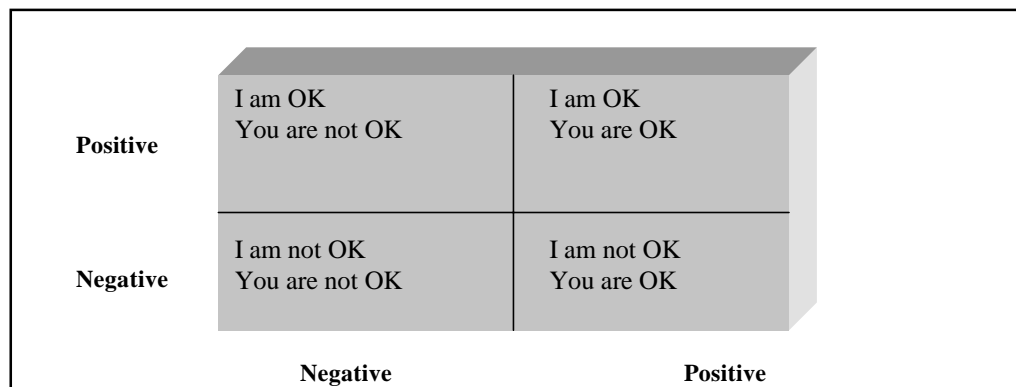


Figure 19.2: Life Positions

- ◆ "I'm OK, you're OK". This is the healthy position.
- ◆ "I'm OK, you're not OK". This is the paranoid position.
- ◆ I'm not OK, you're OK". This is the depressive position.
- ◆ I'm not OK, you're not OK". This is the futility position.

Of the four life positions, the ideal one is I am OK, you are OK. It shows healthy acceptance of self and others. This life position can be learnt. The other life positions are less psychologically mature and less effective. They have potential for interpersonal conflict.

- (ii) *Games Analysis*: A game is "a series of ulterior transactions with a gimmick, leading to a well-defined pay-off". Bern's in his book "Games People Play" describes more than 30 games people habitually play.
- (iii) *Script Analysis*: Script analysis is detailing of specific life dramas that people compulsively play out. Script analysis is a sophisticated and complex part of TA. The following four most popular elements in the script apparatus is discussed below:

*Pay-off or curse*: This is the way the parents tell the child to end its life. According to Berne, the script pay-off will not take effect unless it is accepted by the child.

*Stoppers*: Stoppers are injunctions or unfair negative commend from the parent.

*Counter script*: Counter script messages are in the forms of slogans; proverbs for example, work hard. These counter scripts determine the person's style.

*Programme*: Programme is what the parent teaches the child to do in order to live out the script.

### 19.6.3 OD for Teams and Groups

In process consultation, a consultant works with organization's members to help them understand the dynamics of their working relationships in group or team situations. The consultant helps the group members to change the ways they work together and to develop the diagnostic and problem-solving skills they need for more effective problem solving.

**Teams**: Teams are also known by other terms such as empowered teams, self directed teams and self management teams. Katzenbach and Smith have defined a team as "a small number of people with complimentary skills who are committed to a common purpose, common performance goals, and an approach for which they held themselves mutually accountable". The most common types of teams are work teams, problem-solving teams, management teams and virtual teams.

**Work teams**: Work teams are primarily concerned with the work done by the organization. Their principal focus is on using the organization's resources effectively.

**Problem-solving teams**: Problem-solving teams are temporary teams established to attack specific problems in the work place. These teams generally offer recommendations for others to implement. In problem solving teams, members share ideas or offer suggestions on how work processes and methods can be improved.

**Management teams**: The primary job of management teams is to coach and counsel other teams to be self managing by making decisions within the teams. These teams consist of managers from various areas and coordinate work teams.

**Virtual teams**: Virtual teams are the teams that may never actually meet together in the same room – their activities take place on the computer via teleconferencing and other electronic information systems. Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal.

**Groups:** 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. The work group is an even stronger source of satisfaction when members have similar attitudes and values. The work group provides group members with opportunities for interaction with each other.

**Check Your Progress 2**

1. State the different types of OD.
2. What are the advantages and disadvantages of Transactional Analysis?

**Team Building:** Team building utilizes high-interaction group activities to increase trust and openness among team members. Team building is a process of diagnosing and improving the effectiveness of a work group with particular attention to work procedures and inter-personal relationship within it.

A related approach, analyzes the activities, resource allocations, and relationships of a group or team to improve its effectiveness. This technique can be used, for example, to develop a sense of unity among members of a new committee. Team building can be directed at two different types of teams or working groups: an existing or permanent team made up of a manager and his or her employees, often called a family group; or a new group that either has been formed to solve a specific problem or has been created through a merger or other structural change in the organization, which we will call a special group.

For both kinds of groups, team-building activities aim at diagnosing barriers to effective team performance, improving task accomplishment, improving relationship between team members, and improving processes operative in the team, such as communication and task assignment. The table below summarizes these activities for both family and special groups.

**Table 19.1: Team Building Activities**

Activity	Family group	Special group
Diagnosis	Diagnostic meetings: "How are we doing?"	Diagnostic meetings: "Where would you like to go?"
Task accomplishment	Problem solving, decision-making, role clarification, goal setting, etc.	Special problems, role and goal clarification, resource utilisation, etc.
Building and maintaining relationships	Focus on effective inter-personal relationships, including boss-subordinate and peer.	Focus on inter-personal or inter-unit conflict and underutilisation of other team members as resources.
Management of group processes	Focus on understanding group processes and group culture.	Focus on communication, decision-making, and task allocations.
Role analysis and role negotiations	Techniques used for clarification and definition	Techniques used for role clarification and definition.

**Source:** Wendell L French and Cecil H Bell Jr., "Organization Development: Behavioural Science Interventions for Organization Improvement" Prentice Hall, Englewood Cliffs, N.J Page 104.

Diagnostic meetings may involve the total group or several subgroups and require only a brief time – a day or less – to identify strengths and problem areas. Actual team building requires a subsequent longer meeting, ideally held away from the workplace. The consultant interviews participants beforehand and organizes the meetings around common themes. The group proceeds to examine the issues, rank them in order of

importance, study their underlying dynamics, and decide on a course of action to bring about those changes perceived as necessary. A follow-up meeting at a later time may then evaluate the success of the action steps.

#### Box 19.4: Eight Tasks of Transition Management

**TEAM IN LEADING CHANGES**

1. Establishing context for change and providing guidelines.
2. Stimulate conversation.
3. Provide appropriate resources.
4. Co-ordinate and align projects.
5. Ensure congruence of messages, activities, policies and behaviour.
6. Provide opportunities for joint creations.
7. Anticipate, identify, and address people's problems.
8. Prepare the critical mass.

**Source:** - Jeanne D. Duck, "Managing Change: The Art of Balancing". Harvard Business Review. Nov/Dec (1993) Pages 109-118.

#### 19.6.4 OD for Inter-group Relations

Inter-group development seeks to change the attitudes, stereotypes and perceptions that groups have of each other. Such stereotypes can have an obviously negative impact on the coordinative efforts between the departments. To permit an organization's managers to assess the health of the organization and set up plans of action for improving it, the confrontation meeting may be used. This is a one-day meeting of all of an organization's managers in which they discuss problems, analyze the underlying causes, and plan remedial actions. The confrontation meeting is typically used after a major organizational change, such as a merger or the introduction of a new technology.

Although there are several approaches for improving inter-group relations, the most sought after method is problem solving. In this method, each group meets independently to develop lists of its perception of itself, the other group and how it believes the other group perceives it. Differences are clearly articulated, and the groups look for the causes of disparities. Subgroups, with members from each of the conflicting groups, can now be created for further diagnosis and to begin to formulate possible alternative actions that will improve relations.

#### 19.6.5 OD for the Total Organization

OD attempts to develop the whole organization so that it can respond to change effectively. Change is so abundant in modern society that organizations need all their parts working together in order to solve problems. OD is a comprehensive programme that is intended to assure that all parts of the organization are well coordinated.

The survey feedback technique can be used to improve the operations of the total organization. It involves conducting attitude and other surveys and systematically reporting the results to organization members. Members then determine what actions need to be taken to solve the problems and exploit the opportunities uncovered in the surveys. Everyone in an organization can participate in survey feedback. The data from the survey feedback is collected through a questionnaire and tabulated. The data so collected then become the springboard for identifying problems and clarifying issues that may be creating difficulties for people.

---

### 19.7 VALUES OD

---

Another source of individual differences is value. Values exist at a deeper level than attitudes and are more general and basic in nature. We use them to evaluate our own behaviour and that of others. Value is an enduring belief that a specific mode of conducts



or end state of existence is personally and socially preferable to the alternative modes of conduct or end states of existence. Once it is internalised it becomes consciously or unconsciously, a standard or criterion for guiding action, for developing and maintaining attitudes toward relevant objects and situation, for justifying one's own and others' actions and attitudes for morally judging oneself and others and for comparing oneself with others. Value, therefore, is a standard or yardstick to guide actions, attitudes, evaluations and justifications of the self and others.

Ronald D White and David A Bednar have defined value as a “concept of the desirable, an internalised criterion or standard of evaluation a person possesses. Such concepts and standards are relatively few and determine or guide an individual's evaluations of the many objects encountered in everyday life”.

Values are tinged with moral flavour, involving an individual's judgement of what is right, good or desirable. Thus values:

- Provide standards of competence and morality.
- Are fewer in number than attitudes.
- Transcend specific objects, situations or persons.
- Are relatively permanent and resistant to change, and
- Are more central to the core of a person.

Individuals learn values as they grow and mature. They may change over the life span of an individual develops a sense of self. Cultures, societies, and organizations shape values.

### 19.7.1 Importance of Values

Values are important to the study of organizational behaviour because they lay the foundation for the understanding of attitudes and motivation and because they influence out perceptions. Individuals enter an organization with preconceived notions of what “ought” and what “ought not” to be. For example, If Jeevan enters IG Ferns and Curtains with a view that salary on piece-rate system is right and on time-rate basis is wrong. He is likely to be disappointed if the company allocates salary on time-rate basis. His disappointment is likely to breed his job dissatisfaction. This will, in turn, adversely affect his performance, his attitude and in turn, behaviour would be different if his values are aligned with the company's reward/pay policy.

