1. ORGANIZATIONAL THEORIES AND BEHAVIOUR

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STRUCTURE

1.1 INTRODUCTION

People work in organisations in order to build their careers, realise their dreams and achieve success. They join organisations with high expectations. When they get what they want, they get along with others quite happily. Unlike in the past most employees nowadays are in search of jobs that are interesting and challenging. They want to contribute, get recognised and rewarded. They want to find meaning in their day-to-day work life. Striking a balance between what the employees want and what the organisation can offer – has become a knotty issue for many managers. Organisations are nothing but groups of people who work interdependently towards some purpose. When employees are presented with jobs that have stretch, pull and challenge – they are encouraged to put their best foot forward and produce wonderful results. They are motivated to work with passion, zeal and commitment. Unfortunately, the scene out there in the market place is not all that rosy. Most people work in organisations, since they do not have a choice. They do not get what they want. They are made to work in poor surroundings. They are made to fight for everything almost on a daily basis with their own colleagues – thanks to the scarcity of critical resources and lucrative opportunities. They are pushed to the wall and made to swallow their pride and work unhappily wearing a mask to cover up their inner feelings, thoughts and concerns. Yes, this is where Organisational Behaviour(OB) steps in to help managers understand what people think, feel and do in and around organisations. In fact, the present text is all about people working in organisations. We try to look at the soft side of the coin – that is the feelings, emotions, concerns, expectations and reactions of people to any organisational initiative. We also look at how individuals and groups work towards common goals within the boundaries set by the organisation. We also look at how the organisations respond to the demands of people – both individually and collectively – and try to put out fires from time to time. In a way, we are going to focus attention on what people do in organisations and how their behaviour affects the organisational performance.

Organisational Behaviour, as things stand now, may be studied from various angles.

1. The *classical approach* emphasized the need for a structure with well-defined rules, regulations and lines of authority.
2. The *behavioural approach* shifted the focus to human and social needs. Structure has no meaning unless you sell the idea to employees and take them along with you.
3. The *quantitative approach* emphasized the application of quantitative analysis to management decisions and problems. The focus was more on solving technical rather than human behaviour problems.
4. The *systems approach* looked at organisations as a series of inputs, transformation process and outputs. It viewed the organization as an entity with interrelated parts with a unifying purpose, surviving and flourishing in its environment.
5. The *situational/contingency* approach encouraged managers to use the concepts and methods of traditional, behavioural and systems viewpoints, depending on the circumstances they face at the time.

1.2 DEFINITION

Organisational behaviour (OB) is a study of human behaviour in the work place. Precisely stated, it is a systematic study of human attitudes, behaviour and performance – on what people do in an organisation and how that behaviour impacts the performance of an organisation. The focus is on what people think, feel and do in and around organisations. The psychological, behavioural and social side of human beings as members of an organisation is put to a close examination.

Broadly speaking, OB is actually an *applied behavioural science* that is built on contributions from a number of behavioural disciplines such as psychology, sociology, social psychology, anthropology and economics. It seeks to systematically examine the individual, group and structural characteristics that influence behaviour within organisations. The basic aim is to improve our knowledge of why do people behave the way they do? What prompts different people to react differently to the same situation? Why only some organisations emerge as winners and why many others fail to deliver results? Its goals are to make managers more effective at describing, understanding, predicting, and controlling human behaviour.

1. **Describe behaviour:** How people behave under a variety of conditions.
2. **Understand behaviour:** Understand why people behave as they do in organisations.
3. **Predict behaviour:** Predict future employee behaviour, which employees might be dedicated and productive or which ones might be absent, tardy or disruptive on a certain day.
4. **Control behaviour:** Control and develop some human activity at work (skill development, team effort and productivity).

1.3 OB: NATURE AND SCOPE

OB offers a set of tools – concepts and theories – that help people to understand, analyze, describe and manage attitudes and behaviour in organisations. It tries to look into what goes on in organisations and why. Like why X wants to quit the job and Y is willing to hang on for over three decades in the same organisation. Why some people work with passion, love and commitment and while others waste resources and spend their time unproductively. The study of OB offers guidelines that help people at work to understand and appreciate the many forces that influence behaviour in organisations. It helps people working at all levels to make appropriate decisions about how to behave and get along with other people in order to achieve organisational goals.

1.3.1 Features of Organisational Behaviour (OB)

The essential features of OB are listed as under:

Three Levels of Analysis

OB focuses attention on three distinct levels of analysis – individuals, groups and organisations. OB tries to look into the impact the individuals, groups and organisations have on the behaviour of members working in an organisation. It tries to utilize this knowledge with a view to improve organisational performance. (Greenberg and Baron)

1. **Distinct field of study:** Over the years, OB has emerged as a distinct field of study – of what people think, feel and do in and around organisations. A large number of research studies and conceptual developments are constantly being added to its knowledge base.

2. **Interdisciplinary in nature:** OB is an interdisciplinary field dedicated to better understanding and managing people at work. It draws on a wide variety of social science disciplines, including psychology, sociology, anthropology, economics, political science etc.
3. **Use of scientific methods:** The field of OB seeks to develop a base of knowledge about behaviour in organisations by employing an empirical, research-based approach. As such, it is based on systematic observation and measurement of the behaviour or phenomenon of interest.
4. **Focus on application:** The field of OB lays emphasis on applications that can make a real difference in how organisations and people in them perform. For example, researchers have shed light on practical questions as to: what steps could be taken to reduce work-related stress, what can be done to improve quality of organisational communication, under what conditions individuals make better decisions than groups etc. (Greenberg and Baron)
5. **Focus on both sides of the coin:** OB is a science because it seeks to study human behaviour through the use of – scientific methods – observation, collection and analysis of data and interpretation of data by looking into the relationships among variables etc. Human behaviour is highly unpredictable and as such the predictive value of OB remains a questionable issue always. OB, at best, may be viewed as an inexact science. As rightly pointed out by **Luthans,** it is possible to predict relationships between variables affecting behaviour on a broad scale but it is difficult to apply predictive models on an individual basis. OB is an art in the sense that the knowledge gained through a scientific process of observation and analysis can be put to good use by managers while dealing with individuals under a variety of situations.
6. **Contingency thinking:** OB relies on contingency thinking (meaning that *different situations require different behavioural practices for greatest effectiveness*) while trying to understand and solve work-related problems. The strength of the contingency approach is that it encourages a close examination of each situation prior to action while at the same time discouraging habitual practice based on universal truths about human beings. OB recognizes that management practices must be tailored to fit the exact nature of each situation and rejects the classical thinking that there is one best or universal way to manage people and organisations. (Schermerhorn, Hunt, Osborn)
7. **Subset of management:** Management may be defined as the pursuit of organisational goals, effectively and efficiently. Efficiency means to use resources wisely and cost-effectively. Effectively means to achieve results to make the right decisions and successfully carry them out to achieve the organisation's goals. Since these goals are unattainable without human input, OB is a significant subset of management.
8. **Positive and optimistic:** Modern OB is positive in nature and is very optimistic about human nature and behaviour. The traditional, negative thinking about employees (that they are basically lazy, irresponsible and require constant supervision and external controls etc.) is being rejected in favour of a more democratic approach where employees are trusted, treated with respect and every attempt is made to improve the quality of life at work. (Greenberg and Baron)

10. **Integrative in nature:** OB seeks to balance human and technical values at work. It seeks to achieve productivity by building and maintaining employee's dignity, growth and satisfaction, rather than at the expense of these values. OB seeks to fulfill employees' needs and aspirations while trying to realize organisational goals.

The focus of OB is on human behaviour at work. As we all know, human beings are complex. They are not alike and they are gifted with unique brains. Two people often act very differently in the same situation and the person's behaviour changes in different situations. Keeping this in the backdrop, we can safely conclude that OB does not offer any simple solutions or universal guidelines as far as human behaviour is concerned. It all depends on circumstances, situations and several other contingencies. OB certainly helps us to look at everything from a fresh perspecive – paying attention to a wealth of research based theories about how people behave in organisations – before arriving at an informed decision.

1.4 IMPORTANCE OF OB

OB, is important to managers because of the following reasons:

- ***To uncover hidden aspects of the organisation*****:** Often, managers in their anxiety to get results through others, tend to focus attention on strategies, objectives, policies, procedures, structure, technology, formal authority, chain of command, which is the formal side of the organisation – ignoring the human side of the coin completely. By forcing managers to focus attention on the actions of people at work, OB tries to uncover the hidden aspects of organisation such as attitudes, perceptions, group norms, informal relationships, interpersonal and intergroup conflict etc. it makes them realise the importance of taking the human element into account while translating mega corporate dreams into concrete reality.
- ***Explain and predict behaviour:*** OB helps managers to explain why individuals behave as they do in organisations, why individuals in groups behave differently than individuals acting alone, why monetary incentives have only a limited impact on individual motivation and satisfaction, why a certain amount of conflict is healthy for organisations, why people skills are most important to managers while running the show. By focusing attention on individual and group level characteristics, OB tries to explain and predict behaviour. Because they achieve results through others, managers will be more effective leaders if they have an understanding of human behaviour.
- ***Acquire 'people skills' and win the race:*** One popular reason for studying OB is to learn more about 'people skills' and apply them in work situations and come out of the race victoriously. People can distract the organisation from its professed path by engaging in conflict and misunderstandings, or they can pool their diverse talents and perspectives to achieve much more as a group than they could ever do as individuals.(R. L. Daft) By understanding what causes people to behave as they do, managers can exercise leadership to achieve positive, encouraging and even stunning results from time to time To succeed as a manager, one has to read OB and apply the knowledge in an intelligent manner.

- ***Formulate informed judgements***: Generally speaking, OB does not offer magic solutions to behavioural puzzles in an organisation. (Hamner and Organ) There is no substitute and neither will there be ever any substitute for judgement of the practicing manager in dealing with specific situations. OB can only help in formulating an informed judgement that can be derived from tenable assumptions; judgement that takes into account the important variables underlying the situation, judgement that assigns due recognition to the complexity of individual or group behaviour; judgement that explicitly takes into account the manager's own goals, motives, hang-ups, blind spots and frailties.

1.5 LIMITATIONS OF OB

OB is not without its critics and problems. Some of the limiting factors that impact OB may be listed thus:

1. **Theoretical soundness open to doubt:** OB is built around research that deals with complex human behaviour about which very little can be said with absoluteness. Based on research we cannot formulate and come out with certain generalizations that are applicable to all people and in all situations. The problem with OB is that it has no unified theory. Whatever little is known about human beings should be tempered with what the manager has gained through observation and practice.
2. **Behavioural flavour:** OB might stretch a point too far while trying to come to the aid of employees as human beings. No organisation can afford to miss other important elements of work in the name of meeting employee expectations, concerns and demands. You have many other stakeholders demanding their share of the cake. And you need to put all energies focused on getting results – results that are far superior to your rivals in your own self interest.
3. **Manipulative behaviour:** Often managers resort to manipulating people, putting OB concepts and guidelines to personal advantage. In the name of trying to get results you cannot obviously take people for a ride. There is an ethical and moral angle to everything you do. Results, of course matter. But you cannot ride over people – putting the knowledge, techniques and guidelines offered by OB to gain an upper hand over everything.

1.6 DISCIPLINES CONTRIBUTING TO OB

OB is multidisciplinary in nature. It is, in fact, an applied behavioural science that is built on contributions from a wide variety of social science disciplines, such as psychology, sociology, social psychology, anthropology, political science and economics.

1. **Psychology:** Psychology is a science that seeks to understand, explain and possibly change the behaviour of humans and other animals. The areas that have contributed and continue to add to the knowledge of OB include, understanding motivation at work, leadership effectiveness, perception and work stress, decision- making, learning theories, personality and attitude analysis.

2. **Sociology:** Sociology studies people in relation to their fellow human beings. The inputs from sociology flowing into OB include, group dynamics, work teams, organisational culture, interpersonal and intergroup communications, power, conflict, organisational structure and bureaucracy.
3. **Social psychology:** While psychology deals with individual behaviour and sociology deals with group behaviour, the social psychology examines interpersonal behaviour (influence of people on one another). The social psychologists focus attention on intergroup activities and decision-making processes, integration of individual needs with group activities, effect of change on individuals and how people cope with 'change'.
4. **Anthropology:** Anthropology is the study of societies, which helps us learn about human beings and their activities. It studies the cultural impact of individual behaviour. Our cultural roots, often, shape our value system and help us draw the curtain between what is right and wrong. The cultural upbringing and the values learnt over a period of time, help us fit in with established norms of behaviour. Anthropology, thus, contributes a lot in understanding the impact of culture on OB, values systems, norms, sentiments and group linkages.
5. **Political science:** Political science examines the behaviour of individuals and groups within a political environment. Major areas of interest that are related to organisational behaviour include political manipulation, allocation of power, conflict and conflict resolution, using power for personal gains.

1.7 MODELS OF OB

A model is a simplified presentation of some real-world phenomenon. The OB model, as mentioned earlier, focuses attention on three distinct levels of analysis – individuals, groups and organisations. It tries to look into the impact the individuals, groups and organisations have on the behaviour of members working in an organisation. It tries to utilise this knowledge with a view to improve organisational performance. The model of OB is generally built around two sets of variables, namely dependent variables (productivity, absenteeism, turnover, job satisfaction) and independent variables (individual level variables, group level variables and organisation system level variables). The basic objective of any model of OB is to make managers more effective at describing, understanding, predicting and controlling human behaviour.

Over the years, five different models of OB have emerged, typically representing beliefs that have significantly influenced management thought and actions, namely, autocratic, custodial, supportive, collegial and system.

1. **The Autocratic Model:** The autocratic model is based on a traditional set of assumptions about people. Managers believe that people have an inherent dislike of work and will avoid it whenever possible. Most people, being lazy, prefer to be directed, want to avoid responsibility and are relatively un-ambitious. They must, therefore, be controlled or even threatened with punishment to get them to work towards organisational goals. External control is appropriate for dealing with such unreliable, irresponsible and immature people. Managers have to be

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strict and authoritarian, if subordinates are to accomplish anything. Since the boss knows what is best for the employees and the organisation as a whole, employees have to simply follow the orders. Obedience to the boss is very important, as he has the power to hire fire and 'perspire' the subordinates. The boss pays, in the end, minimum wages because minimum performance is given by employees.

2. **The Custodial Model**: The autocratic model compels to be obedient, much against their wishes. There is no way to express their concerns and feelings. Unable to ventilate their grievances, they turn hostile and develop feelings of insecurity and exploitation. To overcome such negativism, managers had to come out with welfare programmes (mainly fringe benefits and other economic rewards) to take care of the physical (thereby covering the subsistence needs of employees)and security needs of employees. They now look towards the organisation (instead of the boss) for a fair share of the cake and are willing to extend their cooperation passively (remember, not enthusiastically). No doubt, they are happy but since there is no attempt to involve or empower them in organisational work, their commitment to the job and the organisation is only minimal. Therefore, not surprisingly, throughout the 1940s and 1950s the researchers highlighted the fact that 'happy employees may not be productive employees'. Slowly but steadily, managers began to understand that mere paternalism would not make employees feel fulfilled or motivated.
3. **The Supportive Model:** As rightly indicated by The Hawthorne Experiments, understanding human behaviour in organisations is central to the success of any cooperative effort. People consistently describe the best work places as those where people are valued and cared about, as manifest through such things as employee participation, sensitivity to work or family concerns, good two-way communication, and fun. These all relate to the human side of businesses. A healthy, supportive work climate would enable employees to contribute to the best of their abilities. The supportive model, therefore, advocates sympathetic, understanding and caring leadership in place of power or money. Participation and task involvement would help employees to satisfy their psychological needs, in addition to the physiological and safety needs. The manager's role is one of helping employees solve their problems and achieve results.
4. **The Collegial Model:** The term 'collegial' relates to a body of people working together cooperatively. The model is found to be useful while carrying out unstructured work, somewhat intellectually challenging and requires a kind of 'meeting of minds'. In this case, the managerial orientation is towards teamwork. The manager would rather act like a coach and motivate team members to take charge of work independently. They are forced to exercise self-discipline, set a reasonable pace for themselves and meet the targets enthusiastically. They are encouraged to uphold quality standards so that they can bring laurels to their company in the end.
5. **The System Model:** This is reflective of the values underlying positive Organisational Behaviour. The model is in sync with modern management thought that essentially believes that organisations can take advantage of the imagination and intellect of all their employees. A sense of caring is said to be the foundation of managerial success. The need of the hour is to find leaders

who are willing to ''give people the freedom to do what they want" and facilitate employee accomplishments through a variety of actions.

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1.8 CLASSICAL THEORY

The term 'classical' means something traditionally accepted or long-established. It does not mean that classical views are static and time bound that must be dispensed with. Some of the elements of classical theory are still with us, in one form or another:

- **Interrelated functions:** Management consists of several inter-related and inter-dependent functions such as planning, organising, staffing, directing and controlling.
- **Universal principles of management:** It is possible to understand, study and practice management quite effortlessly and to facilitate this classical writers (Taylor, Fayol, Weber etc) developed certain principles –purely based on experience
- **Bureaucratic structure:** Traditional theory prescribed that organisations be built around work to be done. Work is cut into small parcels and handed over to people having requisite qualifications. The work is supervised and controlled by a common superior following certain rules and regulations.
- **Reward-punishment nexus:** "Follow the rules, obey the orders, show the results and get the rewards" Juicy carrots for those who run the race ahead of others and those who fall behind are severely penalized. Great emphasis was also put on efficient use of resources while producing results.

Surprisingly, the classical theory developed in three streams: Bureaucracy (Weber), Administrative Theory (Fayol), and Scientific Management (Taylor). Let us examine the classical theory more closely:

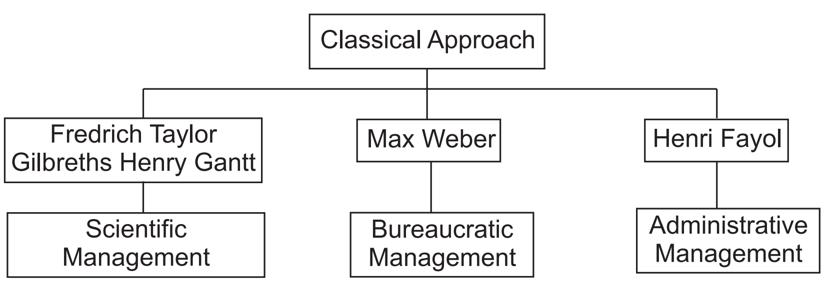

Fig. 2.1 Classical Approach

1.8.1 Bureaucracy

Principles of Scientific Management

Weber has provided a number of features of bureaucratic structure. These are given below:

- **Hierarchy:** Hierarchy is a way of ranking various positions in descending order from top to bottom of an organisation.

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- **Division of work:** The total work is divided into specialised jobs. Each person's job is broken down into simple, routine and well-defined tasks. Each employee knows his boundaries. By doing the same type of work a number of times, he becomes an expert in course of time.
- **Rules, regulations and procedures:** The behaviour of employees is regulated through a set of rules. The emphasis is on consistency. Employees are expected to follow these rules strictly. They have to be applied in an impersonal and objective manner.

Max Weber (1864 – 1920) introduced most of the concepts on bureaucratic organisations. The word bureaucracy implies an organisation characterized by rules, procedures, impersonal relations, and elaborate and fairly rigid hierarchy of authority-responsibility relationships.

- **Records:** Proper records have to be kept for everything. Files have to be maintained to record the decisions and activities of the organisation on a day-to-day basis for future use.
- **Impersonal relationships:** Everything should proceed according to rules. There is no room for personal involvement, emotions and sentiments. If an employee comes late, whether he is a manager or a peon, the rule must be same for all. The decisions must be governed by rational considerations rather than personal factors.
- **Administrative class:** Bureaucracies generally have administrative class responsible for coordinating the work known as bureaucrats, these officials are selected (rewarded and promoted) on the basis of their competence and skills.

Advantages

- **Specialisation:** Each member is assigned a specialized task and is able to deliver superior performance over time.
- **Structure:** A structure or form is created by identifying the duties and responsibilities and reporting relationships within a command hierarchy. Structure helps members to know their jurisdictional limits and operate without any friction.
- **Rationality:** Bureaucracy brings rationality to an organisation. Judgements are made according to an objective and generally agreed upon criteria.

Disadvantages

- **Rigidity:** Critics of bureaucracy claim that it is rigid, static and inflexible. Strict adherence to rules produces timidity, conservatism and technicism. In the name of following rules, people may even shirk away from their responsibilities.
- **Impersonality:** Bureaucracy emphasizes mechanical way of doing things. Rules and regulations are glorified in place of employee needs and emotions.
- **Displacement of objectives:** As organisational procedures become more formalized and individuals more specialized, means often become confused with ends.

- **Predictability:** The rules, regulations, training, specialization, structure and other elements of bureaucracy enables it to provide predictability and stability to an organisation.

- **Democracy:** In bureaucratic organisations, decisions are arrived at according to an acceptable criterion. Rules and regulations bring about consistent behaviour within the organisation. Activities are taken up on a priority basis, according to a time schedule. People are selected on the basis of merit. Patronage, favoritism and other arbitrary bases are not given weightage. Because the opportunity to train, apply and be selected for a job is open to every citizen, a significant degree of democracy is achieved.

Specialists, for example, may concentrate on their own finely tuned goals and forget that their goals are a means for reaching the broader objectives of the organisation.

- **Compartmentalization of activities:** Strict categorization of work restricts people from performing tasks that they are capable of doing. For example, a pipe fitter can install a pump, but is prohibited by work rules from making the electrical connection even if he is totally qualified to do so. Bureaucracy would also encourage a tendency to perpetuate existing jobs even when they become redundant. The typical bureaucracy tries to preserve all the old jobs and add new ones for new requirements, resulting in wastage of scarce inputs.
- **Empire-building:** Bureaucracies often turn managers into empire builders. They try to enhance their status and power by adding more people, more space, more physical facilities – whether they are required or not.
- **Redtapism:** Bureaucracies are paper mills. Everything is recorded on paper. Files move through endless official channels, resulting in inordinate delays. Communication is reduced to a feeble walk.

1.8.2 Scientific Management

F.W. Taylor (1856-1915) an engineer at the Bethlehem Steel Company in Pennsylvania, focused on analyzing jobs and redesigning them so that they could be accomplished more efficiently. As he searched for the best way to maximize performance, he developed scientific management principles.

Principles of Scientific Management

- Each task must be scientifically designed so that it can replace the old, rule-of-thumb methods.

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- Workers must be scientifically selected and trained so that they can be more productive on their jobs.
- Bring the scientifically designed jobs and workers together so that there will be a match between them.
- There must be division of labour and cooperation between the management and workers.

Taylor stressed the importance of employee welfare as well as production efficiency. To boost up productivity, wage incentives based on performance (differential piece rate system) were introduced. The emphasis was on maximum output with minimum effort through elimination of waste and inefficiency at the shop floor level.

Techniques of Scientific Management

- **Scientific task planning:** Scientific task is the amount of work which an average worker can perform during a day under normal working conditions (called as a fair day's work). Management should decide in advance as to – what work is to be done, how, when, where and by whom. The ultimate goal is to see that work is done in a logical sequence promoting maximum efficiency.
- **Time and motion studies:** Time and motion studies have been advocated by Taylor with a view to isolate the wasteful and unproductive motions on the job. The time study would indicate the minimum time required to do a given job. The time taken by workers to do a job is being recorded first and this information is being used to develop a timestandard. Timestandard is the period of time that an average worker should take to do a job. Motion study is carried out to find out the best sequence of motions to do a job. Managers, in the end, are charged with the task of planning the work through the above studies and workers are expected to implement the same.
- **Standardization:** Under scientific management, standards have to be set in advance for the task, materials, work methods, quality, time and cost and working conditions. This helps in simplifying the process of production, reducing wasteful use of resources and improving quality of work.
- **Differential piece rate system:** Taylor advocated differential piece rate system based on actual performance of the worker. In this scheme, a worker who completes the normal work gets wages at higher rate per piece than a worker who fails to complete the same within the time limit set by management. For example, each worker who produced 10 machine nuts (normal work) would be paid the standard wage of ₹ 2 per piece, and those below the normal work may get ₹ 1.5 per piece. Thus, there is a considerable difference in wages between those who complete the job and those who do not complete. Each worker is pitted against every other worker in an unhealthy competitive scheme to make more and earn more. In the long-run, this will have a telling effect on the health of the worker. More damagingly, this scheme would divide the working class permanently.
- **Functional foremanship:** In order to achieve better production control, Taylor advocated functional foremanship where the factory is divided into several components, each in charge of a specialist, namely, route clerk, instruction card clerk, cost and time clerk, gang boss, speed boss, inspector, repair boss and shop

disciplinarian. These functional specialists perform the planning function and provide expert advice to workers. They plan the work for employees and help employees in improving results. The workers are expected to implement the commands of functional specialists. The idea of a divorce between planning and doing function, unfortunately, suggests that workers are incapable of thinking independently.

Contributions and Limitations of Scientific Management

Contributions	Limitations
• **Efficient and effective production methods:** According to Gilbreths, the primary benefit of scientific management was 'conservation and saving, making an adequate use of every ounce of energy of any type that is expected'. In the modern assembly line, conveyer belts bring to each employee the parts needed to perform one specific job and they carry the completed work to the next employee on the line. Specialization and division of labour have brought about the second Industrial Revolution in America and other developing nations. The American production 'miracle' is said to be the legacy of scientific management. The time and motion techniques have shown clearly as to how to organize the tasks in a more efficient and rational way. • **Rational way to solve organizational problems:** The role of scientific selection and development of workers in increasing worker effectiveness is also recognised. The stress it placed on work design encouraged managers to pursue the 'one best way' philosophy and achieve the tasks with the minimum effort and cost. Scientific management not only developed a rational approach to solving organisational problems but also pointed the way to the professionalization of management.	• **Exploitative device:** Scientific Management made workers to run a race against time to earn more. The fruits of labour, in the end, were never enjoyed by workers in full measure. The owners enjoyed the party while the workers were shedding their blood. • **Depersonalized work:** Scientific management supplied standardized jobs to workers. Everything was set in a straitjacket. Workers were made to repeat the same operations daily. This produced boredom and monotony. Workers did not like the idea of becoming glorified machine tools. • **Un-psychological:** Taylor's idea that maximum productivity could be achieved only by employing 'first class men' was a deplorable one. Further, adding insult to injury, he did not suggest how the wages had to be paid and how the efficiency of workers could be measured etc. • **Undemocratic:** The idea of managers planning the operations and workers implementing the same was a prohibitive practice. In other terms, one group always performed challenging, novel tasks whereas the other one is loaded with boring, routine and standardized jobs. Scientific management, in a way, treated workers as unthinking animals.

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- **Heroic figure:** Taylor is regarded as a heroic figure in the history of management because of certain genuine reasons: (*i*) He is the first one to advocate planning of work, scientific selection of people, putting right man on the job, rewarding the efforts of employee in adequate measure, waging a war against inefficiency (*ii*) He gave a concrete shape to his ideas and reduced managerial thinking to a set of principles that have stood the test of time over the years.

- **Anti-social:** Scientific Management treated workers as economic tools. They were made to work and work without any interaction.
- **Unoriginal:** People like Hoagland questioned the originality of Taylor's ideas and felt that his contribution had been somewhat overrated and overemphasized. Other researchers felt that the report of Taylor on Bethlehem Steel was almost completely a lie.
- **Unrealistic:** Taylor believed that employees are motivated by material benefits. Current research, however, does not support this contention. Modern employees seek job satisfaction, growth opportunities, challenging work, recognition etc apart from economic incentives from work.

1.8.3 Administrative Theory

Henry Fayol (1841-1925) – a mining engineer with a French company – was a pioneer in the study of the principles and functions of management. He drew a clear distinction between operating and management activities. He listed the five major functions of management – planning, coordinating, organizing, controlling and commanding – that help a manager run a business efficiently and effectively. In addition to the five management functions, Fayol also developed 14 principles of management that can be applied in all types, functions, levels and sizes of organizations. These principles may be listed thus:

Fayol's 14 Principles of Management

1. **Division of work:** Divide work into specialized tasks and assign responsibilities to specific individuals. Specialization increases output by making employees more efficient.
2. **Authority and responsibility:** Authority is the right to give orders and the power to obtain obedience. Managers must be able to give orders and authority gives them this right.
3. **Discipline:** Employees must obey and respect the rules that govern the enterprise.
4. **Unity of command:** An employee should receive commands from only one superior.
5. **Unity of direction:** The entire organization should be moving towards a common objective in a common direction.

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6. **Subordination of individual interest to the common good:** In any organisation, the interests of employees should not take precedence over the interests of the organisation as a whole.
7. **Remuneration of personnel:** Compensation for work done should be fair to both employees and employers. Fayol did not favour profit-sharing plan for workers but advocated it for managers.
8. **Order:** Materials and people should be in the right place at the right time.
9. **Centralization:** Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is operating.
10. **Scalar chain:** The graded chain of authority from top to bottom through which all communications flow is termed as 'scalar chain'. However, if following the chain creates communication delays, cross-communication (Gang Plank principle) can be permitted, if agreed to by all parties and superiors are kept informed.
11. **Equity:** Managers should be fair in dealing with employees. Equity is the combination of justice and kindness.
12. **Stability of tenure:** Management should provide systematic human resource planning and ensure that replacements are available to fill vacancies.
13. **Initiative:** Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.
14. **Esprit de corps:** Management should promote harmony and general good feelings among employees.

Fayol firmly believed that management functions and principles have universal application. He felt that those who acquire a general knowledge of management functions and principles can manage all types of organisations. He argued that anyone interested in managing an enterprise could learn these principles and apply successfully. In order to become a manager, however, certain qualities of head and heart are needed (physical health, mental vigour and character).

Contributions and Limitations of Fayol

Contributions	Limitations
• **Conceptual foundation:** Fayol's contribution to management is unique and valuable. He provided a conceptual framework for analyzing the management process. He (*i*) proposed that all operations in a business can be classified into 6 major heads where management is the most important one; (*ii*) listed planning, organising, commanding, coordinating and controlling as the main elements of management; and	• **Lack of empirical evidence:** The theory is not supported by empirical evidence. Some of the terms and concepts have not been properly explained by Fayol. For example, the principle of specialisation does not tell us the way to divide the tasks. The so-called principles of management have been dubbed by critics (Simon, Stephenson) as 'proverbs' comparable to folklore and folk wisdom.

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(*iii*) proposed 14 principles of management which could be applied universally. A number of current ideas and practices in management can be directly linked to the contributions of Fayol.

- **Neglect of human factor:** The theory views human being as passive and capable of reacting only to organisational rules and economic incentives. Human attributes such as emotions, attitudes, creativity have been totally ignored.
- **Universally applicable principles of management:** By emphasising that management skills are universal, Fayol has done a signal service to the propagation of management concepts. Fayol always believed that managerial ability could be applied to home, the church, the military, the school, politics as well as to industry. This has ultimately led to the mushrooming growth of management institutions throughout the globe.

- **False assumptions:** The theory assumes that all organisations can be managed by the same set of rules and principles. It does not recognise the differences in tasks and problems that confront organisations. Formal authority, again, is not sufficient for managers to control employees. They must act differently in different situations, assessing their own strengths, organisational needs, union pressures and competitive reactions from time to time. Rules have to be applied carefully looking at the internal and external dynamics of the organisations.
- **Pro-management bias:** It suffers from pro-management bias. It is more concerned with what mangers should know and do rather than with a more general understanding of managerial behaviour. It does not offer guidelines as to when, where and how the principles have to be applied.
- **Historical significance:** It has only historical significance. It is more appropriate for the past (where the environment was stable, predictable) than for the present (where the environment is turbulent, competitive and continually changing). As we all know, getting work from subordinates through the use of commands, instructions and force is not possible in the modern world.