### 19.7.2 Formation of Values

Values are learned and acquired primarily through experiences with people and institutions. Parents, for example, will have substantial influence on their children's values. A parent's reaction to everyday events demonstrates what is good and bad, acceptable and unacceptable and important and unimportant. Values are also taught and reinforced in schools, religious organizations, and social groups. As we grow and develop, each source of influence contributes to our definition what is important in life. Cultural mores have influence of the formation of values. Basic convictions of what is good or bad are derived from one's own culture.

### 19.7.3 Types of Values

Allport and his associates categorized values into six types.

1. **Theoretical:** Interested in the discovery of truth through reasoning and systematic thinking.
2. **Economic:** Interest in usefulness and practicality, including the accumulation of wealth.

3. **Aesthetic:** Interest in beauty, form and artistic harmony.
4. **Social:** Interest in people and love as a human relationship.
5. **Political:** Interest in gaining power and influencing people.
6. **Religious:** Interest in unity and understanding the cosmos as a whole

**Instrumental and Terminal Values:** Rokeach distinguishes between two types of values: Instrumental and Terminal.

**Instrumental Value:** Instrumental values reflect the means to achieving goals; that is, they represent the acceptable behaviour to be used in achieving some end state. Instrumental values identified by Rokeach include ambition, honesty, self-sufficiency and courageousness.

Instrumental value refers to a single belief that always takes the form: I believe that such and such a mode of conduct (example Honesty, courage, etc.) is personally and socially preferable in all situations with respect to all objects. An instrumental value is a tool or means for acquiring a terminal value.

**Terminal Value:** Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified happiness, love, pleasure, self-respect, and freedom among the terminal values.

Terminal value takes a comparable form: I believe that such and such an end state of existence (example salvation, or world at peace etc.) is personally and socially worth striving for. A terminal value is an ultimate goal in a desired status or outcome.

**Work Values:** Work values are important because they affect how individuals behave on their jobs in terms of what is right and wrong. The work values most relevant to individuals are: -

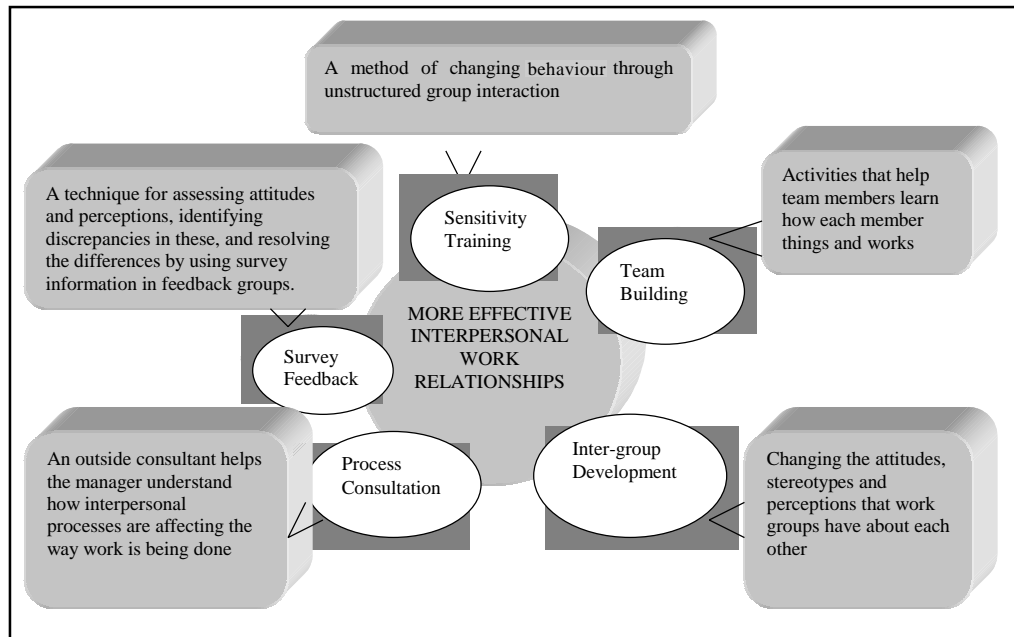
1. **Achievement:** Achievement is a concern for the advancement of one's career. This is shown in such behaviours as working hard and seeking opportunities to develop new skills.
2. **Concern for Others:** Concern for others reflects caring, compassionate behaviour such as encouraging other employees or helping others work on difficult tasks. These behaviours constitute organizational citizenship.
3. **Honesty:** Honesty is accurately providing information and refusing to mislead others for personal gain.
4. **Fairness:** Fairness emphasizes impartiality and recognises different points of view.

---

## **19.8 OD INTERVENTIONS OR TECHNIQUES**

---

OD interventions are sets of structured activities in which selected organizational units (target groups or individuals) engage in a task or a sequence of tasks with the goals of organizational improvement and individual development. The term organizational development (OD) essentially focuses on techniques or programmes to change people and the nature and quality of interpersonal work relationships. The most popular OD techniques are described in the figure hereunder:



Source: Stephen P Robbins and Mary Coulter "Management "(Seventh Edition) Prentice Hall of India (Private) Limited, New Delhi (2003) Page 345.

**Figure 19.3: Organizational Development Techniques**

The common thread in these techniques is that each seeks to bring about changes in or among organization’s people’s. Some of the O.D interventions are explained below:-

1. **Sensitivity Training:** Sensitivity training is also known as laboratory training, encounter groups, and T-groups. It is a method of changing behaviour through unstructured group interaction. If individuals lack awareness of how others perceive them, then the successful T-group can affect more realistic self-perceptions, greater group cohesiveness, and a reduction in dysfunctional interpersonal conflicts.
2. **Survey Feedback:** Survey feedback makes use of questionnaires to identify discrepancies among member perceptions and attempts to solve these differences.
3. **Process Consultation:** The purpose of process consultation is for an outside consultant to assist a client (usually a manager) to perceive, understand and act upon process events. The consultant gives a client insight into what is going on around him (the client), within him, and between him and other people. The consultant then goes to identify the processes that need improvement.
4. **Team Building:** Team building utilizes high-interaction group activities to increase trust and openness among team members. Team building can be applied within groups or at the inter-group level where activities are interdependent.

**Table 19.2: Contrast of Sensitivity Training and Team Development**

Characteristic	Sensitivity training	Team development
Participants	Strangers	Fellow Workers
Location	Isolated	Isolated
Subject	“Here and now”	Company Problems
Structure	Little or none	Some
Trainer	Yes	Yes
Feedback	Honest	Somewhat honest

Source: - Edwin B. Flippo "Personnel Management" (Sixth Edition) McGraw-Hill Book Company, New York (1984) page 220.

5. **Inter-group Development:** Inter-group development seeks to change the attitudes, stereotypes, and perceptions that groups have of each other.

**Evaluating the Effectiveness of OD:** Since OD requires an ongoing, long-term effort to bring about lasting change in an organization’s technology, structure and people, a

successful OD programme takes a significant investment of money and time. Both are needed for managers to adequately diagnose the problem, select the strategy, and evaluate the effectiveness of the programme.

Managers can measure the effectiveness by comparing the results of the programme to the goals before it was implemented. Were the goals met? If not, why not? Perhaps they were too rigid and too hard to achieve. Perhaps the problems were inadequately defined, and the inadequate definition resulted in the choice of an inappropriate solution. Perhaps managers tried to institute changes before people were prepared for them. Regardless of the cause, the results of the OD analysis will provide feedback needed for later changes.

OD is an expression of manager's efforts to stay flexible. Managers recognize that events inside and outside the organization can happen quite suddenly and can create pressure for change. OD provides the personnel and mechanism to deal with change; control its evolution; and direct its impact on organizational structure, technology, and people.

**The Future and OD:** The environment in which organizations operate is increasingly turbulent in an era of global, national and regional commercial competitiveness. Yesterday's strategies are not likely to work in tomorrow's workplaces. Top-down autocratically directed, rigidly hierarchical, fear-generating organizations are giving way to something new. Increasingly, organizations will be flatter, with smaller groups and units. OD will be a major player in assisting organizations to shift to and sustain this new paradigm which proclaims that the most innovative and successful organizations will be those that derive their strength and vitality from adaptable, committed team players. Thus, the OD process should include:

- Careful tuning in to the perceptions and feelings of people.
- Creating safe conditions for surfacing perceptions and feelings.
- Involving people in diagnosing the strengths and weaknesses of their organizations and making action plans for improvement.
- Using qualified third parties consultants.
- Redesigning work so that it is more meaningful and motivating.
- Focusing on team work.

### Check Your Progress 3

1. Explain the different types of team building activities.
2. What is sensitive training?
3. Explain the future of OD.

---

## 19.9 CHANGE MANAGEMENT

---

There is nothing permanent expect change. Change is induced by the internal and external forces. Meeting this challenge of change is the primary responsibility of management. An organization lacking adaptability to change has no future. Adaptability to change is a necessary quality of good management. Modern managers have the responsibility to devise the management practices to meet the new challenges and make use of the opportunities for the growth of the organization.

### 19.9.1 Nature of Change

The environment of every business unit is influenced by two main factors:

- (i) **Internal Factors:** Internal factors are activities that can be controlled by the management. Internal factors may be sub-divided into six categories:
  - Managerial changes
  - Operational changes
  - Growth changes
  - Plant changes
  - Process changes and
  - Design changes
- (ii) **External Factors:** External factors are activities that are uncontrollable. The success of an organization depends upon the adaptability of the firm to these factors. External changes may be sub-divided into five categories.
  - Economic change
  - Sociological change
  - Governmental change
  - Locational change
  - Technological change.

Change may be warranted either by external stimuli or by an internal need. External change cannot be forecasted and may not be conducive to achieve the corporate goals. External changes are accepted with less resistance. In case of internal changes, the likelihood of resistance of all those affected by the proposed change is more.

### 19.9.2 Causes for Resistance to Change

Change is an important feature of modern organizations. Significant changes take place every day in social, technological, political and other aspects of modern world. Changes may be perceived by people as threats to their jobs, the size of their incomes, promotion and so on. People strongly resist deprivation of what they possess, whether possession was justified or not in the first place. The important causes for resistance to change are:

1. **Social Causes:** People value established inter-personal relationship and their roles as group members. Establishment of new social equations necessitated by acceptance to change may be a painful and slow process. People would not like to experience such changes. Resistance to change develops among people if they believe that such change is likely to mean disruption of existing social relationships with which they are familiar.
2. **Psychological Causes:** In course of their working life, people get used to certain routines and ways of doing things. They develop familiarity and a measure of equilibrium with their established routines. A sort of inertia develops which induces them to disfavour changes. Therefore, people tend to behave in a rather conservative manner in relation to some types of changes. Resistance also springs from lack of trust and faith in those who initiate changes and due to inadequate information, knowledge and understanding.
3. **Economic Causes:** People meet their physical needs from their salary. They work because they need economic security. They tend to attach highest priority to protection of their jobs and income. If these are threatened by technological and other changes initiated by management, people naturally resist them.
4. **Environmental Causes:** Business environment have an impact on the growth of the organization. Change in government policy, entry of rivals in the market etc., will affect the growth of the organization. Many of the environmental factors are uncontrollable and therefore, organizations must visualize them and adapt to the changed circumstances.

5. **Personal Reasons:** Employees resist change for a variety of personal reasons. They are:
- (i) The proposed change may lead to greater specialization resulting in boredom.
  - (ii) They may not fully understand the implications of the change.
  - (iii) They may fear that the number of jobs may be reduced resulting in retrenchment.

### 19.9.3 Planned Organizational Change

Organizational change may be planned well in advance, or it may come as a quick reaction to an unexpected event in the business environment. Organizational change calls for a change in the individual behaviour of the employees. Any organizational change whether introduced through a new structural design or new technology or new training programme, basically attempts to make employees change their behaviour. But behavioural changes are the most difficult and marathon exercise. A commonly accepted model for bringing about change in people was suggested by Kurt Lewin in terms of three-phase process –

The figure below explains the changing process.

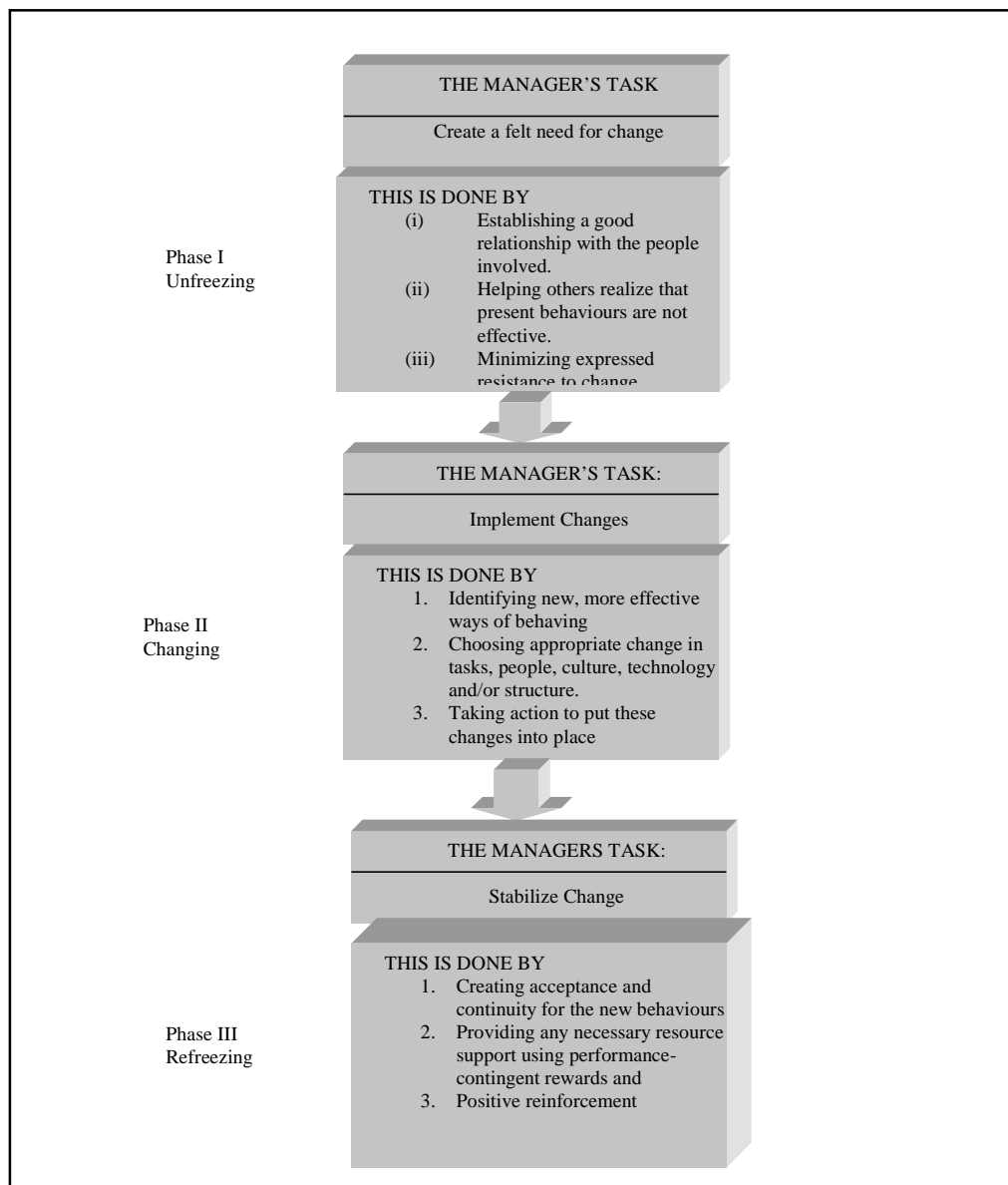


Figure 19.4: The Three Phases in the Changing Process Suggested by Kurt Lewin

1. **Unfreezing:** It refers to making individuals aware that the present behaviour is inappropriate, irrelevant, inadequate and hence unsuitable to the changing demands of the present situation. According to Lewing, the first step in the change process is unfreezing, or preparing the situation for change by creating a felt-need for it. It is important to make sure that everyone understands that present behaviours are simply not effective. This action will minimize expressed resistance to the change process. Edgar Schien outlines the following elements which are vitally necessary during this unfreezing phase.
  - ❖ The physical removal of the individuals being changed from their accustomed routines, sources of information and social relationships.
  - ❖ The undermining and destruction of social support.
  - ❖ Demeaning and humiliating experience to help individuals being changed to see their old attitudes or behaviour as unworthy and then to be motivated to change.
  - ❖ The consistent linking of reward with willingness to change and to punishment with unwillingness to change

The essence of this unfreezing phase is that the individual is made to realize that his beliefs, feelings and behaviour are no longer appropriate or relevant to the current situation in the organization.

2. **Changing:** During the changing phase, the actual change is implemented. It is the phase where new learning occurs. In order to change, it is not enough to sense that the current behaviour is inadequate. The necessary condition is that various alternatives of behaviour must also be made available in order to fill the vacuum created by the unfreezing phase. In the process it is critical for management to carefully identify the new, more effective behaviours to be followed as well as the associated changes in tasks, people, culture, technology and structure. During the changing phase, individuals learn to behave in new ways; the individuals are provided with alternatives out of which they choose the best one. Kelman explains the changing phase in terms of compliance, identification and internalisations.
  - ❖ **Compliance:** Compliance or force occurs when individuals are forced to change either by rewards or by punishment.
  - ❖ **Internalisation:** Internalisation occurs when individuals are forced to encounter a situation that calls for a new behaviour.
  - ❖ **Identification:** It occurs when individuals recognize one among various models provided in the environment that is most suitable to their personality.

The changing process follows good problem diagnoses and careful consideration of appropriate alternatives.

3. **Refreezing:** In this stage, the change is stabilized by rewarding appropriate new behaviours. During this phase, individuals internalise the new beliefs, feelings and behaviour learned in the “Changing” phase. It is also necessary that management provides the required resource support for the change. Performance - contingent rewards and positive reinforcement can be used to refreeze the new behaviour so that it is not easily forgotten or abandoned. It is very important for the manager concerned with the introducing change to visualize that the new behaviour is not extinguishable soon.

**Management of Change:** It is the responsibility of management to handle change in such a way that the employee’s resistance is reduced to the least. Three methods available to management to cause people to accept change are:

- ❖ Alteration in the environmental forces affecting the employees.
- ❖ Alteration in the person's perception of the forces which surround him.
- ❖ Alteration in the basic value system of the persons involved in the change.

#### Check Your Progress 4

1. What are the causes for resistance to change?
2. Explain the methods used for reducing resistance to change.
3. Explain the steps involved in planned organizational change.

---

## 19.10 LET US SUM UP

---

Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organizational development in order to bring about a planned change. OD strives to maximize organizational effectiveness as well as individual work satisfaction." Organizational development is the most comprehensive strategy for intervention. It involves all the activities and levels of management in ongoing problems that respond to external and internal sources. OD interventions are sets of structured activities in which selected organizational units (target groups or individuals) engage in a task or a sequence of tasks with the goals of organizational improvement and individual development. The term organizational development (OD) essentially focuses on techniques or programmes to change people and the nature and quality of interpersonal work relationships. The environment in which organizations operate is increasingly turbulent in an era of global, national and regional commercial competitiveness. OD will be a major player in assisting organizations to shift to and sustain this new paradigm, which proclaims that the most innovative and successful organizations will be those that derive their strength and vitality from adaptable, committed team players.

---

## 19.11 LESSON END ACTIVITY

---

What are the other alternative plans you can think of for implementing organisational development?

---

## 19.12 KEYWORDS

---

Organisation Development (OD)

Transactional Analysis (TA)

Team Building

Sensitive Training

---

## 19.13 QUESTIONS FOR DISCUSSION

---

1. Define OD and explain the various elements of the definition.
2. Define Organizational Development. What are its techniques?
3. Why do organizations adopt an organizational development programme?
4. Describe in detail the objectives of OD programs.