1.9 BEHAVIOURAL THEORY

The behavioural approach shifted focus from the job itself to the people who performed the same. According to this approach if managers understand their people and adapt their organizations to them, organizational success will follow. The behavioural theory developed in two parts – the first one known as the Human Relations Theory, which was popular in 1950s and still attracts a lot of attention even today. The second part – known as the Behavioural Sciences approach – a more rigorously developed one strengthened by inputs from economics, psychology, and sociology – stressed the need for human skills in running in show in modern organizations. The emphasis was more on making the work more meaningful and fulfilling so that organized groups can deliver results.

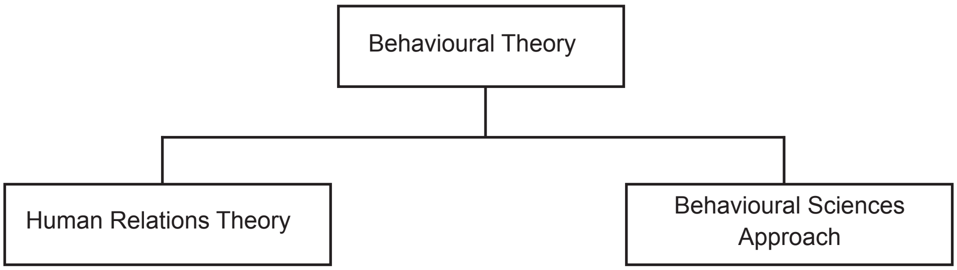
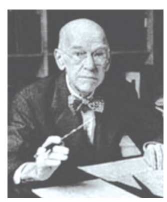


Fig. 2.2 Behavioural Theory

1.9.1 Hawthorne Studies and the Human Relations Theory

Hawthorne Experiments

The famous Hawthorne experiments comprised of three things:



Elton Mayo (1880-1949) pioneered the human relations movement. He headed a group of Harvard researchers who investigated the behaviour and attitude of the workers at the Hawthorne Works of the Western Electric Company between 1927 and 1932.

1. **Illumination experiments:** The Hawthorne researchers began with illumination experiments with various groups of workers. This experiment involved prolonged observation of two groups of employees making telephone relays. The purpose was to determine the effects of different levels of illumination on workers' productivity. The intensity of light under which one group was systematically varied (test group) while the light was held constant (control group) for the second group. The productivity of the test group increased each time the intensity of the light increased. However, productivity also increased in the control group which received no added light. The researchers felt that something besides lighting was influencing the workers' performance. In a new set of experiments, a small group of workers were placed in a separate room and a number of things were changed; wages were increased, rest periods of varying length were introduced; the workday and workweek were shortened. The researchers, who now acted as friendly supervisors, allowed the group to choose their own rest periods and to have a say in other suggested changes. Workers in the test room were offered financial incentives for increased production. Over the two-year period, output went up in both the test and control rooms (surprisingly, since the control group was kept on the same payment schedule) steadily regardless of changes in working conditions. Why? Part of the answer may be attributed to what has come to be called the 'Hawthorne Effect'. The workers knew they were part of an experiment. They were being given special attention and treatment because of the experiment. They were consulted about work changes and were not subject to the usual restrictions

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imposed from above. The result of this special attention and recognition caused them to carry a stimulating feeling of group pride and belongingness. Also, the sympathetic supervision received by the members might have brought about improved attitudes towards their jobs and job performance. At this stage, the researchers were interested in finding out clear answers to the question: Why the attitudes of the employees had become better after participation in the test room?

2. **Interviewing programme:** Mayo initiated a three-year long interview programme in 1928 covering more than 21,000 employees to find out the reasons for increased productivity. Employees were allowed to talk freely (non-directive interviewing) and air their opinions in a friendly atmosphere. The point demonstrated by this interviewing programme is central to the human relations movement. If people are permitted to talk about things that are important to them, they may come up with issues that are at first sight not connected to their work. These issues may be, how their children are doing at school, how the family is going to meet the ration expenses, what their friends think of their jobs, and so on. Taking about such matters to a sympathetic listener who does not interpret is therapeutic. When researchers began to examine the complaints made by the employees they found most of complaints to be baseless. Many times nothing was done about the complaint, yet, after an interview the complaint was not made once again. It became apparent that often workers really did not want changes made; they mainly wanted to talk to an understanding person who did not criticise or advise about their troubles. Thus, for the first time, the importance of informal work groups is recognised. To find out more about how the informal groups operated, the bank wiring room experiment was set up.
3. **Bank wiring room experiment:** In this experiment, 14 male workers were formed into a small work group and intensively observed for seven months in the bank wiring room. The men were engaged in the assembly of terminal banks for the use in telephone exchanges. The employees in the group were paid in the regular way depending on the efficiency rating plus a bonus based on average group effort. Thus, under this system, an individual's pay was affected by the output of the entire group and by his own individual output. It was expected that highly efficient workers would bring pressure to bear on less efficient workers in an attempt to increase output and thus take advantage of the group incentive plan. However, these expected results did not come about. The researchers found that the group had established its own standard of output and this was enforced by various methods of social pressure. Output was not only being restricted but individual workers were giving erroneous reports. The group was operating well below its capability and was leveling output in order to protect itself. Thus, work group norms, beliefs, sentiments had a greater impact in influencing individual behaviour than did the economic incentives offered by management.

1.9.2 Human Relations: Key Concepts

The Hawthorne experiments, thus, indicated that employees were not only economic beings, but social and psychological beings as well. The man at work is motivated by more than the satisfaction of economic needs. The main emphasis should be on creating a humanistic or informal organisation in place of a mechanistic or formal organisation. The organisation must be democratized and people working therein must become part of 'one big happy family'. The whole philosophy of human relations is built around the following ideas:

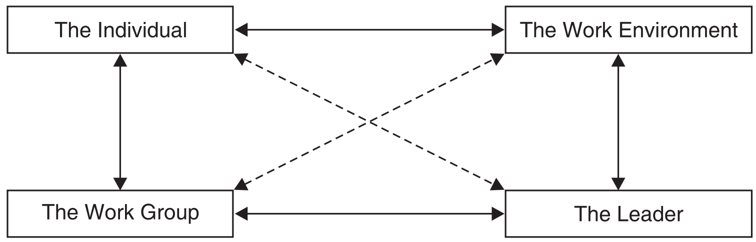

Fig. 2.3 Human Relations in Action

1. **The individual:** According to human relationists, each person is unique. Each is bringing to the job situation certain attitudes, beliefs and ways of life as well as certain skills – technical, social and logical. Hence, the individual is not only motivated by economic factors, but is motivated by multifarious social and psychological factors.
2. **The work group:** Work is a social experience and most workers find satisfaction in membership social groups. Unless managers recognise this, human relations at work will not improve. Good interpersonal and intergroup relationships among people need to be maintained to obtain productivity gains.
3. **The work environment:** Managers have to create positive work environment where the employee finds it easy to achieve organisational goals as well as his own personal goals. Positive work environments are those where:
   (*i*) the goals are clearly defined
   (*ii*) incentives are properly used to improve performance
   (*iii*) decisions are timely and participative
   (*iv*) conflict is confronted openly and squarely, and
   (*v*) the work is interesting and growth-oriented.
4. **The leader:** The leader must behave in a way that generates respect. He must be able to adjust to various personalities and situations. He must offer a pleasant work climate where bossism is totally absent and where members are allowed to have a say in the decision-making process.
5. **Participative climate:** Participative management or decision-making in which workers discuss with supervisors and influence decisions that affect them – is a major aspect of human relations theory. The experiment showed that a supervisor can contribute significantly in increasing productivity by providing a free, happy and pleasant work environment where bossism to totally absent and where members are allowed to participate in decision-making policies. Authoritarian tendencies must give way to democratic values. Instruction and coaching must replace browbeating and driving.

1.9.3 Refinements in Human Relations (also called Neo-Classical) Theory

The neo-classical theory attempted creation of workforce with high morale by using democratic means. The focus was on people, incentives, democratization of work place, and social interactions in direct contrast to what the classical theory emphasized, i.e. order, rationality, structure, rules and regulations, specialization and economic tools. Let's look into these differences more closely:

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Basis	Classical Theory	Neo-classical Theory
Structure	Impersonal, mechanical.	Organisation is a social system.
Behaviour	Organisation behaviour is a product of rules and regulations.	Behaviour is a product of feelings, sentiments and attitudes.
Focus	Primary focus is on work and the economic needs of workers.	Primary focus is on small groups, on emotional and human qualities of employes.
Emphasis	Primary emphasis maximising rewards having proper order and rationality.	Emphasises personal, security and social needs of workers while achieving organisational goals.
Practices	Authoritarian practices, elaborate rules and regulations employed to obtain results.	Democratic practises, participation to employees. in decision-making in order to improve morale and happiness of employees. It recognises the importance of human dignity and values.
Results	Work alienation, dissatisfaction.	Happy employes trying to produce more.

Point of distinction	Human Relations	Scientific Management
Focus	People, groups	Machines, rules
Philosophy	Make workers happy.	One best way of doing things.
Motivation	Man wants company; loves interaction and is guided by group goals.	Man is an economic animal.
Basis	Inputs drawn from behavioural sciences	Inputs drawn from physical sciences.
Principals	Groups dominate workplace; individuals invariably follow groups norms irrespective of what management states.	To bring order and achieve results, everyone must adhere to a set of universal principals in every organisation.
Work life and environment	Mayo wanted to keep workers in good humour; emphasised friendly supervision and monitoring of group norms so as to provide a positive work climate.	The emphasis on standardisation, specialisation, rules, regulations make work life quite dull and monotonous.

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Contributions

- **Interrelated nature of organisational functioning:** By stressing social needs, the human relationists improved on the classical theory, which treated productivity almost exclusively as an engineering problem. They introduced the idea of the organisation as an open system in which the technical and human elements are closely interrelated.
- **Employee's emotional and psychological needs:** They emphasized the importance of employee attitudes in an era when wage incentives and physical work conditions were often viewed as the only requirements for high productivity.
- **Managerial style in sync with requirement:** They spotlighted the importance of a manager's style and thereby revolutionized management training. More and more attention was focused on teaching people management skills as opposed to technical skills. Their work led to a new interest in the dynamics of groups. Managers began thinking in terms of group processes and group rewards to supplement their former concentration on the individual worker.

Limitations

- **Philosophy:** Several economists claimed that by encouraging workers to develop loyalties to anything but their own self-interests, and by preaching collaboration instead of competition, human relations would ultimately lead to reduced efficiency. No wonder, trade unions ridiculed it as a form of 'cow psychology', which transformed factories into unthinking places of comfort. Interest in human relations is equated with tender-mindedness, sentimentality and unrealistic desire to make everyone happy. Critics also charged that the human-relations movement, built as it is on a philosophy of worker-management harmony, is not only antithetical to a viable capitalistic system but impractical as well.
- **Scientific validity:** The research carried out by Mayo and his associates had many weaknesses of design, analysis, and interpretation. Whether the researchers' conclusions are consistent with their data is still a subject of lively debate and considerable confusion. With respect to the relay assembly test room studies, for example, Alex Carey pointed out that there was no attempt to establish sample groups representative of any larger population than the groups themselves, and that no generalization is therefore legitimate.

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- **Shortsighted:** The very fact that the human relations research is concerned with operative employees bears ample testimony to the shortsightedness of the research findings. Further, the approach lacks adequate focus on work. It tends to overemphasize the psychological aspects at the cost of structural and technical aspects. It tends to neglect the economic dimensions of work satisfaction. But as we all know, economic motivation is exceedingly strong and quite often, economic explanations are appropriate for understanding human behaviour. It is a small wonder, it is labelled as a shortsighted ventilation therapy.
- **Over concern with happiness**: The Hawthorne studies suggested that happy employees will be productive employees. This, of course, is a native and simplistic version of the nature of man. Studies have failed to show a consistent relationship between happiness and productivity. It is quite possible to have a lot of happy but unproductive employees.
- **Anti-individualist:** The human relations movement is anti-individualist. Here the discipline of the boss is simply replaced by the discipline of the group forcing the individual to sacrifice his personal identity and dignity. The individual may not find his true self and gain a stimulating feeling of personal freedom by completely losing himself in a group. Further, there is no guarantee that groups will always be instrumental in delivering satisfaction to members.

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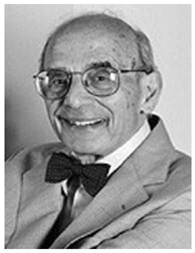
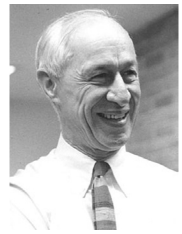
1.9.4 The Behavioural Sciences Approach

Abraham Maslow



Argyris

Douglas McGregor



Rensis Likert

The behavioural approach applies the knowledge of the behavioural sciences – psychology, sociology and anthropology – to managing people. A number of behavioural scientists have contributed to the development of this approach. Among the front-runners was Abraham Maslow, who developed a hierarchy of human needs which became the basis for explaining work motivation in organisations. According to Maslow, people generally have five basic needs (physiological, safety, social, self-esteem and self-actualization) and they satisfy these needs in their order of importance. For most people in our society, the lower-order needs (physiological, safety and social needs) are reasonably well satisfied. Therefore, they seek to satisfy socialisation needs by interacting with friends. Once these needs are reasonably met, they seek to satisfy higher-order needs, such as self-esteem and self-actualization, by using their energies, talents and resources productively. Behavioural scientists believed that people will be productive if they are given opportunities to use their abilities and creative skills.

Building on Maslow's theory of human needs, many behavioural scientists (Chris Argyris, Douglas McGregor, Rensis Likert) argued that existing jobs and managerial practices should be redesigned and restructured to give employees an opportunity to satisfy their higher-order needs. Although working independently, they proposed a common theme: People are basically good, and, in order to stimulate their performance, management should humanize work. People must be treated as assets (hence the name, human resources approach). They argued, for instance, for increased participation by employees in those decisions that affected them; demonstration by management of greater trust and confidence in people; increased emphasis to be given to integrating individual and organisational goals, and allowing employees to self-monitor their own activities in place of external control measures. These behavioural writers argued for a strong humanist organisation and suggested that managers should deal with 'complex human beings' in different ways. The aim should be to use the untapped human potential in the service of organisations by emphasizing things such as self-direction, self-control and creativity. The 1960s, thus, saw the emergence of a school of thought summing up the above thoughts in the form of Organisational Behaviour. The OB perspective studies and identifies management activities that promote employee effectiveness through an understanding of the complex nature of individual, group and organizational processes.

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Human Relations	Human Resources
1. People need to be liked, to be respected, and to belong.	1. In addition to wanting to be liked, respected, and needed most people want to contribute to the accomplishment of worthwhile objectives.
2. The manger's basic job is to make each employee believe that he or she is a part of the departmental team.	2. The manger's basic job is to create an environment in which subordinates can contribute their full range of talents to the attainment of organisational goals. In doing so, he or she must attempt to uncover and tap their creative resources.
3. The manager should be willing to explain his or her plans to the subordinates and discuss any objection they might have. On routine matters, he or she should encourage participation by them in the planning and decision-making process.	3. The manager should allow participation in important matters as well as routine ones. In fact, the more important the decision, the more vigorously he or she should attempt to involve the subordinates.
4. Within narrow limits, individuals and groups should be permitted to exercise self-direction and self-control in carrying out plans.	4. The manager should continually try to expand the subordinates' use of self-control and self-direction, especially as they develop and demonstrate increased insight and ability.
5. Involving subordinates in the communication and decision-making process will help them satisfy their needs for belonging and individual recognition.	5. As the manager makers use of the subordinates' experiences, insights, and creative abilities, the overall quality of decision-making and performance will improve.
6. High morale and reduced resistance to formal authority may lead to improved performance. They should, at least, reduce intradepartmental friction and make the manager's job easier.	6. Employee satisfaction is brought about by improved performance and the chance to contribute creatively to this improvement.