5. What do you mean by OD intervention? Explain.
6. What are the conditions for a successful OD effort?
7. Explain the various team building activities.
8. Explain the future of OD.

---

## 19.14 SUGGESTED READINGS

---

Boss R.W. (1989) *“Organizational Development in Health care”*, Addison-Wesley Mass; Reading.

Burke W. W. (1989) *“Organisation Development: A Normative View”*, Addison-Wesley Mass; Reading.

Cummings T.G. and Huse E.F. (1989) *“Organization development and Change”*, St. Paul, Minn: West.

Darcy T. and Kleiner B.H. (1991) *“Leadership for Change in a Turbulent Environment”*, Leadership and Organizational Development Journal.

John B. Nicholas, (1982) *“The Comparative Impact of Organization Development Interventions on Hard Criteria Measures”*, Academy of Management Review, October 1982.

Howe M.A. (1989) *“Using Imagery to Facilitate Organisational Development and Change”*. Group and Organization studies. John B. Nicholas, (1982) *“The Comparative Impact of Organization Development Interventions on Hard Criteria Measures”*, Academy of Management Review, October 1982.

P.G. Aquinas, *“Organizational Behaviour”*, Excel Books, New Delhi.

### Case

### A Leggy Problem

Prakesh is the project manager of a group of engineers at Toto Engineering Services Ltd. His dilemma is what to do about Smitha, a relatively new and extremely capable engineer. TES Ltd. was founded for the purpose of providing engineering services. A group of engineering and support personnel with valuable knowledge and experience was assembled. All engineers and technicians were male.

The company acquired another small firm which included six male and one female engineer. The reorganized company had one vice-president (Prakesh was promoted as VP in the merged company) and two project managers, Santhosh from TES and Raman from the acquired firm. These employees from the acquired firm had to be absorbed into the two project teams.

Santhosh coming from the acquiring company naturally wanted the very best engineers to be in his team. Among the engineers coming from the acquired company Smitha was technically more capable. She had excellent recommendations from her previous manager. Santhosh felt that Smitha was the best choice. Though she was the only women in the project, she seemed to get along well with the other engineers. Her manager had only good reports from the customers as well as from her associates. All her evaluations were outstanding.

Santhosh therefore asked for Smitha to be put into his team. The other members came from TES Ltd.

The TES team until now had only males. The boys spent a great deal of their day in each other's office working together on a proposal for customer or developing the best engineering approach to a problem. They were a close-knit group very loyal to the company. They sometimes engaged in sexy jokes or used language that might be considered crude by

the general population, but they confined it to their own inner circle of fellow engineers. There is no harm intended, and it is all in the spirit of fun.

Smitha felt that very often the men acted inappropriately in her presence. She didn't appreciate the joke telling and she felt that some of her fellow engineers made comments that were degrading to women. Smitha kept her feelings to herself, thinking that she had to avoid making waves in order to get along in a male-dominated profession. Smitha was disappointed in herself for compromising her strongly held beliefs about appropriate behaviour at the workplace. She vowed to herself that she would never again let a single questionable act or remark go unchallenged.

The engineers working in Santhosh's group welcomed Smitha warmly. They knew from talking with her former colleagues that Smitha was a good engineer. Smitha jumped into her new job with enthusiasm and high spirits until she saw the pictures of skimpily dressed girls on the desk of one of the engineers. She immediately marched into Prakesh's office and complained about the pictures. Prakesh saw to it that the pictures were promptly removed. Three days later, Smitha overheard a group of engineers joking around in their customary crude manner, and she reported to Prakesh that she was offended. Before Prakesh could address this complaint, Smitha was back in her office. This time she was extremely upset with the comments from her project manager Santhosh who told her "you did a great job getting those photos Baby. I never have such luck. It must be because you are a female. You can just show a little leg and get what you want" Prakesh had to address this problem.

**Questions:**

1. If you were Prakesh how would you address this serious problem?
2. Do you feel that comments like the one made by Santhosh is justified?

---

## LESSON

# 20

## ORGANISATIONAL CULTURE

---

### CONTENTS

- 20.0 Aims and Objectives
- 20.1 Introduction
- 20.2 Culture Defined
- 20.3 Basic Elements of Culture
- 20.4 Characteristics of Organizational Culture
- 20.5 Creating and Sustaining Culture
  - 20.5.1 How Organizational Culture Begins?
  - 20.5.2 Sustaining a Culture
- 20.6 How Employees Learn Culture?
- 20.7 Successful Organizational Culture
  - 20.7.1 Corporate Culture and Organizational Success
  - 20.7.2 Changing Organizational Culture
- 20.8 Let us Sum up
- 20.9 Lesson-end Activity
- 20.10 Keywords
- 20.11 Questions for Discussion
- 20.12 Suggested Readings

---

### 20.0 AIMS AND OBJECTIVES

---

After studying this lesson you will be able to:

- (i) understand the relation between organisational culture and corporate context.
- (ii) describe contribution of organisational culture to the management of change.
- (iii) analyse elements of organisational culture.
- (iv) review cultural types in organisations.

---

### 20.1 INTRODUCTION

---

When we talk about culture, we are typically referring to the pattern of development reflected in a society's system of knowledge, ideology, values, laws, social norms and day-to-day rituals. Accordingly, culture varies from one society to another. The word "culture" has been derived metaphorically from the idea of "cultivation" the process of

tilling and developing land. Thus, culture can be considered as a constellation of factors that are learned through our interaction with the environment.

---

## **20.2 CULTURE DEFINED**

---

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

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

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

Joanne Martin defines cultures in organization in the following words “As individuals come into contact with organizations, they come into contact with dress norms ... the organization’s formal rules and procedures, its formal codes of behaviour rituals .... And so on. These elements are some of the manifestations of organizational culture”.

Edgar Schein defines organizational culture as “a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valuable and, therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems”.

According to Hersey, Blanchard and Johnson “ Organizational culture is itself a complex phenomenon with many interpretations ... organizational culture is shared basic assumptions, or beliefs, about how to cope with the two fundamental problems that all groups and organizations face : survival and adaptation to the external environment and the internal integration and coordination of organizational functioning”.

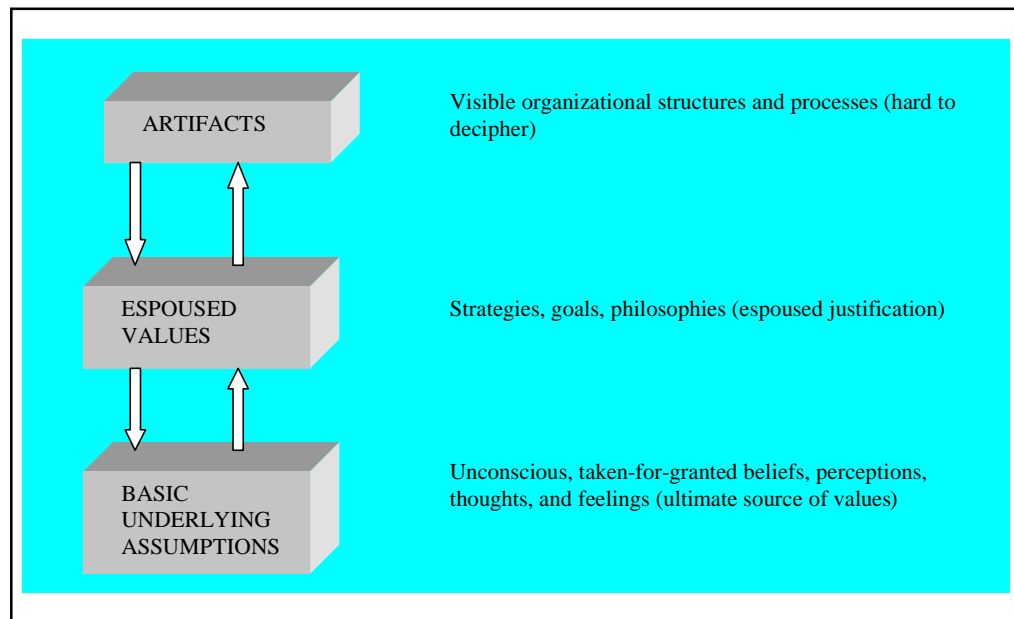
From the above definitions, culture may be considered as the general pattern of behaviour, shared beliefs, and values that organizational members have in common. Culture involves the learning and transmitting of knowledge, beliefs and patterns of behaviour over a period of time. Culture can be inferred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

---

## **20.3 BASIC ELEMENTS OF CULTURE**

---

From the above definitions it is clear that culture is how an organization has learned to deal with its environment. It is a complex mixture of assumptions, behaviours, myths and other ideas that fit together to define what it means to work in a particular organization. Edgar H Schein suggests that culture exists on three levels: artefacts, espoused values and underlying assumptions. The Figure 20.1 explains the three levels:



Source: Edgar H Schein, "Organizational Culture and Leadership" (2<sup>nd</sup> Edition) Jossey-Bass Publishers, San Francisco (1992) page 17.

**Figure 20.1: Schein's Levels of Culture**

1. **Artefacts:** According to Schein, Artefacts are the first level of organizational culture. Artefacts are the things that come together to define a culture and reveal what the culture is about to those who pay attention to them. They include products, services, and even behaviour patterns of the members of an organization. Schein has defined Artefacts as things that "one sees, hears, and feels when one encounters a new group with an unfamiliar culture".
2. **Espoused Values:** Espoused values are the second level of organizational culture. Values are things worth doing, or the reasons for doing what we do. Values are the answers to the "why" questions. For examples, why are you reading this book? To know more about Organization Behaviour. Why is that Important? To be a better HR Manager. Why do you need more money? To fulfil my wife's desire to own a farm house. Such questions go on and on, until you reach the point where you no longer want something for the sake of something else. At this point, we have arrived at a value. Corporations have values, such as size, profitability, or making a quality product.  
  
Espoused values are the reasons that we give for doing what we do. Schein argues that most organizational cultures can trace their espoused values back to the founders of the culture.
3. **Basic Assumptions:** The third level of organizational culture, are the beliefs that organization members take for granted. Culture prescribes "the right way to do things" at an organization, often through unspoken assumptions.

**The influence of the leader on Organization Culture:** Managers, especially top managers, create the climate for the enterprise. Their values influence the direction of the firm. Although the term "value" is used differently, a value can be defined as a fairly permanent belief about what is appropriate and what is not that guides the actions and behaviour of employees in fulfilling the organization's aims. Values can be thought of as forming an ideology that permeates every day decisions. In many successful companies, value-driven corporate leaders serve as role models, set the standards for performance, motivate employees, make the company special, and are a symbol to the external environment.

### How to Create A Value-based Organization

Hatim Tyabji was the founding chairman and CEO of VeriFone, Inc. from 1986 to 1988 when he established Saraide, a highly respected company in the telecommunication industry. At the national meeting of the Academy of Management in Toronto in 2000, Mr. Tyabji shared his experience in creating an organization based on ethical values. On one occasion, it was brought to his attention that manager with excellent performance figures was engaged in malfeasance. Revealing this information, however, would have had a very negative effect on the company's share price. Instead of hiding this information until the next quarterly reporting, Mr Tyabji after checking carefully the facts, approached the manager who was in charge of a foreign operation, and fired him on the spot. Impressed by this decision, the associates worked especially hard so that the quarterly projection was still achieved. What effect did Mr Tyabji's decision communicated to the employees of the company? This is a company with a culture in which performance, no matter how impressive, cannot be achieved by unethical behaviour.

**Source:** David A. Whither and Andre L. Delbecq, "Saraide's Chairman Hatim Tyabji on creating and sustaining a value-based organizational culture", Academy of Management Executive, November 2000. Pages 32 – 40.

## 20.4 CHARACTERISTICS OF ORGANIZATIONAL CULTURE

Organizational culture has a number of important characteristics. Fred Luthans has given six characteristics which is given below:

### Organizational Culture: Important Characteristics

1. **Observed behavioral regularities.** When organizational participants interact with one another, they use common language, terminology, and rituals related to deference and demeanor.
2. **Norms.** Standards of behavior exist, including guidelines on how much work to do, which in many organizations come down to "Do not do too much; do not do too little."
3. **Dominant values.** There are major values that the organization advocated and expects the participants to share. Typical examples are high product quality, low absenteeism, and high efficiency.
4. **Philosophy.** There are policies that set forth the organization's beliefs about how employees and/or customers are to be treated.
5. **Rules.** There are strict guidelines related to getting along in the organization. Newcomers must learn those "ropes" in order to be accepted as full-fledged members of the group.
6. **Organizational climate.** This is an overall "feeling" that is conveyed by the physical layout, the way participants interact, and the way members of the organization conduct themselves with customers or other outsiders.

**Source:** Fred Luthans "Organizational Behavior" (9<sup>th</sup> Edition) McGraw-Hill International Edition, Boston (2002) page 123.

### Check Your Progress 1

1. Define culture?
2. What are the basic elements of culture?
3. Explain the influence of a leader on organisation culture.
4. Explain the characteristics of Organisational Culture.

## 20.5 CREATING AND SUSTAINING CULTURE

### 20.5.1 How Organizational Culture Begins?

An organization's current customs, traditions and general way of doing things are largely due to what it has done before and the degree of success it has had with those endeavours.

The original source of an organization's culture usually reflects the vision or mission of the organization's founders. Because the founders had the original idea, they also may have biases on how to carry out the idea. Their focus might be on aggressiveness or it might be on treating employees as family. The small size of most new organizations helps the founders instil their vision in all organizational members. Organizational cultures can develop in a number of different ways, these steps are explained below:-

1. **A single person (founder) has an idea for a new enterprise:** Some organizational cultures may be the direct, or at least, indirect, result of actions taken by the founders. The founders of an organization traditionally have a major impact on that organization's early culture. They have a vision of what the organization should be.
2. **Founders' creation of a core group:** The founder brings in one or more other key people and creates a core group that shares a common vision with the founder. The founder's only hire and keep employees who think and feel the way they do. These employees who form the core group believe that the idea is a good one, is worth the investment of time, money and energy. Sometimes founders create weak cultures, and if the organization is to survive, a new top manager must be installed who will sow the seeds for the necessary strong culture.
3. **Indoctrinate and Socialize:** The founding core group begins to act in concert to create an organization by raising funds, obtaining patents, incorporating, locating land, building infrastructure and so on. The core group indoctrinate and socialize employees to their way of thinking and feeling.
4. **Build a Common History:** The founders' own behaviour acts as a role model that encourages employees to identify with them and thereby internalize their beliefs, values, and assumptions. At this point, others are brought into the organization, and a common history begins to be built. When the organization succeeds, the founder's vision becomes seen as a primary determinant of that success. At this point, the founders' entire personalities become embedded in the culture of the organization. Most of today's successful organizations follow the vision of their founders.

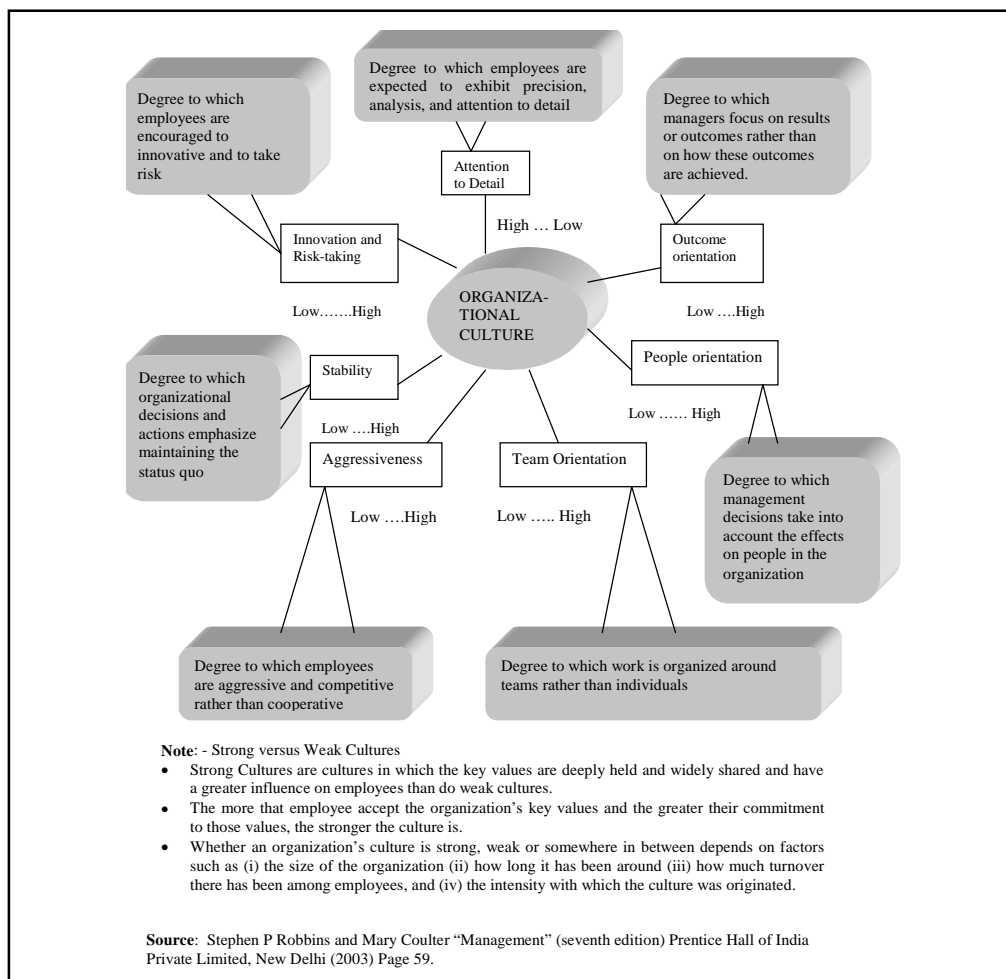
### 20.5.2 Sustaining a Culture

Once a culture is in place, there are practices within the organization that act to maintain it by giving employees a set of similar experiences. Sustaining a culture depends on three forces. These forces are explained below:

1. **Selection:** The goal of the selection process is to identify and hire individuals who could make the organization successful through their services. Therefore candidates who believe in the values of the organization have to be selected. Thus, the selection process attempt to ensure a proper match in the hiring of people who have values essentially consistent with those of the organization or at least a good portion of those values cherished by the organization. In this way, the selection process sustains an organization's culture by selecting those individuals who will fit into the organizations core values.
2. **Top Management:** Top management have a important role to play in sustaining the organization's culture. It is the top management who establish norms that filter down through the organization. It is they through their conduct both implicit and explicit that shows what is desirable. They do this through pay raises, promotions and other rewards.
3. **Socialization:** Socialization is the process that adapts employees to the organization's culture. Organization wants to help new employees adapt to its culture. The adaptation is done through the process of "socialization". Socialization is made up of three stages:
  - (a) **The Pre-arrival Stage:** This stage encompasses all the learning that occurs before a new member joins the organization. The socialization process covers both the work to be done and the organization. The pre-arrival stage is the

period of learning in the socialization process that occurs before a new employee joins the organization. For example, when students join a business school to pursue their MBA degree, they are socialized to have attitudes and behaviours that business firms want. This is so because the success depends on the degree to which the student has correctly anticipated the expectations and desires of those in the business school.

- (b) **Encounter Stage:** In this stage of the socialization process, the new employee sees what the organization is really like and confronts the possibility that expectations and reality may diverge. In expectations prove to have been more or less accurate, the encounter stage merely provides a reaffirmation of the perceptions gained during the pre-arrival stage. Those employees who fail to learn the essential or pivotal role behaviours risk being labelled as “rebels” and face the risk of expulsion. This further contributes to sustaining the culture.
- (c) **Metamorphosis Stage:** Metamorphosis stage is the stage in the socialization process in which a new employee changes and adjusts to the job, work group and organization. In this stage relatively long-lasting changes take place. The employee masters the skill required for his or her job, successfully performs his or her new roles, and makes the adjustments to his or her work group’s values and norms. The metamorphosis stage completes the socialization process. The new employee internalizes the norms of the organization and his work groups and understands and accepts the norms of the organization and his work group. The success of this stage have a positive impact on the new employee’s productivity and his commitment to the organization.