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Human Relations	Human Resources
• **Basis for modern HRM:** Behavioural scientists have made significant contributions to our understanding of individual motivation, group behaviour, interpersonal relationships at work, and the importance of work to human beings. They have virtually laid the foundation for the emergence of an exciting discipline, human resource management, which emphasizes the effective utilization of human resources in organisations. • **Foundation for ideas such as interesting work, meaningful jobs and reinforcement:** The concepts of job enrichment (making jobs interesting and challenging), management by objectives (a goal-setting process conducted jointly by employees and their superiors) and positive reinforcement (rewarding good performance) were results of the behavioural science approach.	• **Everyone does not seek growth and fulfillment:** the self-actualizing view (realizing one's potential by using one's talents fully) assumes that all employees will seek self-actualization at work. Although some professional and managerial personnel may want self-actualization, certainly not every employee has the same desire. People have diverse needs; we cannot assume that everyone is motivated by the same need in the same manner. • **Job requirements and employee needs may not match:** The behavioural scientists assume a great deal of compatibility between individual and organisational goals. But in reality, an individual's desire to be autonomous and creative can be at odds with the organisation's need to be efficient, orderly and predictable. • **Ignores other aspects of work:** This approach discounted the non-human aspects of an organisation such as task, technology and manufacturing. • **The best way of managing people does not exist:** The behavioural approach fell into the same trap as earlier approaches that searched for the one best way of managing. It assumed that the one best way of managing is humanizing organisations. • **Contradicting opinions and conflicting views:** Finally, because human behaviour is so complex, behavioural scientists often differ in their recommendations for a particular problem, making it difficult for managers to decide whose advice to follow.

1.10 QUANTITATIVE APPROACH

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Quantitative, scientific and systematic explanations gained popularity during World War II. The sheer magnitude of the war effort caused the British and then the US military services to look for quantitative approaches for help in deploying resources in the most effective manner. The quantitative viewpoint focuses on the use of mathematics, statistics, and information aids to support managerial decision-making and organisational effectiveness. For instance, when managers make budgeting, scheduling, quality control and similar decisions, they typically depend on quantitative techniques. The three main branches have evolved over the years are:

- Management science
- Operations management
- Management information systems.

  ✓ **Management science:** This approach aims at increasing decision effectiveness through the use of advanced mathematical models and statistical methods. This approach focuses on solving technical rather than human behaviour problems. The computer has been of great help to this approach because it has enabled analyses of problems that would otherwise be too complex.

  ✓ **Operations management:** It is the function that is responsible for managing the production and delivery of an organisation's products and services. It includes fields such as inventory management, production planning, design and location, work scheduling and quality assurance. Operations management is often applied to manufacturing settings, in which various aspects of production need to be managed, including designing the production process, purchasing raw materials, scheduling employees to work and store and ship the final products. Linear programming assists in input-output analysis. Queuing theory helps in inventory control; sampling theory helps in profit planning, manpower forecasting; information theory helps in system design and data processing. For example, Rubbermaid and The Home Depot each use operations management techniques to manage their inventories. Linear programming helps most airline companies to plan their flight schedules.

  ✓ **Management information systems:** MIS is the name given to the field of management that focuses on designing and implementing computer-based information systems for use by management. Such systems turn raw data into information that is put to use at various levels of management.

Companies nowadays use sophisticated mathematical models for use on mainframe, networked and personal computers in order to measure customer response to various benefits and services offered to them. Such models help gambling casinos such as Caesar's Palace, Bally's and Harrah's increase their profits and improve service. High rollers are bombarded with lots of benefits in the form of food, rooms, and transportation. To reduce the cost of these services and improve the odds that these people will gamble – and probably lose – casino managers deploy sophisticated information systems that put customer's favorite games, betting patterns, accommodation preferences, food and drink choices and other habits to close examination.

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Assets	Liabilities
• Easy to define problems; identify the variables impacting the same and pin point possible ways of solving it.	• It erroneously believes that a problem could be identified and measured in a definite way. Often, vital pieces of information may be missing, may not be quantifiable and may defy analysis. At times, it is difficult to establish functional relationship between identified variables.
• Promotes disciplined thinking, forcing managers to take a holistic view of multifarious factors influencing a decision situation.	• Inputs for decision-making are not often readily available. At the same time, managers can't postpone decisions for want of sufficient data.
• Eliminates subjective clement in dot in decision making by identifying relationships between influencing variables and reducing the same to definite mathematical formulae. It offers valuable quantitative tools and techniques for making objectively ratio nil decisions.	• It is overly concerned with decisions; identification of variables, collection of data; processing of data etc. There is no importance given to human relationships and individual needs and aspirations.
	• Decision quality depends on the data dial is being (fed into the computer) used. If the data is not accurate and up-to-date, it does not serve any useful purpose.

1.11 SYSTEMS APPROACH

The decisions taken by managers have wide ranging impacts. They affect the internal as well as external groups in a significant way. The decision to shift the location of a plant, to close down a centre, to throw off the workers, to promote employees on the basis of merit – whatever may be the case – creates a ripple effect. It is like throwing a rock into a quiet pond, creating ripples for a long time. A simple instance of throwing off a lazy worker may invite trouble from unions and even lead to an unexpected strike. So, when a manager takes a decision, he must understand and anticipate its repercussions on the entire organisation and the environment. He must appreciate the fact that his organisation is a totality of many interrelated, interdependent parts, put together for achieving certain objectives. This, in a nutshell, is the very essence of the systems concept.

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1.11.1 The Concept

Systems theory is the 'big-picture' approach that overcomes the common weakness of viewing things in too narrow a perspective. It attempts to view the organisation as a single unified, purposeful entity, composed of interrelated parts. Rather than dealing separately with the various parts of an organisation, the systems theory gives managers a way of looking at an organisation as a whole and as a part of the larger, external environment. In so doing, system theory tells us that the activity of an organisation affects the activity of every other part. The job of a manager is to ensure that all parts of the organisation are coordinated internally so that the goals can be achieved. A systems view of management, for instance, would recognise that, regardless of how efficient the production department might be, if the marketing department does not anticipate changes in consumer tastes and work with the product development department in creating what consumers want, the organisation's overall performance will be hampered.

1.11.2 Systems Vocabulary

Over the years, the following terms have found their way into the language of management:

✓ **System:** A set of interrelated parts (sub-systems). Each part may have various sub-parts. These parts are mutually related to each other. Usually a change in one part would lead to a change in other parts.

✓ **Sub-system:** The parts that make up the whole of a system are called sub-systems. And each system may, in turn, be a sub-system of a still larger whole. Thus, a department may be a sub-system of a plant, which may be a sub-system of a company, which may be a sub-system of an industry, etc. There are five sub-systems within an organisation: (1) goal sub-system (individual and group goals); (2) technical sub-system (tools, equipment, employee skills, knowledge); (3) structural sub-system (authority layers and relationships): (4) managerial sub-system (managers who plan, lead and control); (5) psychosocial sub-system (psychological and social factors influencing people at work).

✓ **Synergy:** Synergy means that the whole is greater than the sum of its parts. A watch that is disassembled has the same number of parts as one that is properly assembled. However, the assembled watch has a phenomenon that the disassembled watch lacks – it keeps time (synergy): When the parts of an organisation are properly interrelated (such as an assembly line), the output is much greater than it would otherwise be. Synergy represents one of the basic challenges of management, getting all of the elements of an organisation functioning together so that output is optimal.

✓ **Open and closed system:** A system is considered an open system if it interacts with its environment; it is considered a closed system if it does not. An organisation that is not adaptive and responsive to its environment would not survive or grow in any extended period of time. It has to be responsive to the demands placed on it by both its internal and external environments.

✓ **System boundary:** Each system has a boundary that separates it from its environment. In a closed system, the system boundary is rigid; in an open system, the boundary is more flexible. The system boundaries of many companies have become more flexible in recent times. For example, oil companies wishing to engage in offshore drilling have increasingly had to consider public reaction to the potential environmental harm.

✓ **Flow:** An open system receives inputs from its environment which are transformed into outputs in interaction with environmental variables. For a business firm, inputs would be material, labour and capital. The transformation process would turn these inputs into finished products or services. The system's success depends on successful interactions with its environment; that is, those groups or institutions upon which it is dependent. These might include suppliers, unions, financial institutions, government agencies and customers. The sale of outputs generates revenue, which can be used to pay wages and taxes, buy inputs, repay loans, and generate profits for shareholders. If revenues are not large enough to satisfy environmental demands, the organisation shrinks or dies. Thus, a system has flow of information, materials and energy. These enter the system as inputs, undergo transformation processes within the system and exit the system as output as shown in Fig. 2.4.

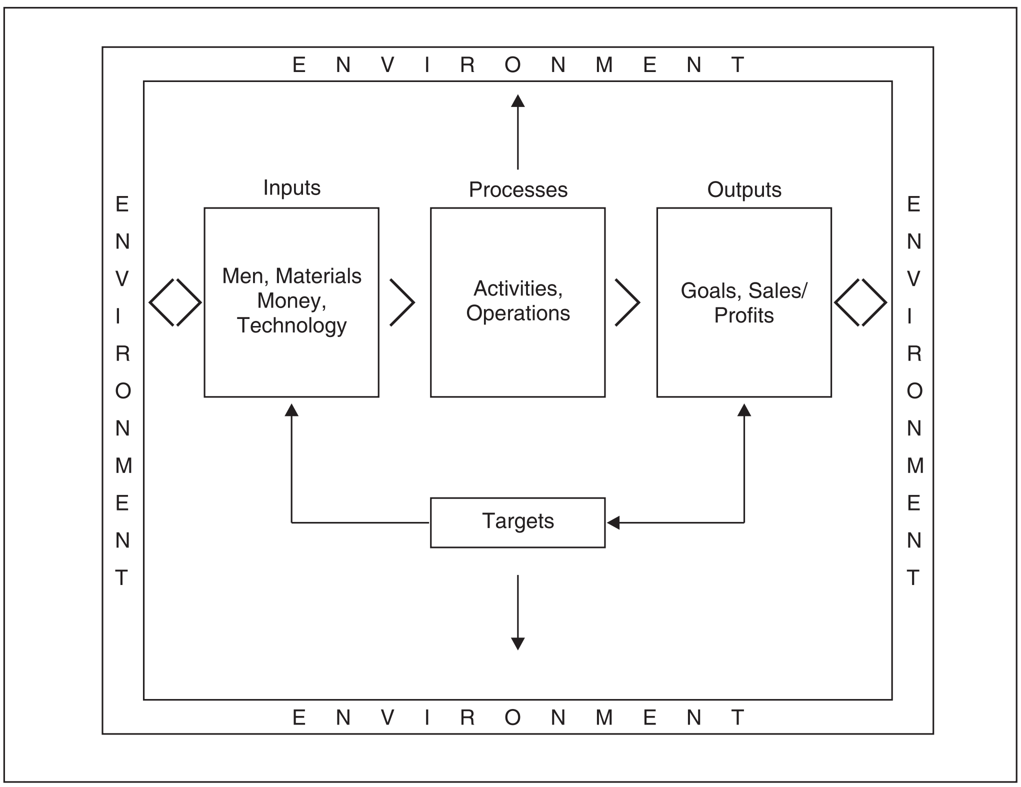

Fig. 2.4 An Open System

✓ **Feedback:** Feedback is central to system controls. As operations of the system proceed, information is fed back to the appropriate people or perhaps to a computer so that the work can be assessed, and if needed, corrected. Feedback provides warning signals regarding impending dangers. For example, customer complaints may demand attention to product improvement, customer service, etc.

✓ **Entropy:** It is a normal process that leads to system decline. When an operation does not monitor feedback from its environment and make appropriate adjustments, it may fail. The failure of Kmart is attributed to the fact that it failed to revitalize itself and keep pace with changes in its environment.

1.11.3 Relevance and Usefulness of Systems Theory

Systems theory makes organisation theorists search for integrative models rather than be satisfied with making lists of unrelated principles (Fayol, Taylor). It also emphasizes looking at the forest rather than the trees. It uses a way of thinking that highlights underlying relationships. The practical implications of systems theory for managers are enormous. Most effective managers operate with a systems mentality even though they may not be consciously aware of it. As a matter of course, executives ask what effects a decision will have on others. They think before they act, implying a process of evaluating the impact of their actions will have. A conscious commitment to systems thinking requires explicit responsibility for forming decisions in terms of the entire organisation. Instead of merely looking at the technical side (scientific management) or activities side (administrative management) or even the human side (human relations), executives are now forced to look at the totality of the situation and arrive at decisions. They can now easily maintain a good balance between the needs of the various parts of the enterprise and goals of the firm as a whole. They can respond, in short, to situational requirements in an effective way. The systems approach clearly indicates the fact that organisations are not self contained. For their survival and growth, they need to look at what is happening all around them – for example, government regulations, environmental demands, competitive moves, supplier relations, union demands etc. If a company fails to assess the impact of its actions on internal as well as external groups, it is certainly on its way to decline. After all the primary goal of management from a systems perspective is to continually re-energize the organisation to avoid entropy. Organisations, in their own self interest, must monitor their environments, adjust to changes, and continuously bring in new inputs in order to survive and flourish.

1.11.4 Limitations

It is true that systems theory provides a broad philosophical perspective that bridges academic disciplines and mounts integrated attack on a variety of problems. It is objective and is not influenced by catch phrases like, 'one best way' and simplistic prescriptions like, 'a manager decides things for others'. However, the conceptual framework for understanding organisations provided by the systems theory, is too abstract. It does not attempt to identify situational differences and factors. Also, it tends to overemphasize 'oneness', coordination and harmony when, in fact, organisations have many, natural, in-built conflicts, such as the supervisor as the man-in-the-middle. Providing more specificity in terms of variables and 'if-then' relationships in a situational context is left to the evaluation of the situational or contingency approach.

1.12 CONTINGENCY (SITUATIONAL) APPROACH

The problem with universal principles of management, as advocated by early theorists, is that few principles are universal. Research has shown that management methods used in one circumstance seldom work the same way in others. Parents find this out quickly when they realise that spanking one child may yield good results while spanking another can be emotionally disturbing and disastrous. Some employees are most often motivated by economic gains while others have greater need for challenging work. Still others care only about protecting their egos. The same individual may be motivated by different things in a variety of situations.

1.12.1 The Approach

Contingency theory is based on the premise that situations dictate managerial action; that is, different situations call for different approaches. No single way of solving problems is best for all situations. Because tasks and people in organisations differ, the contingency theorists (Selznik, Burns and Stalker, Woodward, Lawrence and Lorsch, James Thompson and others) argue that the method of managing them must also differ. The choice of a particular method of managing largely depends on the nature of the job, the people involved and the situation.

According to contingency theory, effective management varies with the organisation and its environment. Contingency theory attempts to analyse and understand these interrelationships with a view towards taking the specific managerial actions necessary to deal with the issue. This approach is both analytical and situational, with the purpose of developing a practical answer to the question at hand.

Important Elements of Contingency Theory

- Managerial actions are contingent on certain actions outside the system or sub-system as the case may be.
- Organisational efforts should be based on the behaviour of actions outside the system so that the organisation gets smoothly integrated with the environment.
- Managerial actions and organisational design must be appropriate to the given situation. A particular action is valid only under certain conditions. There is no one best approach to management. It varies from situation to situation.

1.12.2 Implications of Contingency Approach

According to the contingency approach, there are no plans, organisation structures, leadership styles, or controls that will fit all situations. There are few, if any, universal truths, concepts, and principles that can be applied under all conditions. Instead, every management situation must be approached with the 'it all depends' attitude. Managers must find different ways that fit different situations. They must continually address themselves with the question: which method will work best here? For example, in order to improve productivity, classical theorist may prescribe work simplification and additional incentives; the behavioural scientist may recommend job enrichment and democratic participation of the employees in the decision-making process. Instead, a manager trained in the contingency approach may offer a solution that is responsive to the characteristics of the total situation being faced. Organisations characterised by limited resources, unskilled labour force, limited training opportunities, limited products offered to local markets – work simplification would be the ideal solution. Job enrichment programme would work better if the organisation employs skilled labour force. Managerial action, thus, depends upon circumstances within a given situation. No one best approach will work in all situations. Applying a contingency/ situational approach requires that managers diagnose a given situation and adapt to meet the conditions present.