**Figure 20.2: Dimensions of Organizational Culture**



---

## 20.6 HOW EMPLOYEES LEARN CULTURE?

---

Culture is transmitted to employees in a number of ways. The most significant are stories, rituals, symbols, and language.

**Stories:** Organizational “stories” typically contain a narrative of significant events or people including such things as the organization’s founders, rules breaking, reactions to past mistakes, and so forth. Lavinson and Rosenthal suggest that stories and myths about organization’s heroes are powerful tools to reinforce cultural values throughout the organization and specially in orienting new employees. These stories provide prime examples that people can learn from. Stories and myths are often filtered through a “cultural network” and remind employees as to “why we do things in a certain way”. To help employees learn the culture, organizational stories anchor the present in the past, provide explanations and legitimacy for current practices, and exemplify what is important to the organization.

**Rituals and Ceremonies:** Corporate rituals are repetitive sequences of activities that express and reinforce the values of the organization, what goals are most important, and which people are important and which ones are superfluous. Ceremonies and rituals reflect such activities that are enacted repeatedly on important occasions. Members of the organization who have achieved success are recognized and rewarded on such occasions. For example, awards given to employees on “founders’ day”, Gold medals given to students on graduation day are reflections of culture of that institution.

**Material / Cultural Symbols:** Symbols communicate organizational culture by unspoken messages. When you walk into different businesses, do you get a “feel” for the place – formal, casual, fun, serious, and so forth? These feelings you get demonstrate the power of material symbols in creating an organization’s personality. Material artefacts created by an organization also speak of its cultural orientation and make a statement about the company. These material symbols convey to employees who is important, the degree of equality desired by top management and the kind of behaviour that are expected and appropriate. Examples: - assigned parking space for senior executives in the company premises, large offices given to senior managers, luxury automobiles given to senior or successful officers of the organization.

**Organizational Heroes:** Top Management and prominent leaders of the organization become the role models and a personification of an organization’s culture. Their behaviour and example become a reflection of the organization’s philosophy and helps to mould the behaviour of organizational members.

**Language:** - Many organizations and units within organizations use language as a way to identify members of a culture. By learning this language, members attest to their acceptance of the culture and their willingness to help to preserve it.

**Managerial Decisions affected by culture:** For any organization to grow and prosper, it is important that its mission and its philosophy be respected and adhered to by all members of the organization. Here managers play a significant role in building the culture of the organization. The manager plays continuous attention to maintaining the established standards and send clear signals to all the employees as to what is expected of them. Cultural consistency and strong adherence to cultural values become easy when the managers themselves play strong role models. Good managers are able to support and reinforce an existing strong culture by being strong role models and by handling situations that may result into cultural deviations. The figure below shows the major areas of a manager’s job are influenced by culture.

**How the Environment Affects Managers:** The environment affects managers

- (i) Through the degree of environmental uncertainty
- (ii) Through the various stakeholders relationships.

**1. Environmental Uncertainty:-**The environmental uncertainty is the degree of change and complexity in an organization’s environment.

**Degree of Change:** - If the components in an organization’s environment changes to a minimum, we call it a stable environment. A stable environment is characterises by

- No new technological breakthroughs by current competitors.
- No new competitors
- Little activity by pressure groups to influence the organization

We call it a dynamic environment, if the components in an organization’s environment change frequently.

**Degree of Complexity:** - The degree of complexity refers to the number of components in an organization’s environment and the extent of the knowledge that the organization has about those components.

The figure below explains the environmental uncertainty.

		DEGREE OF CHANGE	
		STABLE	DYNAMIC
DEGREE OF COMPLEXITY	SIMPLE	<b>CELL 1</b> Stable and predictable environment  Few components in environment  Components are somewhat similar and remain basically the same  Minimal need for sophisticated knowledge of components	<b>CELL 2</b> Dynamic and unpredictable environment  Few components in environment  Components are somewhat similar but are in continual process of change  Minimal need for sophisticated knowledge of components
	COMPLEX	<b>CELL 3</b> Stable and predictable environment  Many components in environment  Components are not similar to one another and remain basically the same  High need for sophisticated knowledge of components	<b>CELL 4</b> Dynamic and unpredictable environment  Many components in environment  Components are not similar to one another and are in continual process of change  High need for sophisticated knowledge of components

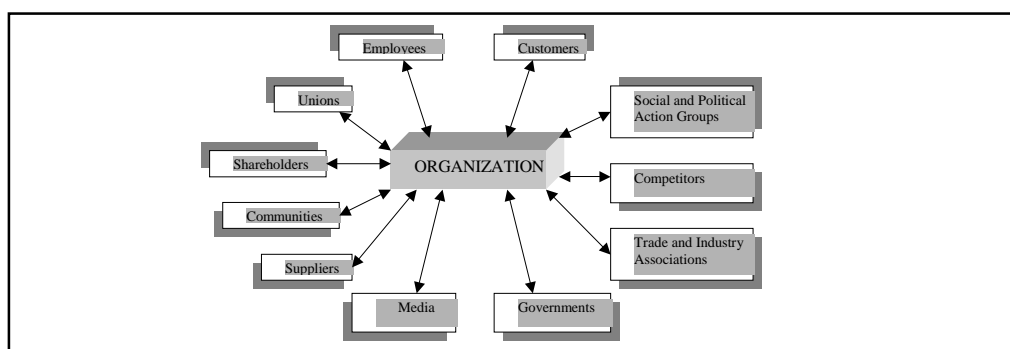
*Source:* Stephen P Robbins and Mary Coulter "Management" (7th Edition) Prentice Hall of India Private Limited, New Delhi (2003) Page 73.

**Figure 20.3: Environmental Uncertainty**

Managers try to minimize uncertainty because it is a threat to organization’s effectiveness. Given the choice, managers would prefer to operate in an environment which is simple and stable. However, managers rarely have full control over that choice.

**Stakeholders Relationship:** - Stakeholders are any constituencies in the organization’s external environment that are affected by the organization’s decisions and actions.

The figure below identifies the various organizational stakeholders.



*Source:* Stephen P Robbins and Mary Coulter "Management" (7th Edition) Prentice Hall of India Private Limited, New Delhi (2003) Page 75.

**Figure 20.4: Various Organizational Stakeholders**

The few of the organizational stakeholders are explained below:

- **Stockholders:** The shareholders are the persons who provide the funds to the business enterprise. The business should be managed efficiently so as to provide a fair return on the investments of the shareholders. They should be provided with comprehensive reports giving full information about its working. In the same way, the shareholders should also meet the obligations of the business enterprise by supporting the efforts of the business so that continuous development of the enterprise is possible. They should encourage the business to follow a dynamic policy and to plough back profit for the purpose of development and expansion.
- **Customers:** Customers' satisfaction is the ultimate aim of all economic activity. This involves more than the offer of products at the lowest possible price. Adulteration of goods, poor quality, failure to give fair service, misleading advertising etc. are some of the violation by business towards its customers. A business enterprise has positive responsibility towards the consumers of its products. It has to provide quality goods to customers at the right time, right place, and at right price.
- **Employees:** Employees should be treated as human beings and their cooperation must be achieved for the realization of the business enterprises goals. The responsibilities of the business enterprises to its employees are – the security of employment with fair wages, equal opportunity for growth and development within the organization, fair promotions, employee welfare, social security and profit sharing. Further, the business enterprise should also provide the employee welfare, social security and profit sharing. Further, the business enterprise should also provide the employees scope for improvement of educational qualification, training and upgrading of skills so that they may get a chance to improve their prospects.

Workers are poor and hence they cannot afford to remain without job for a long period. Most of them are ignorant and require advice and guidance from persons who have the genuine interest of the workers at heart. Each worker by himself is unable to fight against the injustice done to him. As such all the economists have recognized the right of the workers to organize themselves. As a group they can settle terms with the employers in a better way. In other words, the workers have been granted the right to bargain collectively.

With a view to self-protection and self-help labour has organized itself under employee associations and unions. The associations formed by workers have come to be known as "Trade Unions".

- **Suppliers:** An important force in the environment of a business enterprise is the suppliers who supply the enterprise with inputs like raw materials and components. The importance of reliable source of supply is indispensable for the smooth functioning of a business enterprise. It is very risky to depend on a single supplier because the problems with that supplier are bound to seriously affect the business organization. Therefore, multiple sources of supply are often helpful. A business organization should deal with the suppliers judiciously. It should try for fair terms and conditions regarding price, quality, delivery of goods and payment. The dealings with the suppliers should be based on integrity and courtesy. The business must create healthy relations with its suppliers.
- **Competitors:** A firm's competitors include not only the other firms that market the same or similar products but also those who compete for the discretionary income of the consumers. Thus, competition among the different business organization should be such that the customer is helped to satisfy his desires and is better off buying the enterprises goods and services.
- **Government:** The business enterprise should take responsibility for providing amenities in the locality where it is located. It should pay the taxes to the government

regularly and honestly, so that the funds may be spent by the State for welfare activities. It should take measures to avoid bad effluent, fouling the air and condition of slum and congestion.

The business enterprise should extend full support to the Government in implementing its policies and programmes relating to the solving of the national problems such as the unemployment problem, food problem, wide disparity in income levels of the different sections of the society, regional imbalance in the economic development etc. It should also help the Government in the equitable distribution of commodities which are in scarce supply, in controlling prices and inflationary trend in the country and in the implementation of various development schemes of the Government. The business enterprise should realize that it cannot function without the support of the Government. If there is any difference between itself and the Government the same should be settled by mutual exchange of ideas and suggestions and not by restoring to non-cooperation with the Government.

From the above discussion, it is clear that the interest of the various Stakeholders interacting with the business enterprise is not identical. They are inflicting conflicting. The owners want highest dividend, the financial institutions want the highest interest, the workers the highest possible wages, the Government wants the highest possible revenue and the consumers want the lowest possible price. It is, therefore, the duty of the business enterprise to bring about a compromise among the interests of various groups. The enterprise is an arbiter among the various groups. It should endeavour to provide a fair dividend to the shareholders, fair pay and working conditions to the workers, good quality products at reasonable prices to the customers.

Stakeholders have a stake in or are significantly influenced by what the organization does. In turn, these groups can influence that organization. There are many reasons why managers should care about managing stakeholders' relationships. Some of the reasons are given below:-

1. It can lead to other organizational outcomes such as improved predictability of environmental changes, more successful innovations, greater degree of trust among stakeholders, and greater organizational flexibility to reduce the impact of change.
2. An organization depends on these external groups as sources of inputs (resources) and as outlets for outputs (goods and services) and organizations should consider their interests as they make decisions and take actions.

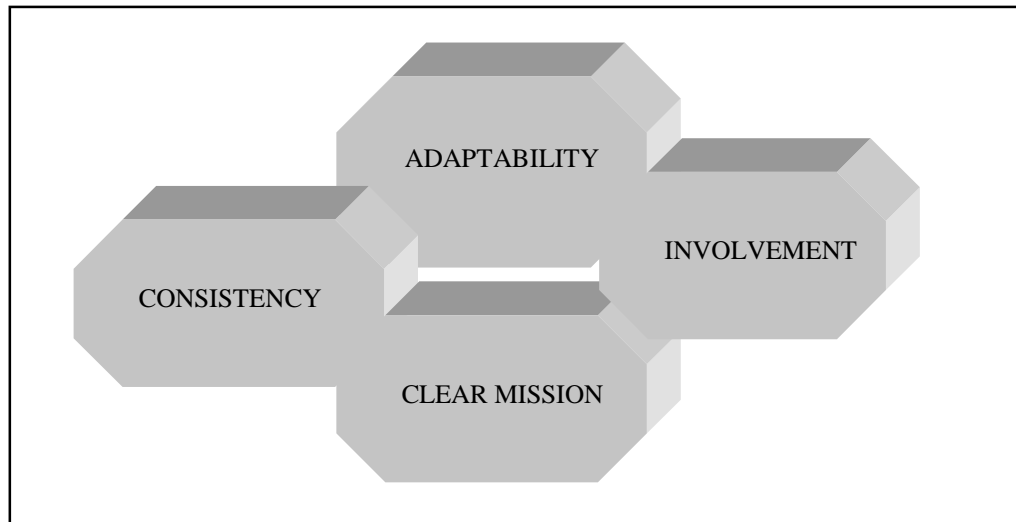
**Steps in Managing External Stakeholders Relationships:-** There are four steps in managing external stakeholder relationships.

1. Identifying who the organization's stakeholders are. Those external groups that are to influence organizational decisions and be influenced by organizational decisions are stakeholders.
2. Determine that particular interests or concerns these stakeholders might have. For example –
  - Customers – product quality.
  - Shareholders – financial issues
  - Employees – safety/working conditions.
3. Decide how critical each stakeholder is to the organization's decisions and actions. For example, some stakeholders are more critical to the organization's decisions and actions than others.
4. Determine what specific approach they should use to manage the external stakeholder relationship. The more critical the stakeholder, the more uncertain the environment.

## 20.7 SUCCESSFUL ORGANIZATIONAL CULTURE

Research conducted by D.R Denison and A.K Mishra, show that organizational culture is related to organizational success. Organizational culture is a framework that guides day-to-day behaviour and decision making for employees and directs their actions toward completion of organizational goals. Culture is what gives birth to and defines the organizational goals. Culture must be aligned with the other parts of organizational actions, such as planning, organizing, leading, and controlling; indeed, if culture is not aligned with these tasks, then the organization is in for difficult times.

The figure below shows that culture based on adaptability, involvement, a clear mission and consistency can help companies achieve higher sales growth, return on assets, profits, quality and employee satisfaction.



**Source:** D.R Denison and A.K Mishra, "Toward a Theory of Organizational Culture and Effectiveness", Organization Science Vol. 6 (1995) Pages 204 - 223.

**Figure 20.5: Successful Organizational Cultures**

*Note:-*

- **Adaptability:** is the ability to notice and respond to changes in the organization's environment.
- **Involvement:** In cultures that promote higher levels of employment in decision-making employees feel a greater sense of ownership and responsibility.
- **Clear Mission:** Mission is a company's purpose or reason for existing. In organizational cultures in which there is a clear organizational vision, the organization's strategic purpose and direction are apparent to everyone in the company.
- **Consistency:** In consistent organizational cultures, the company actively defines and teaches organizational values, beliefs and attitudes. Consistent organizational cultures are also called strong cultures, because the core beliefs and widely shared and strongly held.

Organizational cultures are important to a firm's success for several reasons.

1. They give an organizational identity to employees – a defining vision of what the organization represents. When managers are uncertain about their business environments, the vision helps guide the discussions, decisions, and behaviour of the people in the company.
2. Organizational culture are an important source of stability and continuity to the organization, which provide a sense of security to its members.
3. Knowledge of the organizational culture helps newer employees interpret what goes on inside the organization, by providing an important context for events that would otherwise seem confusing.
4. Culture helps to stimulate employee enthusiasm for their tasks by recognizing and rewarding high-producing and creative individuals, thereby identifying them as role models to emulate.

**Corporate Insights**

**Culture built around several values**

Jack Welch, former CEO of General Electric, led that company to an outstanding level of success for more than twenty years. He has been referred to as the “most successful Chief Executive ever”, by many business magazines and corporate observers. He achieved his results by defining, emphasizing, and rewarding a corporate culture built around several valued principles:

- Removing boundaries that inhibit the flow of ideas.
- Increasing speed and simplicity by “delaying” the organization.
- Setting “stretch” goals for employees and rewarding their achievement.
- Following a “six sigma” program for improving quality and performance.
- Emphasizing the importance of customer satisfaction.
- Creating a learning culture that stresses high morals, open exchange of ideas, and high levels of contributions from each employee.

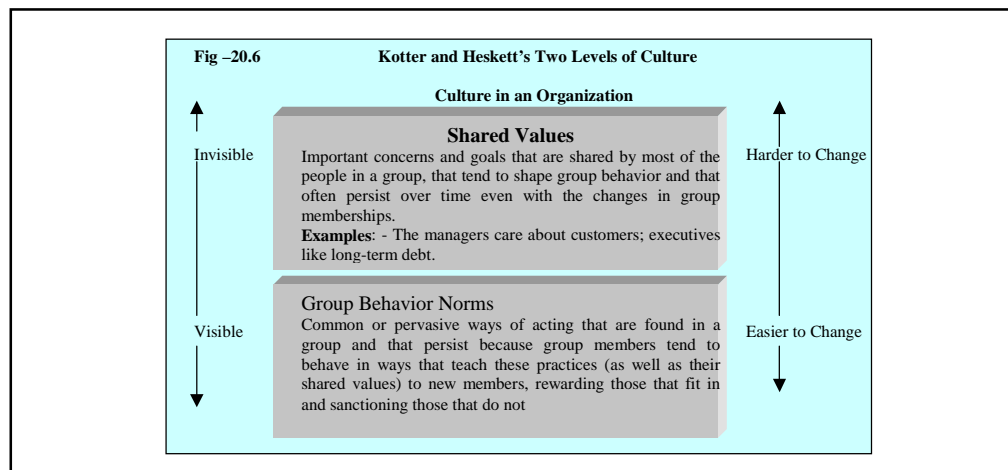
*Source:* Robert Slater, “Jack Welch and the GE way”, McGraw Hill, New York (1998).

### Check Your Progress 2

1. How does organisational culture begun?
2. How can we sustain culture?
3. How do employees learn culture?

## 20.7.1 Corporate Culture and Organizational Success

Artefacts, espoused values, and basic assumptions form the basics of understanding organizational culture. Organizational culture is a framework that guides day-to-day behaviour of employees. Culture is what gives birth to and defines the organizational goals. John Kotter and James Heskett, researchers of Harvard Business School, tried to determine which factors make some organizational cultures more successful than others.



*Source:* John P Kotter and James L Heskett, "Corporate Culture and Performance" The Free Press, New York (1992) page 5.

**Figure 20.6: Corporate Culture and Performance**

Kotter and Heskett identified two levels of culture.

1. **Visible Level:** are the behaviour patterns and styles of the employees.
2. **Invisible Level:** are the shared values and assumptions that are held over a long period of time.

Kotter and Heskett, argue that changes in the visible level (i.e., in behaviour patterns and styles) overtime can lead to change in the invisible level (i.e., more deeply held beliefs). The study had four main conclusions:

1. Corporate culture can have a significant impact on a firm’s long-term economic performance.
2. Corporate culture will probably be an even more important factor in determining the success or failure of firms in the next decade.
3. Corporate cultures that inhibit strong long-term financial performance are not rare; they develop easily, even in firms that are full of reasonable and intelligent people.
4. Although tough to change, corporate cultures can be made more performance enhancing.