According to Robert Albanese, the strength of contingency approach rests on two points; (*i*) First, it focuses attention on specific situational factors that influence the appropriateness of one managerial strategy over another, (*ii*) Second, it highlights the importance to managers of developing skills in situational analysis. Such skills will help managers find out important contingency factors that influence their approach to managing.

The major implications of contingency theory may be summarized thus: *management is entirely situational; managerial actions are contingent on internal and external factors; managerial actions must be consistent with the requirements of internal as well as external factors*.

1.12.3 Evaluation

The contingency approach is a useful instructional device in the sense that it compels us to be aware of the complexity in every situation and forces us to take an active and dynamic role in trying to determine that would work best in each case. Combining the mechanistic (Taylor) and humanistic approaches (Mayo) the contingency theory suggests that different conditions and situations require the application of different management techniques. It helps in fitting the classical and behavioural theories in a proper framework. It is an improvement over the systems theory in the sense that it only examines the relationships between sub-systems of a specific organisation in a given environment, but also offers solutions to particular organisational problems. The systems approach takes a general view of organisational variables, i.e., technical, social, personal, structural and external variables. The contingency theory, on the other hand, is concerned with achieving a 'fit' between organisation and its environment. Practising managers, however, seem to find this theory tenuous because it does not provide any specific set of principles to use.

Systems Theory	Contingency Theory
• Organisation-envirortment relationship not explained clearly.	• Spells out the relationship of organiation to its environment dearly
• Takes a general view of organisational variables (technical, social, personal, structural, external).	• Takes a specific view of how the organisation adjusts to its environmental demands. Mainly concerned with structural adaptations of organisation to its task environment.

• Considers all organisations to be similar.	• Each organisation is unique.
• Vague and complex.	• More pragmatic and action-oriented.
• Emphasises the synergistic effect of organisations and recognises the external inputs.	• Relates environment to specific organisation structure and design. It integrates theory with practise in a systems framework.
• Merely outlines inter-dependencies among systems and sub-systems.	• Tries to identify nature of inter-dependencies between various parts of an organisation, and their impact on various other things.

1.12.4 Contingency Theory is Attacked by Several Theorists on the Following Grounds

✓ **Paucity of literature:** Contingency theory suffers from inadequacy of literature. It has not developed to such an extent where it can offer meaningful solutions to different managerial problems in a specific way. It is too simplistic to say that 'managerial actions depend on situations'. Instead, it must offer, in precise terms, what a manager should do in a given situation.

✓ **Complex:** Contingency theory is theoretically complex. Even a simple problem involves analysing a number of organisational components, each of which have innumerable dimensions. Often, managers may find this to be a difficult and taxing exercise.

✓ **Defies empirical testing:** The precepts advanced by contingency theorists cannot be put to empirical testing in a concrete way. There are multifarious situational factors to be taken into account while testing the contingency theory. For example, a proposition that unless the various parts in an organisation move in close coordination, the behaviour at various organisational levels would not be effective-seems to be a sound one. But when put to empirical testing, several problems crop up almost instantaneously.

✓ **Reactive not proactive:** Contingency theory is also criticised on the ground that it suggests a reactive strategy in coping with environmental complexity. Instead, a proactive strategy is needed where managers would be able to steer the organisation through complex environments with their creative and innovative efforts.

✓ **Incomplete:** Critics argue that the contingency approach does not incorporate all aspects of systems theory, and they hold that it has yet not developed to the point at which it can be considered a true theory. Further, the goal of integrating functional, quantitative, behavioural, and systems approaches in the form of a contingency model may prove to be too difficult to realise because of the incomplete development of the earlier approaches. Critics also argue that there is really not much that is new about the contingency approach. For example, they point out that even classical theorists like Fayol cautioned that management principles require flexible application.

In spite of these valid critical expressions, contingency theory holds good at the micro-level, where managers are forced to look into internal as well as external requirements while managing their organisations. It is small wonder, contingency theory is welcomed as a 'refreshing breeze in management literature that clears away the humanistic and general systems 'fog'. The systems theory takes a general view of organisation variables, i.e., technical, social, personal, structural and external variables. The contingency theory, on the other hand, is concerned with achieving a 'fit' between organisation and its environment. Kast and Rosenzweig have, therefore, rightly pointed out that the contingency theory 'falls somewhere between simplistic, specific principles and complex, vague notions'.

The contingency theory, like the systems theory recognizes that an organisation is the product of interactions between its various constituent parts (sub-systems) and the environment. In addition, as a sort of refinement, it seeks to identify the exact nature of interrelationships and interactions. In contrast to the vague systems terminology and perspective, the contingency approach allows us to specifically identify the internal and external variables that typically influence managerial actions and organisational performance. Accordingly, what constitutes effective management varies with the organisation's internal as well as external environment and the make-up of the organisational sub-systems. Thus, the contingency approach falls somewhere between simplistic, specific principles (classical theory) and complex, vague notions (systems theory). This approach provides a long sought synthesis and brings together the best of all segments of what Prof. Koontz has termed 'management theory jungle'. The classical ideas and behavioural modifications are not rejected, but they are viewed as incomplete and not suited for all organisations. Similarly, the ideas of systems theory that emphasize the interrelationship between parts also have not been rejected but they are viewed as vague and unspecific. As a way of correction, the contingency approach provides a pragmatic method of analysing organisation sub-systems and tries to integrate these with the environment. Contingency views are ultimately directed towards – suggesting organisational designs and managerial actions more suitable for specific situations.

1.13 MODERN MANAGEMENT THOUGHT

Modern management thought (MMT) is an integrative theory in the sense that it combines the valuable concepts of classical theory with the social and natural sciences. The source of inspiration for the modern management theory is the systems analysis. Modern management theorists pick up where the Hawthorne researchers left off. MMT is characterized by the following (Hicks and Gullett):

- ✓ **Open-system view:** Modern management thought treats the organisation as an open system. It interacts with the environment continually, in order to survive and flourish. It receives inputs from the environment, processes them into meaningful products/services and offers them to the environment. In this process, the organisation tries to adapt itself to the changing requirements of environment continually.

- ✓ **Dynamic and adaptive:** Modern theory is dynamic. In line with changes in the outside environment, it tries to adapt itself constantly.
- ✓ **Multilevel and multidimensional:** MMT is both micro and macro in its approach. It is not a paradox. It is macro when considered with respect to the entire nation or industry; it is micro with respect to internal parts of the organisation.
- ✓ **Multi-motivated and multi-disciplinary:** MMT recognizes the fact that behaviour is the product of multifarious factors. In contrast to the classical view of the worker as an economic man (motivated primarily by money), MMT views the individual as a complex being who can be motivated in several ways (economic as well as non-economic incentives are important). MMT is multidisciplinary in the sense that it heavily draws its concepts from various disciplines. Modern theory embraces economics, sociology, engineering, psychology, anthropology and social psychology. Problem-solving and decision-making are the focal points for study and research, drawing on numerous disciplines.
- ✓ **Descriptive and probabilistic:** MMT is descriptive rather than prescriptive or normative. It does not tell how to handle things, it simply tells how the things are handled. It is a way of describing an organisation and its functioning. MMT is also probabilistic, not deterministic. Deterministic system is one where the outcome is predictable and certain. For instance, if you want to know the total of 420 and 11, you press the buttons in the calculator and the result will be 431, and not any other answer. It is a deterministic system. However, probabilistic system is one where no uniquely determined outcomes exist. For example, if you flip a coin into air, there is a chance of 0.5 of a head, but the outcome cannot be obtained with cent percent certainity at the time of tossing the coin. Organisations also fall into this probabilistic system category. According to Scott and Mitchell, "the modernists see the organisation as a probabilistic system... there is a high degree of uncertainty in these systems.
- ✓ **Integrative:** The classical theory (consisting of scientific management, administrative management and bureaucracy) focuses attention on the technical side of work whereas the neo-classical theory (human relations theory) on the human side of work. Both theories discount the importance of taking an integrated approach to management giving weightage to both economic as well as social variables at work. MMT tries to correct these deficiencies by aggregating the classical components with the neoclassical bandwagon.

1.14 INTRODUCTION

Thanks to the Liberalization, Privatization and Globalization (LPG) – era, the workplace has a different flavor of its own. It consists of people with varied backgrounds in terms of age, education, religion and region. The divide between the young and the old, the educated and uneducated, the skilled and unskilled, the male versus female continues to haunt workplaces all over the globe. Employees are no longer happy spending their whole life in one organisation. They are armed with requisite skills, knowledge and experience and therefore are more willing to take risk and go in search of greener pastures outside. There is nothing called as organisational loyalty or job commitment.

They want career growth, personal fulfillment and, at the same time, want to strike a fine balance between work and personal life. The environment in which businesses operate now, force everyone to be ready for shocks of various kinds and employees are aware of all those challenges. So they are in a tearing hurry to try every trick in the book to grow and achieve success at any cost.

Under the circumstances, it is not surprising to find modern managers describing 'People' problems as their most frequent and challenging difficulties. Knowing how to do a job is no more the key to managerial success. To produce efficient and effective results, managers should know how to work and get along with people. So, *understanding human behaviour* is key to the success of any cooperative effort.

1.14.1 Factors Influencing Individual Behaviour

Organisations have to deliver value to stakeholders if they want to survive and flourish in a competitive world. Often, it is the managers who deliver results through the cooperative efforts of others and see that the organisation grows. While doing so every manager has to take everyone on his/her side and achieve the common goals. He or she must understand what an individual has and match those unique abilities to job needs. Any mismatch between individual aspirations and organisational requirements would put any organisation in a disadvantageous position. It might be impossible to achieve goals. To get things done through others, therefore, every manager has look into factors influencing individual behaviour and actions more closely.

Individual behaviour is influenced by internal as well as external factors. Internal factors are those that compel an individual to behave in a certain way such as age, education and abilities. External factors are mostly contextual elements that have a bearing on the individual's ability to carry out work – such as lighting, ventilation, noise, work group rules and norms.

- **Individual differences:** Individual differences in terms of age, sex, education, learning capabilities tell us why people behave differently in different situations. Surprisingly, even in similar situations, all people do not act alike, like the behaviours exhibited by different workers when the organisation wants to fully computerize its operations. In fact, as research evidence shows, people's behaviour is a function of three main influences: the *genetic* (born with a predisposition to be a certain type of person like being intelligent, being happy, being depressed and so on), *physiological* (like brain abnormalities, differences in hormones and a healthy diet) and *learning* factors that predispose them to behave in certain ways. Here, we are referring to the situational factors that encourage or discourage behaviour; and the reasoning process including the factors that affect our ability to think and decide how we will behave in a given situation.
- **Environmental influences:** Human behaviour is impacted by environmental influences – both physical and social – greatly. The physical environment consists of factors such as noise, heating, lighting, ventilation, cleanliness, nature of job,

office furnishings and space utilization and so on. For example, people might feel happy to work in an environment where the office space is being utilized without any visible differences between the manager and the subordinate. The social environment consists of societal norms and rules of behaviour established over a period of time. The societal norms act as unwritten laws of behaviour governing the conduct of employees in an organisational setting. Behaviours such jumping the queue, not wearing a formal tie, smoking in a public place, talking in an aggressive tone and so no might become the butt of jokes and hence, anyone exhibiting such behaviours might fall in line with the majority.

In the final analysis, therefore, human behaviour is impacted by the personality related factors as well as environmental influences. Both these factors are highly interconnected so that behaviour cannot be explained in itself by either of the two influences, independent of the other influence.

1.14.2 Striking Rapport between Individual Goals and Organisational Demands

When a person joins an organisation, he brings with him a unique set of needs such as need for making a living, gaining social status, attaining a prestigious position, grabbing a certain amount of power, developing relevant skills and being what he wants to and what he is capable of. He tries to fulfil his multifarious needs through his association with the organisation. The organisation, in turn, has its own set of goals such as gaining market share, improvement in sales revenues, product development and so no. Organisations cannot attain these goals without positive contributions from people. According to Schein, both the individual and the organisation, therefore, enter into a kind of 'psychological contract'. This contract is executed by the organisation by assigning task to individuals, setting certain rules and placing some obligations on individuals while performing the duties. The individual concerned is expected to put in his ability, loyalty, hard work, commitment while at work and show superior performance and earn his rewards. Unimaginable rewards could accrue to both the individual (in the form of monetary rewards, growth opportunities and promotions) and the organisation (grabbing market share, becoming the leader in the industry), when individual goals are in sync with organisational demands. In actual practice, however, the goals of individuals and the organisations rarely mesh with each other in a neat manner. A variety of differences traceable to individual personalities as well as their upbringing and a number of environmental factors could often spoil the show. Given the wide variation among individuals and among jobs, an important responsibility of managers is to try to match employee and job demands so that work is carried out by people who are well suited to do it. This requires that managers be clear about what they expect employees to do. They should know what kind of people would be able to achieve results, within a given set of opportunities and constraints. The extent to which a person's ability and personality match the needs of a job is known as **person-job fit**. A good **person-job fit** is one in which the employee's contributions match the inducements the organization offers. The saying goes that companies hire people for what they know and then fire them for who they are. However, good companies would like to avoid such hiring mistakes because they certainly know that a good fit between the person and job would ensure effective job performance.

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1.15 MODELS OF MAN

A number of explanations have been advanced, over the years, to explain the behaviour of individuals in an organisation, whether a person would act rationally always, whether the behaviour is in sync with the expectations of his work group, whether he would be able to exploit his potential fully, whether the behaviour is actually a product of a variety of complex factors etc.

- **Rational economic man:** In this classical model, a manager is depicted as an economic being trying to make consistent, value-maximising choices within certain limits. The model is built around certain assumptions
  - ☞ The decision maker operates to achieve goals that are known and agreed upon. He would define a problem carefully and would have a clear and specific goal.
  - ☞ The decision maker tries to gather complete information about the problem. The model assumes that people have access to complete and perfect information. All alternatives and the potential results are calculated.
  - ☞ Criteria for evaluating alternatives are known. The decision maker has the freedom to select that alternative which would maximise his satisfaction.
  - ☞ The decision maker is rational and uses logic to assign values, order preferences, evaluate alternatives and make the decision that will maximise the economic return to the organisation.

The rational economic man model is characterized by 'hedonism' and is motivated by economic incentives. Man is being viewed as an automaton, a kind of a self-centred animal, devoid of human characteristics that all of us possess. The rational economic man model, evidently, is an ideal that can rarely find expression in the real world, because of several reasons. Actually, it is not possible to give an accurate and precise description of real world problems. Frequently, the manager himself does not know that he has a problem. His knowledge of the problem, even if he is able to put the finger on the issue causing trouble, is not always perfect. Even when he is able to identify such problems, because of time and resource constraints, he may have to rush through such problems and settle for a choice that is based on imperfect data. His own capacity to run through bundles of data concerning various problems is also open to doubt. Sometimes, powerful political groups within an organisation may not allow him to pick up an alternative that would maximise return to the organisation (like unions coming in the way of hiving off a division or striking an outsourcing deal with a foreign company etc.).

- **Social man:** This model is the outcome of behavioural science research and human relations movement. Man is a social animal. He, therefore, tries to move closer to the expectations of the groups with which he has an active association. The model is based on certain assumptions

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- ☞ Work is basically a social experience and therefore, most people find satisfaction in being members of a social group.
- ☞ Work group pressures, problems and sanctions often dictate the manner in which a person would behave, especially when faced with problems affecting the lives of the group as a whole.
- ☞ A person would be willing to obey and comply with management's orders so as long as these are not in conflict with the interests of the work group.
- ☞ It is, therefore, in the best interests of a manager to organise work in a democratic manner. He should be willing to encourage participation, take the whole group along with him and act more like a facilitator while resolving work-related issues and problems. Instead putting emphasis on achieving results at any cost, he should shift attention to the larger interests of the work group as a whole.

- **Organisation man:** This model is an extension of the social man concept. Organisation man, according to William H. Whyte, is one who sacrifices his individuality for the sake of the group and the organisation. Competitive struggles are effectively replaced by cooperative efforts and the economic logic is discounted in favour of social ethic in this model. A person is willing to sacrifice his individuality for the sake of the group and the organisation. The model is built around three propositions:
    1. The group is the source of creativity. The individual by himself is isolated and meaningless; only when he collaborates with others does he operate. The individual helps to produce a whole that is greater than the sum of the part.
    2. Belongingness is the ultimate need of the individual. There should be no conflicts between man and society because what is normally considered conflict is merely misunderstanding and breakdown in communication.
    3. The application of science achieves the goal of belongingness. By applying the methods of science, the obstacles to consensus can be eliminated and equilibrium can be created where society's needs and the needs of the individual are one and the same.

According to the model, there is very little scope for conflicts to crop up between individuals and the organisation to which they belong. Eve when conflicts arise, it is easy to resolve them because people are used to sacrifice their self-interests in favour of the larger organisational interests. By implication, managers have to design work keeping the larger interests of the work group, so as to avoid friction between group goals and organisational demands.

- **Self-actualizing man:** Self-actualization is self-fulfilment – the need to develop one's fullest potential, to become the best one is capable of being. According to A.H. Maslow, it is the desire to become what one is capable of becoming. A musician must make music, a poet must write, a general must win battles, an artist must paint, a teacher must teach if he is to be ultimately happy. What a man can be, he must be. However, this does not mean that one must always create poems, novels, paintings and experiments. In a broad sense, it means creativeness in realising to the fullest one's own capabilities, whatever they may be. As things stand now, a person's self-actualization needs may not always find meaningful expression in a formal organisation where the requirements might

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be totally different. The assumptions about self-actualization man that normally managers make in formal organisation are basically related to what McGregor proposed in Theory Y. They are:

- Human needs could be arranged in the form of a hierarchy, ranging from physiological, safety, love, esteem and self-actualizing. Self-actualizing is the final goal of any individual.
- Man moves from a state of immaturity to a state of maturity to satisfy this particular need.
- Man is essentially self-motivated and does not require any external control or direction.
- Conflicts between self-actualization man and the form of organisation structure are inevitable because the formal structure is based on the assumptions of immaturity of individuals.

- **Complex man model:** According to this model, man is complex and it is not possible to predict his behaviour with any amount of certainty. Attempts to establish a relationship between human needs and behavioural outcomes, hence, would be fruitless. Man is influenced by a bewildering variety of factors such as incentives, work group pressures, political influences, family concerns and social demands. To compound the problem further, he responds to managerial actions in unpredictable ways. To cut short a long argument, therefore, man is a complex mixture of needs, goals, aspirations, perceptions, attitudes and faculties. There is no one best way of dealing with such a complex being. A wide variety of contingency models of motivation, leadership and management have gained popularity, over the years, trying to solve this knotty issue. The basic theme of contingency theory is that there is no one way of managing people. It depends and varies with the situation.

Complex Man Model

According to Edgar Schein, the complex man model is built around the following assumptions:

- Man is motivated by a variety of factors which are complex and unpredictable.
- A person's needs, aspirations, attitudes etc will undergo significant changes as he begins to interact with his colleagues, organisation and the environment.
- There are wide variations among people in the same organisation. Such variations may be in terms of their need pattern, their behaviour and hence the need for direction and control.
- A simple understanding of human need hierarchy is inadequate because empirical verification of the relationship between a particular need and the behaviour is difficult.
- A person could respond to managerial actions in multifarious ways, depending on his needs, aspirations, attitudes etc.

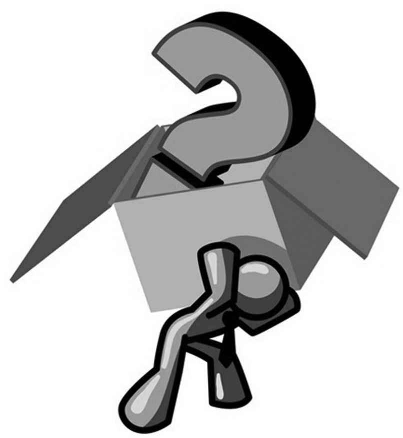
1.16 PERSONALITY

Human behaviour is influenced by personal and environmental factors. It is, therefore, essential to study the individual and his personality concepts before proceeding to see how he behaves in work organisations. '*Personality*' may be defined *as the study of the basic traits of an individual, relationships between these traits, and the way in which a person adjusts to other people and situations.* It is the sum total of the ways in which an individual reacts and interacts with others. The major determinants of personality are generally grouped by researchers under four heads: *biological, cultural, family and situational.*

Determinants of personality

- Biological factors
- Culture
- Family
- Situations.

1.16.1 Biological Factors



Personal characteristics such as age, sex, marital status, dependents and ability may often be obtained through personnel records. Such an information would help find the relationship between an individual's background and his motivation level and the impact of these variables on employee productivity, absence, turnover and satisfaction.

(*a*) ***Age:*** The relationship between age and job performance has been a point of intense debate and discussion over the years. It is widely believed that job performance declines with increasing age. Employee turnover too tends to be low as employees grow in age. There are less chances of such employees quitting the job suddenly because of two reasons: one, the outside opportunities may not be very tempting or may not be available, second, you begin to get more by staying back in terms of higher wages, benefits, bonuses, stock options etc. The Age vs. Absenteeism relationship is somewhat inverse because older employees have lower rates of avoidable absence than do their younger counterparts. They have generally higher rates of unavoidable absence due to poor health and longer recovery period older workers require when injured. Coming to age vs. *productivity* relationship, it is generally believed that an individual's skills decay over time; he may lose interest in job and the intellectual stimulation may also depreciate over time. However, this may not always hold good as recent research studies proved. Infact, researchers now opine that age and job performance are unrelated (Cascio); and the decline in physical skills sometimes is more than offset by benefits due to the experience gained by the employee on the job. Finally, the age vs. satisfaction

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relationship is also somewhat hazy unless we classify employees into two categories: professional and non professional employees. Among professionals, satisfaction generally increases with age, whereas it fell among non professionals during middle age and then rose again as they advanced in age later on.

(*b*) ***Sex:*** It is generally believed that gender differences between males and females affect their *job performance*, especially in situations demanding physical effort. However, there are no consistent male-female differences in problem-solving ability, analytical skills, motivation, sociability, competitive drive etc. At lower levels, women are willing to conform to authority, whereas men are more aggressive. The differences in productivity, turnover were also negligible. The rate of absenteeism among females was higher because of home and family responsibilities.

(*c*) ***Marital status:*** Research evidence suggests that married employees tend to have fewer absences, undergo less turnover, and more satisfied with their jobs than unmarried co-workers.

(*d*) ***Number of dependents:*** The number of children an employee has is positively correlated with absence (especially among females) and job satisfaction. Employee turnover, however, was found to be not so closely related with number of dependents.

(*e*) ***Tenure:*** There is no valid reason to believe that experienced people are more productive than those with less seniority. Seniority has a negative correlation with absenteeism and turnover. The past behaviour of an employee in this regard could be used to predict future turnover and absence rates quite safely. The evidence also shows that tenure and job satisfaction are positively related.

(*f*) ***Ability:*** It refers to an individual's capacity to perform the various tasks in a job. An individual's abilities are of two kinds (*a*) *Intellectual abilities:* These are required to carry out mental activities. These include number aptitude, verbal comprehension, perceptual speed, spatial visualisation, reasoning and memory. Selection tests employed to measure the above are found to be strong predictors of job performance. They also help place a candidate on a right job, suitable to his mental make-up (*b*) *Physical abilities:* These include stamina, dexterity, strength and similar skills. These physical abilities are more important for performing less skilled and more standardised jobs at lower levels in an organisation.

1.16.2 Personality Factors

Research indicates that both genetic (heredity) and non-genetic factors appear to have equal effects in shaping one's personality. Let us examine this issue closely:

(*a*) **Heredity:** Heredity (genes) plays an important role in determining one's personality, physical stature, facial attractiveness, sex, muscle composition and reflexes, energy level, temperament which are the characteristics that are substantially influenced by who your parents were. Research evidence suggests that traits such as fear, shyness, distress etc., are most likely caused by inherited genetic features. However, personality characteristics are not *completely dictated by heredity* (*i.e.*, fixed at birth and not possible to change through experience). Further, the importance of heredity varies from one personality trait to another. For instance, heredity is generally more important in determining a person's temperament than values and ideals.

(*b*) **Brain:** There is a general feeling that brain plays a significant role in the development of one's personality. Results from the electrical stimulation of the brain (ESB) offer evidence that better understanding of human personality could come from a close study of the brain. The evidence in this regard, however, is not very clear.

(*c*) **Physical features:** An individual's external appearance – whether short or tall, fat or skinny, handsome or ugly etc. – is said to be having a major impact on his personality. For example, a short person, who generally becomes a butt of jokes, develops a defense mechanism which is reflected in his personality.

1.16.3 Cultural Factors

The Culture – a set of beliefs, values that are shared by people and transmitted to others – in which we are raised and how we are conditioned by our interactions with friends and social groups also influences our personality. Culture demands both conformity and acceptance from its members. Members generally comply with the norms set by a group and bear with the subtle pressures exercised from time to time. The shared values, societal traditions and collective programming that underlies culture influences the development of our personalities, while also shaping the way our traits are expressed. In a way, explaining 'what we're like requires an awareness of 'where we're from'.

1.16.4 Family and Social Factors

Family and social factors also play an important role in shaping the personality of an individual. Parents are role models for almost everyone in this universe. The home environment also determines the behaviour patterns of individuals. People with troubled childhood tend to be violent, aggressive and even abusive. The motives, desires, beliefs etc. are, most often, conditioned by the behaviours exhibited by other family members from time to time. Peer groups at the school and college level also play a role in personality development. For example, the nature of a young student's peer group influence not only whether he or she likes and enjoys school, but also his or her level of achievement throughout the school year. Finally, the society in which we live also influence the way we think and act. Americans are raised to be individualistic. Chinese, on the other hand, are taught collectivist value that makes them believe that family, social and company interests are more important than individual interest. Indians may treat their teachers and elders with respect; whereas people having a different cultural background might tend to look at the issue differently.

1.16.5 Situational Factors

Situational factors also impact our behaviours greatly. In a job interview one tends to act conservatively. The same person would behave differently in a picnic or a party.

Although personality is relatively stable over time, it is occasionally altered by dramatic events in life – such as moving from one country to another or by psychological factors such as illness or trauma. X might suffer from low self-esteem because he hails from a poor country. The same person after living in a developed country for some time might feel more confident about achieving success through hard work.

1.17 THE BIG FIVE MODELS OF PERSONALITY

Two categories of people

External

- Live in life to fate
- They are willing to follow commands
- They do well in well-structured routine jobs.

Internal

- Confident bold master of their own destiny
- They play a key role to motivate others at work
- They do well in sophisticated task that demand complex working

The list of personality traits is pretty long. So, using such lists to describe one's personality is therefore, proved to be a wasteful exercise. Researchers, therefore, wanted to organize and summarize such personality traits while trying to describe an individual. Their primary goal was to develop a personality profile – a test that describes an individuall's whole personality, rather than just the separate traits that make up that personality. The Big Five Model developed by P.T. Costa and R.R. McCrae clusters different personality traits into enduring dimensions of personality that together describe the whole person. The Big Five traits are – Openness, Conscientiousness, Extroversion, Agreeableness, and Neuroticism or OCEAN:

1. **Openness:** People who like to learn new things and enjoy new experiences usually score high in openness. Openness includes traits like being insightful and imaginative and having a wide variety of interests.
2. **Conscientiousness:** People that have a high degree of conscientiousness are reliable and prompt. Traits include being organized, methodic, and thorough.
3. **Extraversion:** Extraverts get their energy from interacting with others, while introverts get their energy from within themselves. Extraversion includes the traits of energetic, talkative, and assertive.
4. **Agreeableness:** These individuals are friendly, cooperative, and compassionate. People with low agreeableness may be more distant. Traits include being kind, affectionate, and sympathetic.
5. **Neuroticism:** Neuroticism is also sometimes called Emotional Stability. This dimension relates to one's emotional stability and degree of negative emotions. People that score high on neuroticism often experience emotional instability and negative emotions. Traits include being moody and tense.

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The Big Five personality test gives you more insight into how you react in different situations, which can help you choose an occupation. Career professionals and psychologists use this information in a personality career test for recruitment and candidate assessment.

1.18 DIFFERENT APPROACHES TO PERSONALITY

Ruthless Strategy of early 1500 to manipulate people:

Machiavellianism

1. Never showhumility – arrogance is effective.
2. Morality and etthics are for the weak – powerful people should feel free to lie, cheat deceive.
3. It is better to be feared than to be loved – True pragmatist.

There are other personality attributes that influence the behaviour of individuals in an organisation. These are listed below:

1. ***Locus of control:*** People belong to two categories: Internals who believe that they are masters of their own fate and externals who believe that what happens to them in their lives is due to luck or chance. Individuals raised in families in which effort and achievement are properly rewarded tend to become internals. On the other hand, individuals raised in families in which rewards seem to occur in a random manner tend to develop as externals. Internals perceive a strong link between their effort and their performance. They are more satisfied with their work than externals. They generally, hold higher level jobs, advance more quickly in their careers, earn more money and play a key role in motivating others while at work. They handle stressful situations better than externals. Externals are more compliant and willing to follow commands. They tend to do well in jobs that are well-structured and routine. Internals, in contrast, do well on sophisticated tasks that demand complex information processing and learning; on jobs that require initiative, drive and independence of action.
2. ***Machiavellianism:*** Niccolo Machiavelli proposed a ruthless strategy in early 1500 for seizing and holding political power. His approach was simple: other persons can be manipulated or used for our purposes if we follow certain rules: (*a*) never show humility – arrogance is far more effective when dealing with others (*b*) morality and ethics are for the weak – powerful persons should feel free to lie, cheat and deceive wherever required to achieve personal goals (*c*) it is better to be feared than loved. Those who want power, should be willing to do whatever it takes to get his way. Persons with a machiavellian orientation (called High Machs) are true pragmatists. Any means is justified as long as it helps High Machs to achieve their ends. This often gives them an edge over others who are guided by principles of morality – High Machs are confident, eloquent and competent. When they combine these traits with pure pragmatism, they achieve

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success easily. High Machs are often adept at picking up situations where their favourite tactics are most likely to work. Such situations are the ones in which they can interact with their intended victims in a face-to-face manner (and so make use of their persuasive skills), in which there are few firm rules (this leaves High Machs considerable room for manoeuvre), and in which others' emotions are running high. Since High Machs themselves never let their "hearts rule their heads," they can take full advantage of the fact that others' emotions make them especially vulnerable to manipulation. Finally, High-Machs are also skilled at forming alliances with others – alliances that usually work to their advantage. Low Machs, on the other hand, believe that there is no excuse for manipulating or lying to others. They are sensitive to the effects of their decisions on others and believe they should take action only when they are sure it is morally right.

3. ***Extroversion and Introversion:*** According to Carl Jung, individuals can be classified into two categories: Introverts and extroverts. Introverts are inward – directed people. They are guided by their own ideas and philosophy. They are rigid, subjective – oriented and rarely speak to others on their own. They have very few friends, avoid social contacts, withdrawn, quiet and enjoy solitude. Extroverts, on the other hand, are friendly, enjoy interaction with others, crave excitement and dislike solitude. Extroverts prefer job environments that offer opportunity, variety, unpredictability and sporadic bursts of intensity. If the job environment is not sufficiently stimulating, extroverts may play practical jokes and games or display other kinds of distracting behaviour to produce additional stimulation. On the other hand, introverts do not require as much excitement from external stimulation, and, consequently, they tend to perform better than extroverts on repetitive tasks or tasks occurring in environments that offer very little sensory stimulation.