The Harvard Researchers, Kotter and Heskett discovered in their research that some corporate cultures are good at adapting to changes and preserving the performance of the organization, while others are not. They distinguished between “adaptive” and “un-adaptive” corporate cultures, which is summarized in the figure below:-

	ADAPTIVE CORPORATE CULTURE	UN-ADAPTIVE CORPORATE CULTURE
<b>CORE VALUES</b>	Most managers care deeply about customers, stockholders, and employees. They also strongly value people and processes that can create useful change (e.g., leadership up and down the management hierarchy)	Most managers care mainly about themselves, their immediate work group or some product (or technology) associated with that work group. They value the orderly and risk-reducing management process much more highly than leadership initiatives
<b>COMMON BEHAVIOR</b>	Managers pay close attention to all their constituencies, especially customers, and initiate change when needed to serve their legitimate interests, even if that entails taking some risks	Managers tend to behave somewhat insularly, politically and bureaucratically. As a result, they do not change their strategies quickly to adjust to or take advantages of changes in their business environment

**Figure 20.7: Adaptive vs Un-adaptive Corporate Cultures**

### 20.7.2 Changing Organizational Culture

If organizations are to consciously create and manage their cultures they must be able to take their employees into consideration. There are problems that managers face when they go about the business of changing organizational culture. Changing organizational culture takes patience, vigilance, and a focus on changing the parts of an organizational culture that managers can control:

1. **Behaviours:** one way of changing a corporate culture is to use behavioural addition or behavioural substitution to establish new patterns of behaviour among employees.
  - (a) **Behavioural Addition:** Behavioural Addition is the process of having managers and employees perform new behaviours that are central to and symbolic of the new organizational culture that a company wants to create.
  - (b) **Behavioural Substitution:** Behavioural substitution is the process of having managers and employees perform new behaviours central to the “new” organizational culture in place of behaviours that were central; to the “old” organizational culture.
2. **Visible Artefacts:** Another way in which managers can begin to change corporate culture is to change visible artefacts of their old culture. Visible artefacts are visible signs of an organization’s culture, such as the office design and layout, company dress codes, and company benefits and perks like stock options, personal parking spaces, etc. These need to change keeping the new corporate culture in mind.

---

## 20.8 LET US SUM UP

---

Corporate cultures are very difficult to change. Consequently, there is no guarantee that behaviour-substitution, behavioural addition or changing visible artefacts will change a company’s organizational culture. Clearly, an open display of top management commitment and support for the new values and beliefs is critically important to enable employees to change.

---

## 20.9 LESSON END ACTIVITY

---

Cultural systems may be considered as products of action as well as the conditioning elements of future action. Do You think this is true? Develop an argument to justify your answer.

---

## 20.10 KEYWORDS

---

Organisational culture

Stakeholders

Rituals

Symbols

---

## 20.11 QUESTIONS FOR DISCUSSION

---

1. What is organizational culture?
2. Describe the seven dimensions of organizational culture.
3. What is the source of an organization's culture?
4. Describe how stories, rituals, material symbols, and language shape an organization's culture.
5. Who are stakeholders? What are the reasons for managers to care about managing their relationship?
6. Describe the four different ways for managers to manage stakeholders' relationships.
7. What are the major elements of organizational culture, and where do they come from?
8. What are the major elements of organizational culture, and where do they come from?
9. Explain in detail Kottar and Heskette study on organizational culture.
10. How can managers change organizational culture?

---

## 20.12 SUGGESTED READINGS

---

Argyris C. (1962) *“Interpersonal competence and Organisational Effectiveness”*, Irwin, Homewood III

Ashburner L. (1990) *“Impact of Technological and Organizational Change”*, Personnel Review U.K.

Bernard M. Bass and Edward C. Ryterband (1979) *“Organizational Psychology”*, (2<sup>nd</sup> Ed) Allyn and Bacon, Boston.

Boss R.W. (1989) *“Organizational development in Health care”*, Addison-Wesley Mass; Reading.

French W. and Bell C. (1978) *“Organisation development”*, (2<sup>nd</sup> Edition) Prentice Hall Englewood Cliffs N.J.

George J.M. (1990) *“Personality Effect, and Behaviour in Groups”*, Journal of Applied Psychology, vol. 75.

Marvin D. Dunnette (1976) *“Handbook of Industrial and Organizational Psychology”*, Rand McNally, Chicago.



Marvin E. Shaw (1981) "*Group Dynamics: The Psychology of Small Group Behavior*", (3<sup>rd</sup> Edition) McGraw-Hill New, York.

Osborne J.E., (1992) "*Turning to Teambuilding to Tackle Tough Times*", Supervisory Management May 1992.

Howe M.A. (1989) "*Using Imagery to Facilitate Organisational Development and Change*", Group and Organization studies.

Varney G. H (1989) "*Building Productive Teams*", Jossey-Bass, San Francisco.

William G. Dyer (1989) "*Team Building: A Microcosm of the Past, Present, and Future of O.D*", Academy of Management OD Newsletter, winter 1989.

P.G.. Aquinas, "*Organizational Behaviour*", Excel Books, New Delhi.

### Case – I

### Gossip on Dolly!!

Dolly D'Souza was an IV semester MBA student from Aloysius Institute of Management, Mangalore. She was specializing in Marketing and had to do a summer project as part fulfillment of the MBA degree programme. Mr. Rohan Vas is Marketing Manager of Mangalore Chemicals Limited (MCL). Her seniors had told her many stories of Mr. Rohan and the way he was intimately involved with girl students. The grapevine also indicated that Rohan sought relationship with two girls last year and ditched them after sexually abusing them. The manager of the accounting department who is Dolly's neighbour had warned her to be careful of Mr. Rohan.

Dolly was extremely apprehensive to meet Mr. Rohan after hearing all these rumours about him. But she had to get the project done and therefore decided that she will go and discuss the project with him. On the first day she met Mr. Rohan, he was extremely warm and kind to her. He explained things out to her and urged her to come to him any time with questions, problems or concerns.

It was three months now and Dolly had found that Mr. Rohan was an extremely warm and kind human being. She was going to thank him for all the help he had extended to her during her summer project. Dolly was pleasantly surprised when Mr. Rohan offered her a job as marketing executive in the company. Dolly was delighted at the offer as she had not got any offer of employment and that her MBA programme was over and she was awaiting results. Dolly thanked Mr. Rohan as she wanted to be independent and not depend on her parents for money moreover and she could save some thing for her marriage expense instead of being a burden on her parents. She was extremely thankful to Mr. Rohan and warmly shook hands with him. Mr. Rohan was extremely warm and told Dolly that he was impressed by her credentials. He also promised to make her permanent within 6 months and an unequalled career progress.

Dolly decided that she would keep her relationship with Mr. Rohan strictly businesslike. She would work very hard at her marketing assignments, but would keep the relationship cool and impersonal.

After about 4 months at the job, Dolly had become more and more comfortable with her relationship with Mr. Rohan. Mr. Rohan had now started asking her to accompany him for lunch. On several occasions in the past, she had refused but today she had reluctantly agreed. As they were having lunch, Mr. Rohan hinted at the prospects of making her a permanent staff of the company "within 2 months". Dolly was delighted and Mr. Rohan used this opportunity to touch her on her in inappropriate way. Though Dolly attempted to deal with that by keeping her physical distance and pushing him mildly when he came too close, she was afraid of telling him directly as she could loose the chance of getting conformed on the job.

Mr. Rohan had invited her to accompany him on a two-day trip for a presentation of a marketing plan at the ooty branch. Though she wanted to refuse, it was an important

assignment and there were others in the department who would be too willing to go if she dropped out. Though Dolly had her concerns, she decided to go feeling that if Mr. Rohan acted funny, she would point blank tell him that she was totally uninterested in any kind of intimate relationship.

After coming back to Mangalore Dolly was shattered as there were rumours in the company that she had an “affair” with Rohan and was projected as a very cheap girl who will go any extent to get a permanent job.

**Questions:**

1. Are the cultural factors responsible for putting Dolly in the situation that she finds herself in today?
2. Given the Indian culture what do you predict will happen next. Why?

**Case II**

**Cross-Cultural Management**

Bill Evans, Managing Director of English Foods Ltd., Cardiff was very unhappy after he received a call from the Home Office. He was asked to explain about the discrimination, racial intolerance and harassment meted out to his Indian employees. It all started about 3 weeks ago when an Indian employee Mira’s bangle got caught in the machine and cut her wrist. The safety committee then decided that no one will be allowed to bangles, finger rings, earrings, or necklaces at work. The order was passed with immediate effect. Almost all girls Asian, African and English – wore bangles. After the order, the English and African girls had taken the bangles off. However, most of the Asian girls continued to wear bangles even after the ban.

The supervisor in the food processing unit, Mr. Jack Straw tried to explain to one of his employees Sheila why she should remove her bangles. The conversation went on as follows:-

Jack: - Sheila, you must have heard about the accident last week when Mira’s bangle got caught in the machine and she cut her wrist. I am afraid that you will have to take off your bangles.

Sheila: - I am sorry, but I cannot take off my bangles; I am a Hindu wife; the bangles are important to my religion.

Jack:-There is an order and I am afraid that you will have to take it off.

Sheila: - I will have to ask my husband.

Jack: - Come on, Sheila, don’t make a fuss. I had to shout at Saroja, and Elena to take off their bangles.

Sheila could see that Jack was very angry, so almost in tears, she removed the bangles.

That evening, the conversation among the Indian girls was about bangles. Girls from Africa thought that it was a lot of fuss about nothing. However, many of the girls were very worried.

After going home Sheila spoke to her husband.

Raman Singh was a close friend of the regional race relations employment advisor, Mr. Major and he decided to explain things out to him. Mr Singh explained that “the bangles are not only a mark of marriage but also of the esteem in which a wife is held by her husband. The more the bangles and the greater their value, the higher her esteem and the greater her social standing. The most sentimental part of the whole problem is that women remove their bangle if they are widowed and some fear that the removal of bangles might lead to their husbands, death”.

*Contd...*

The next week was an anxious time for Sheila. She wore a single bangle every day. Sometimes the supervisor made her take it off. Sheila was sure that she would have to lose her job, and her husband supported her even though her income was needed.

After several weeks of consultations with workers unions and supervisors, Mr. Evens decided that the ban on the wearing of bangles and dangling exterior jewellery would have to be enforced. It was however decided to permit the wearing of wedding rings and nose rings.

Soon after the ban was imposed, Sheila and her husband attended a meeting held by an organization called the Asian Advisory Committee (AAC). This organization was set up to help members of the Asian Community.

Within a few days Sheila's connection with Mr. Major and the AAC helped her to present her case before the Home Office alleging discrimination regarding race, intolerance and harassment. Mr. Bill Evens, Managing Director, English Foods Ltd was summoned before the select committee of the Home Office where he had lot of explanation to do.

**Questions:**

1. If you were Bill Evens, how would you have handled this case?
2. Do you feel that English Foods Ltd discriminated against its Indian workers? Give reasons.
3. If you were the MD of English Foods Ltd., how would you explain the matter to the Home Office?