Classified Individuals as

- Introverts: Inward-directed people rigid, subjective, rarely speak to people on their own, have few friends.
- Extroverts: Friendly, enjoy work and interaction with dislike solitude; prefer job environments variety, they have sporadic bursts of intensity.

4. ***Endomorph and mesomorph:*** **Willam Sheldon** has presented a unique temperamental model that represents a link between psychological traits and characteristics of an individual with his behaviour. Sheldon identified some relationship between the physique types of individuals and their personality temperaments. He identified three body types – endomorphic, mesomorphic and ectomorphic.
   - **Endomorph:** He is bulky and beloved. Sheldon contends that the endomorph would be rather fat and thick in proportion to his height. He seeks comfort, loves fine food, eats too much, jovial, affectionate and liked-by-all persons (viscerotonic temperament).

- **Mesomorph:** He is basically strong, athletic and tough. His physique is appreciated by all. In fact, it is this personality all other "morphs" wish for. According to Sheldon, he is found of muscular activity; tends to be highly aggressive, and self-assertive. He can run faster, smile brighter, and beat along the other two 'morphs' together (somatotonic temperment).
- **Ectomorph:** Ectomorph is thin, long and poorly developed physically. Though physically weak, he leads the league in the intellectual department. His temperament is Cerebrotonic i.e. excessive inhibition, restraint, and advoidance of social contacts etc. He is labelled as absent-minded, shy, but brilliant university professor stereotype.

5. ***Type A and type B behaviours:*** Two cardiologist Meyer Friedman and Ray Rosenman have identified the typical characteristics of Type A personality and Type B personality way back in early 70s, while conducting research on the impact of job stress on heart disease. Table 3.1 gives a comprehensive list of the characteristics of the Type A personality:

Characteristics of Type A Personality

- Move, walk and eat rapidly
- Have a habit of hurrying the ends of your sentences
- Hurry the speech of others, say very quickly, over and over again. "Uh huh, uh huh" or "yes, yes, yes: to get others to speed up their rate of talking
- Try to do two or more things simultaneously (e.g. Read the mail while you are on the phone)
- Try to bring conversations around to work-related topics that particularly intrigue you
- Feel guilty when you relax or do absolutely nothing for several hours to several days.
- Tend not to notice non-instrumental aspects of a situation (eg. Not noticing a new carpet, a new hair-do etc.)
- Feel acquisitive of money and personal possessions
- Over schedule yourself; do not make allowances for unforeseen contingencies
- Feel challenged and threatened by the success of others
- Have nervous tics like clenching your fists or banging your hand upon the table
- Keep on trying to do things faster and faster
- Evaluate your own performance and the activities of others in terms of 'numbers'.

Type A personalities are aggressive. They are willing to oppose others to get what they want. When placed in circumstances where there are a lot of obstacles, they will keep on plugging away rather than give up. Type A people are ambitious and hard-driving. They have very high standards for themselves. They try to schedule more and more in less and less time. They are also competitive; they have to win all the time, even in leisure activities and casual conversation. They do not find time to enjoy life. For them work is not a means to an end, but an end in itself. They live to work and do not work to live. For them, work is an addiction; and work outside the company is unproductive, disinteresting and meaningless. Type As, tend to lack skill in interpersonal relations and the ability to get along harmoniously with all types of people in various situations.

In contrast, Type B personalities feel less pressure. They keep a steadier pace, rather than working against the clock. Type Bs are more likely to extend the deadline or to

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accept a lower standard of work for themselves in the short run. They are likely to 'let things roll off their backs' rather than fight every issue. They are not as easily angered or disappointed by their own work or the work of others. They tend to be more relaxed and non-competitive. Because of their contemplative approach to problem-solving, Type Bs tend to be more creative than Type As.

Type Bs, typically, are highly skilled in interpersonal relations. They get along well socially. They have an innate understanding of people. They are quick to grasp the underlying motivations of other people. This insight serves them in excellent stead when they wish to gain the support of others who may have conflicting views. They not only understand people but also enjoy them. They rarely feel at a loss in public contact situations A Types B person can easily and happily manipulate an irate client.

Characteristics of Type B Personality

- Patient and composed
- Never suffer from a sense of time urgency; concerned with quality rather than quantity.
- Do not generally discuss their achievements unless demanded by the situation
- Play for fun and recreation
- Can relax without guilt
- They are wise, not hasty, they vary their responses to specific challenges in their milieu; their behaviour, hence can't be predicted easily.

The differences between type A and Type B persons have important implications for behaviour in the workspot. For example, hard driving, competitive individuals would be expected to act in very different ways from their more easy going counterparts. Type As tend to be more impatient with others and get angry quickly if things do not move as desired. They prefer to work by themselves, given a chance, rather than with others. They are definitely 'loners' rather than 'team players'.

Narcisist

- Considers himself as a person with may talents
- If things not going in accordance with their will they throw tantrums.
- They want to be a person of attraction always.

6. **Narcissism:** A Narcissist is an arrogant person who considers himself as a person of many talents. He has a grandiose sense of self importance and requires constant admiration. He wants to be a centre of attraction always. Sad to relate, narcissists tend to be extremely selfish and exploitative and believe others exist for their benefit. Imbued with feelings of superiority, they often treat their subordinates as if they were inferior. They are extremely selfish and do very little to help others, when required. Unfortunately, narcissists tend to believe that they have excellent

leadership qualities. Studies, on the other hand, found supervisors rating their bosses having narcissist tendencies as worst.

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1.19 PERSONALITY AND SELF-CONCEPT

The self concept describes the relatively stable perceptions his own self a person has about. It includes the conception of what is special about a person; what separates him from others. It is like a mental mirror that reflects how a person looks at self. One self concepts are derived primarily from four sources: (*a*) person's social interaction with others (*b*) it is own comparisons with other (*c*) what others say about the and (*d*) how a person evaluates himself. Three important things about the self-concept are worth mentioning here:

- *Self concept is learned*. No one is born with a self concept. It gradually emerges in the early months of life and is shaped and reshaped through repeated perceived experiences, as one interacts with others.
- *Self concept is organized*, that is, it is characterized by *orderliness* and *harmony*. Each person maintains countless perceptions regarding one's personal existence, and each perception is orchestrated with all the others. It is this generally stable and organized quality of self-concept that gives consistency to the personality. At the heart of self-concept is the self-as-doer, the "I," which is distinct from the self-as-object, the various "me's." This allows the person to reflect on past events, analyze present perceptions, and shape future experiences.
- *Self-concept development is a continuous, dynamic process*. In the healthy personality there is constant assimilation of new ideas and expulsion of old ideas throughout life. Individuals strive to behave in ways that are in keeping with their self-concepts, no matter how helpful or hurtful to one self or others. Self-concept usually takes precedence over the physical body. Individuals will often sacrifice physical comfort and safety for emotional satisfaction. Self-concept continuously guards itself against loss of self-esteem, for it is this loss that produces feelings of anxiety.

According to Carl Rogers, Individuals have within themselves relatively boundless potential for developing a positive and realistic self-concept. This potential can be realized by people, places, policies, programs, and processes that are intentionally designed to invite the realization of this potential.

1.19.1 Self-efficacy

Self-efficacy refers to one's personal ability to do a task. Unlike locus of control this characteristic is not about how much fate controls events, rather, it is about one's personal belief about what it takes to get ahead and succeed in life.

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How Self-efficacy Affects Behaviour?

- **Joy of activities:** individuals typically choose activities they feel they will be successful in doing.
- **Effort and persistence:** individuals will tend to put more effort end activities and behaviours they consider to be successful in achieving.
- **Learning and achievement:** students with high self-efficacy tend to be better students and achieve more

For example, Erik Weihenmayer, is but also a self described unrealistic optimist who was **the first blind climber** to scale Mt. Everest. Low self efficacy is associated with learned helplessness, the debilitating lack of faith in one's ability to control one's environment. The implications for managers are fairly obvious. Complex, challenging and autonomous jobs tend to enhance people's perceptions of their self-efficacy. Boring, tedious jobs generally do the opposite. Self-efficacy is a quality that can be nurtured through appropriate counselling and mentoring.

1.19.2 Self-esteem

Self-esteem refers to the extent to which people like or dislike themselves, their overall self evaluation. Some of the characteristics that may be associated with high and low levels of self-esteem may be listed thus:

Characteristics of Type B

High self-esteem	Low self-esteem
Inspires others to have confidence in him	Does not inspire confidence in him
Seeks responsibility	Lacks initiative
Outgoing	Introverted
Open-minded	Closed-minded
Optimistic	Pessimistic

Research evidence on self-esteem offers interesting insights into organisational behaviour. High-SEs believe that they have the ability to succeed at work. They take more risks in job selection and are more likely to choose unconventional jobs. Low-SEs are more vulnerable to external influences than high-SEs. They are more likely to seek approval from others and are willing to conform to the beliefs and behaviours of those they respect, than high-SEs.

Some ways in which managers can build employee self esteem may be listed thus.

Ways to Boost Employee Self-esteem

- Reinforce employees' positive attitudes and skills
- Provide positive feedback whenever possible
- Break larger projects into smaller tasks and projects
- Express confidence in employees' abilities to complete their tasks
- Provide coaching whenever employees are seen to be struggling to complete tasks.

1.19.3 Self-monitoring

Self-monitoring refers to the ability of an individual to adjust his behaviour to external, situational factors. High self-monitors show great flexibility in adjusting their behaviours to external situational influences. They pay more attention to what others say and how others behave. They can put on different faces for different individuals. They will be more successful on jobs that require position holders to play multiple and even contradictory roles. High self-monitors are criticized for being chameleons, always able to adapt their self-presentation to their surroundings, low self-monitors are often criticized for being on their own planet and insensitive to others.

1.20 THEORIES OF PERSONALITY

Over the years, researchers have developed a number of personality theories while trying to find answers to questions such as what is personality. How is behaviour influenced by personality, and son on. These are listed below:

1.20.1 Psychoanalytical Theory

The theory, developed by Sigmund Freud, emphasizes the unconscious determinants of behaviour. According to Freud, personality is the outcome of three interrelated and interacting forces, namely, the id, ego and superego.

- **Id** consists of everything that is inherited psychologically and is present at the time of birth. It is the foundation of the unconscious mind and is the source of libido (psychic energy that seeks pleasure, tries to avoid pain and wants immediate satisfaction of all desires) drives. It strives for sexual gratification and other biological pleasures. It is instinctive, often unconscious and unrecognized and is unaffected by socially or culturally determined restrictions. Id basically represents an individual's natural urges and feelings. However, it cannot act on its own; it can only fantasize and force the person to satisfy the desires immediately. Id is largely childish, irrational, never-satisfied and always demanding.

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- **Ego** is the logical, rational and realistic side of the personality. It keeps the Id in check and takes decisions rationally after evaluating the facts in a realistic and objective manner. The demands made by Id, of course, would be met but only at an appropriate time and in an acceptable manner.
- **Superego** is the moral side of the personality. It represents the noblest thoughts, ideals, feelings that are acquired by a person from his parents, teachers, friends, religion, organisation, and colleagues etc. Labelled as the 'ego-ideal' it tells a person whether the action proposed by 'ego' is right or wrong so that the person acts in accordance with the values and standards set by the society. Acting as a kind of moral police, superego thus restricts the freedom enjoyed by the 'ego' and in some respects it is antithesis of Id. In actual world, the Id is striving for satisfaction, the ego is trying to delay it and the superego demands morality above all. If people violate the prohibitions set by superego, they may feel guilty and even indulge in self-punishment.

By nature, therefore, the Id, ego and superego will always be in a state of constant friction and tension. Conflicts between the *id* (the pleasure seeking element), the superego (the noble and idealistic element) and the ego (the compromising element) will often force people to develop certain defence mechanisms(such as aggression, regression, rationalization, denial and so on. Such defence mechanisms, according to Freud, are necessary to reduce the tension and anxiety caused by conflict between the three elements of personality.

Evaluation

The psychoanalytical theory proposed by Freud has undoubtedly revealed the importance of unconscious processes in human behaviour. Researchers have assigned a place of importance to the theory on account of four specific reasons discussed as follows:

1. **It is deterministic:** Behaviour is assumed to have been caused. Surprisingly, even unconscious slips are considered to exhibit or reveal a certain meaning.
2. **It is dynamic:** It assumes that human action results from psychic energy called libido (i.e., life maintaining and pleasure-seeking energy that becomes attached to or withdrawn from various goals and objects
3. **It is developmental:** Human development begins at birth and progresses through life.
4. **It is structural:** The three basic structures of personality are id, ego and superego. These three elements are interrelated and each cannot exist in isolation from others.

The idea of a person being motivated more by unseen influences than by conscious and rational processes is universally welcomed and is being used by behavioural scientists all over the globe. However, researchers have attacked the theory on methodological grounds. Scientific verification of what Freud has proposed through repeated experimentation is not possible because his constructs are difficult to define and are largely ambiguous.

1.20.2 Type Theories

The type theories try to bring some amount of order into the theories of personality, by classifying individuals into convenient categories. Sheldon's physiognomy theory and Carl Jung's extrovert and introvert theories are the two important type theories that merit attention here:

- ***Physiognomy Theory:*** According to Sheldon there is some relationship between the physique types (like the features of the face or body type) of individuals and their personality temperaments. He identified three body types – endomorphic, mesomorphic and ectomorphic. One pitfall of this theory is the inherent generalization. There is almost unfailing tendency on the part of many people to pigeonhole every person into one category or another.
- ***Extrovert-Introvert Theory:*** According to Carl Jung an extrovert is sociable, lively, impulsive, seeking novelty and change, carefree and emotionally expressive. Introverts, on the other hand, are basically shy, prefer to remain aloof, and are unexpressive. They are quiet, introspective, intellectual, well-ordered, and value-oriented. Few persons are complete extroverts or introverts but a combination of the two types help capture a snapshot of an individual.

1.20.3 Trait Theories

A trait is an enduring attribute of a person that appears constantly in a variety of situations. The major components of trait theory are: (*i*) Traits distinguish one person from another, (*ii*) Traits can be measured, and used to summarize behaviour, (*iii*) Traits and the resultant behaviour patterns are said to be fairly stable over time. So, on the basis of trait theory, people can be described as aggressive, impulsive, sentimental or romantic and (*iv*) Although there are many traits that are common to most people, there are many other traits that are unique to an individual and are not shared by other people. The problem with personality traits is that the list of individual traits is fairly long. In one study 17,953 individual traits were identified. Another researcher isolated 171 traits from out of which 16 primary traits were found to be most helpful in predicting behaviour patterns:

Evaluation: Trait theories, on the negative side, suffer from the following limitations (*i*) Traits may be too abstract. For example, the scale of measuring, anxiety may be abstract. (*ii*) Trait theory focuses attention on isolated traits without specifying how these traits are organised within a person. Without knowing which traits are more important and how they are related to other traits of an individual, it is not possible to come out with an appropriate description of an individual's personality. (*iii*) Another drawback of trait theories is that they are essentially descriptive rather than analytical.

1.20.4 Self Theory

According to the Self Theory, the individual himself is the centre of experience. His self-image is a reflection of how he looks at himself (Rogers terms this as "I") and his

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perception of how others view him (termed as "Me" by Rogers). Rogers has defined "Me" as social self and "I" as personal self. Personal self is nothing but one's own mirror image guiding our beliefs, thoughts and actions. Social self is the way a person appears to others or others appear to him. Behaviour is the outcome of the realisation of "Me" or is a reflection of inner self. "Me" is what "I" believe others expect from me. The relationship between "I" and "Me" shapes one's personality. As the individual interacts with his environment, his own concept of self develops, grows and matures over a period of time. Positive responses from the environment would reinforce our self-image and likewise, any negative responses from the environment would lower our self image creating tension and anxiety. As Rogers commented "the basic nature of the human being when functioning fully, is constructive and trustworthy. The self generally takes the initiative in improving the conditions in its environment so that the values of the self can be achieved."

Evaluation

The self theory is appreciated on the ground that it is organised around the concept of self. It is the one in which personality and behaviour are largely determined by the individual, whereas, in other theories, the individual is the only medium through which behaviour is elicited after having been acted on by elements over which one has no control. In analysing organisational behaviour, it would be beneficial for the manager to understand the self concept because this concept influences the manner of applying various reinforcement, motivation and leadership techniques for achieving desired results. For instance, monetary rewards for performance, authoritarian leadership style and motivational strategies when applied to intelligent, independent, confident workers may prove to be ineffective. These techniques may yield fruitful results when applied to the unintelligent, insecure, indecisive workers.

1.20.5 Social Learning Theory

The main idea in Julian Rotter's Social Learning Theory is that personality represents an interaction of the individual with his or her environment. One cannot speak of a personality, internal to the individual, which is independent of the environment. Neither can one focus on behaviour as being an automatic response to an objective set of environmental stimuli. Rather, to understand behaviour, one must take both the individual (i.e., his or her life history of learning and experiences) and the environment (i.e., those stimuli that the person is aware of and responding to) into account. Rotter describes personality as a relatively stable set of potentials for responding to situations in a particular way. In fact, much of human learning is vicarious or observational. The social learning theory uses 'reinforcement and punishment' approach in understanding personality. For example, repeated failures caused by external circumstances may compel an individual to act tough and be aggressive. On the other hand, many acts of kindness that are rewarded by society in various forms may reinforce good behaviour. Thus, behaviour is caused by environment and is affected by environment in many ways.

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General Principles of Social Learning Theory

1. People can learn by observing the behaviour is of others and the outcomes of those behaviours.
2. Learning can occur without a change in behaviour. Behaviourists say that learning has to be represented by a permanent change in behaviour, in contrast social learning theorists say that because people can learn through observation alone, their learning may not necessarily be shown in their performance. Learning may or may not result in a behaviour change.
3. Cognition plays a role in learning. Over the last 30 years social learning theory has become increasingly cognitive in its interpretation of human learning. Awareness and expectations of future reinforcements or punishments can have a major effect on the behaviours that people exhibit.

Rotter sees personality, and therefore behaviour, as always changeable. Change the way the person thinks, or change the environment the person is responding to, and behaviour will change. He does not believe there is a critical period after which personality is set. But, the more life experience you have building up certain sets of beliefs, the more effort and intervention required for change to occur. Rotter conceives of people in an optimistic way. He sees them as being drawn forward by their goals, seeking to maximize their reinforcement, rather than just avoiding punishment.

1.21 IMPORTANCE OF MATCHING PERSONALITIES AND JOBS

Given the enormous amount of differences among individuals and among jobs, an important job of managers is to try to match a person and job characteristics so that work is carried out by people who are best suited for it. This requires that

- Managers be clear about what they expect employees to do.
- They should have a sense of the kinds of people who would succeed at work that needs to be executed.

The attempt to strike a rapport between the person and the requirements of the job is called ***person-job fit.*** When hiring and leading employees, managers should attempt to achieve person-job fit so that employees are more likely to contribute and remain satisfied. Whenever the nature of work changes, due to various reasons, managers should look into questions such as: how prepared are the employees? Are they going to voice their concerns? Will the employees be able to shoulder the additional burden? Personality, in the final analysis, does not lend itself to change. When person-job fit is poor, the manager must think of replacing employees or restructuring work. Research in this area indicates that job satisfaction is highest and turnover lowest when person-job fit is achieved. So, for fairly obvious reasons, social individuals should be in social jobs and conventional people should be in conventional jobs. Nowadays, researchers also point out the need to achieve the ***person-organisation fit*** as well, in order to show excellence. In a way, this means selecting people who fit better with organisational culture and get along with people easily.

1.22 APTITUDE, ABILITIES AND SKILLS

Apart from having a positive personality, one needs to have the aptitude, ability and skills in order to achieve success at the work place. Aptitude refers to a person's ability to learn something. Ability refers to a person's existing capacity to do various tasks using knowledge and skills to good effect. Skill refers to the dexterity in performing specific tasks – which, of course, comes through training and experience. Abilities are the knowledge and skills that a person possesses currently. Aptitudes, on the other hand, determine a person's potential abilities. Both terms are important in organizational behaviour, because of their impact on the performance of individuals in a firm. Generally speaking two types of ability affect performance: intellectual ability – capacity to perform various cognitive tasks – and physical ability – capacity to perform various physical activities.

✓ **Intellectual abilities or simply intelligence:** The term 'intelligence' refers to one's capacity to understand complex ideas. If a person is able to understand the challenges associated with a task clearly, he or she is able to show good performance. Psychologists prefer to divide intelligence into two categories: cognitive intelligence and practical intelligence.

- **Cognitive intelligence:** It refers to the ability to understand complex ides, to adapt effectively to the environment, to learn from experience, to engage in various forms of reasoning and to overcome obstacles by careful thought. There are eight types of cognitive ability that require close attention:

  (*a*) *Verbal ability:* The ability to understand and use spoken and written language.

  (*b*) *Numerical ability:* The ability to solve arithmetic problems and deal with numbers.

  (*c*) *Reasoning ability:* The ability to come up with solutions to problems and understand the principles by which different problems can be solved.

  (*d*) *Deductive ability:* The ability to reach appropriate conclusions from an array of observations or evaluate the implications of a series of facts.

  (*e*) *Ability to see relationships:* This refers to the ability to see how things are related to each other and then apply this knowledge to other relationships and solutions.

  (*f*) *Ability to remember:* This refers to the ability to recall things ranging from simple associations to complex groups of statements or sentences.

  (*g*) *Spatial ability:* This is the ability to determine the location or arrangement of objects in relation to one's ow position and to imagine how an object could appear if its position or space were altered.

(*h*) *Perceptual ability:* The ability to uncover visual patterns and see relationships within and across patterns.

Different jobs require various blends of the above abilities. One needs to take the call intelligently keeping information, things, situations, people in the background. This is where creativity comes to play a great role. Creativity refers to the ability to produce a good number of unique and novel responses to problems and opportunities.

✓ **Practical intelligence:** It refers to the ability to devise effective ways of getting things done on a daily basis. People differ not only in cognitive ability but also in physical ability. There are two types of physical abilities – motor and physical skill – that require elaboration here. A motor skill is the ability to physically manipulate objects in an environment – such as reaction time, manual dexterity, speed of arm movement etc. The term physical skills refers to a person's fitness and strength – such as the ability to lift weights, stamina etc.

Both cognitive intelligence and practical intelligence are determined by biological as well as situational factors. Cognitive intelligence is determined by the genes we inherit from our parents, whereas practical intelligence is gained through experience and learning while dealing with situations that confront us on a daily basis.

1.23 EMOTIONAL INTELLIGENCE (EI)

Psychologists have also come out with a third category called emotional intelligence (EI) which is essential for career progression and achieving success at the individual level. EI refers to the ability to make accurate judgements of emotions and to use such knowledge in order to improve one's own thinking. Emotions are intense feelings that are directed at someone or something. They are reactions to a person (seeing your class mate after a long time may make you happy) or event (like dealing with a rude client may make you angry for a while). You show your emotions when you are happy about something, angry at someone, or afraid of something. Although there are dozens of emotions, psychologists have universally agreed on six emotions that affect us, namely anger, fear, sadness, happiness, disgust and surprise. The term emotional intelligence refers to the ability to diagnose and recognize your own emotions, the ability to control your own emotions, the ability to recognize and diagnose the motions displayed by others and the ability to respond appropriately to those emotional cues. In other words, it implies an awareness of other's emotions, and a sensitivity to one's own emotions and the ability to control them. Actually, according to Goleman emotional intelligence is a combination of five competencies, namely:

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Emotional Intelligence

1. **Self-awareness** is the ability to recognize a feeling as it happens, to accurately perform self-assessments and have self-confidence. It is the keystone of emotional intelligence.
2. **Self-management** or self-regulation is the ability to keep disruptive emotions and impulses in check (self-control), maintain standards of honesty and integrity (trustworthiness), take responsibility for one's performance (conscientiousness), handle change (adaptability), and be comfortable with novel ideas and approaches (innovation).
3. **Motivation** is the emotional tendency guiding or facilitating the attainment of goals. It consists of achievement drive (meeting a standard of excellence), commitment (alignment of goals with the group or organisation), initiative (acting on opportunities), and optimism (persistence reaching goals despite setbacks).
4. **Empathy** is the understanding of others by being aware of their needs, perspectives, feelings, concerns, sensing the developmental needs of others.
5. **Social skills** are fundamental to emotional intelligence. They include the ability to induce desirable responses in others by using effective diplomacy to persuade (influence); listen openly and send convincing messages (communicate); inspire and guide groups and individuals (leadership); nurture instrumental relationships (building bonds); work with others toward a shared goal (collaboration, cooperation); and create group synergy in pursuing collective goals.

People who know their own emotions and are good at reading emotion cues – for instance, knowing why they are angry and how to express themselves without violating rules and regulations – are most likely to be effective. People with emotional intelligence are generally branded as street smarts, showing superior performance while at work. Such people are also able to respond appropriately to the emotions of others. In an organisation, the emotional intelligence of managers plays an important role in shaping the behaviours of subordinates. As Goleman explained it, "a cranky and ruthless boss crease a toxic organisation filled with negative underachievers who ignore opportunities, an inspirational inclusive leader spawns acolytes for whom any challenge is surmountable". Of course, emotional intelligence is a vague concept and is difficult to measure. Most researchers also feel that being self aware or self-motivated or having empathy is a matter of intellect. Some critics also argue that because emotional intelligence is so closely related to intelligence and personality, once you are able to control these factors, EI has nothing unique to offer.

1.24 SUMMARY

- People join organisations with a lot of expectations. Organisations, in turn, seek superior performance, sincere and dedicated work from employees. Managers have to balance these demands and deliver results.
- Organisational behaviour is a study of human attitudes, behaviour and performance. OB is a distinct field of study and it is interdisciplinary in nature. It is enriched by inputs received from social sciences, such as psychology, sociology, anthropology, economic, political science etc.

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- OB models focus attention on three distinct levels of analysis – individuals, groups and organisations. It tries to look into the impact the individuals, groups and organisations have on people working inside an organisation.
- Over the years, five models of OB have emerged, namely: autocratic, custodial, supportive, collegial and systems.
- Organisational behaviour, as things stand now, has benefited from contributions from numerous research studies and experiments carried out at various points of time. The following approaches have been presented in the chapter:
- The *classical approach* emphasized the need for a structure with well defined rules, regulations and lines of authority.
- The *behavioural approach* shifted the focus to human and social needs. Structure has no meaning unless you sell the idea to employees and take them along with you.
- The *quantitative approach* emphasized the application of quantitative analysis to management decisions and problems. The focus was more on solving technical rather than human behaviour problems.
- The *systems approach* looked at organisations as a series of inputs, transformation process and outputs. It viewed the organization as an entity with interrelated parts with a unifying purpose, surviving and flourishing in its environment.
- The *situational/contingency approach* encouraged managers to use the concepts and methods of traditional, behavioural and systems viewpoints, depending on the circumstances they face at the time.
- Thanks to the LPG era, modern jobs have become quite complex in nature where employees are compelled to be proficient in a variety of areas.
- Understanding human behaviour is central to the success of any cooperative effort.
- Behaviour is a function of the person and the environment
- To be successful, managers should focus attention on the person-job fit
- Five different models of man have gained popularity over the years; depending on the managerial assumptions about people. These models have come to occupy the centre stage, depending on their historical appearance.
- Personality is the sum total of unique ways in which an individual reacts and interacts with others.
- Each person is unique, has some stable patterns of behaviour and consistent internal states.
- The major determinants of personality are grouped under the following heads: biological, personality, cultural, family and social and situational.
- The big five personality dimensions are: extroversion, agreeableness, conscientiousness, emotional stability and openness to experience.
- Other important personality traits that managers need to be aware of in order to understand workplace behaviour are: locus of control, authoritarianism, Machiavellianism, Type A and Type B behaviour patterns, and the self concept

- To get the best out of people and to ensure efficient and effective results, managers need to put the right man on the right job as well.
- In addition to possessing different personalities, employees also differ in their abilities, or what they are capable of doing. The two major types of ability are cognitive ability and physical ability. Emotional and social intelligence is what it takes people to the top of career ladder in most cases.

TEST QUESTIONS

1. What is organisational behaviour and why is it important?
2. Examine the fundamental concepts that form the basis of OB. Which concepts do you think are more important than the others? Explain why?
3. Discuss the nature, scope and importance of OB.
4. What is the need of OB? Can you provide some justification?
5. Explain briefly the features of modern OB.
6. What is OB? Discuss its nature. What are the contributing disciplines to OB?
7. Examine the trends in the models of OB as they have developed over a period of time. Why have the trends moved in a positive direction?
8. What is a contingency approach to OB?
9. What are the three levels of analysis in the OB model suggested in the text. Are they related? If so, how?
10. Assume that a friend comments thus: "OB is selfish and manipulative, because it serves only the interests of management." How would you respond to this statement?
11. Do you think OB can contribute to both the effective functioning of organisations and to the well-being of individuals at the same time? Illustrate with a few some examples.
12. OB deals with human thoughts, feelings, emotions and actions in a work setting. Explain how an individual's behaviour at home and in society affects his behaviour in organisational environment.
13. "Why do managers often describe people problems as their most frequent and challenging difficulties?"
14. "Understanding human behaviour in organisations is central to the success of any cooperative effort." Critically examine the statement.
15. Discuss briefly the various schools of management thought.
16. What is bureaucracy? Outline the features of a bureaucratic form of organisation. Point out its merits and demerits.
17. Explain the principal contributions of F.W. Taylor to the development of management thought.
18. List the Fayol's principles of management.
19. "The work of Taylor and Fayol is essentially complementary". Do you agree? Why or why not?

20. Write short notes on
    (*a*) Open system and closed system
    (*b*) Systems theory and contingency theory
    (*c*) Scientific management and administrative theory
21. Distinguish between Human Relations Theory and Scientific Management.
22. What are the major findings of Hawthorne Experiments? Examine their significance for the practising manager.
23. The neo-classical approach to the management has not provided any such thing as to replace the classical management theory. Do you agree with this statement?
24. What are the major contributions of the Hawthorne experiments to the present day organisations?
25. Distinguish between human relations approach and human resources approach to organisations.
26. What are the major limitations of the neo-classical theory of management? Also point out its superiority over the classical management theory.
27. What is the systems approach to management? Examine the salient features of this approach.
28. Explain the importance of the systems approach to the study of management. What are the limitations of this approach?
29. Write an explanatory note on the contributions of Peter Drucker to management thought.
30. What is the contingency approach to the study of management? Do you think it is an improvement over the systems approach? Explain.
31. "The contingency approach to management is a common sense approach". Comment.
32. Why is it important for every manager to understand the many different management theories that have been developed?
33. Can a manager use tools and techniques from several different perspectives at the same time? For example, can a manager use both classical and behavioural perspectives? Why or why not?
34. Do you think that management theory will ever be as precise as theories in the fields of accounting, finance or experimental psychology? Why or why not?
35. Give a detailed account of various models of man. Which of the models is superior, you feel, and why?
36. Behaviour is always not rational. What is the logic behind non-rationality in human behaviour?
37. Human behaviour is complex. Do you agree with this statement? Also explain the operational implications of complex nature of human being.
38. How do you explain the congruency between individual goals and organisational objectives?
39. Human behaviour is more complex that what people generally believe. Do you agree with this? What are the factors that add complexity to human behaviour?

40. Wal-Mart is known for maintaining a very high ratio of part time to full-time employees, in order to keep costs down. Employment of part time employees at minimum or near-minimum wages is one of the reasons the chain can offer lower prices to customers. Would you be willing to pay higher prices at stores such as Wal-Mart so that more full time employees could replace part time employees?
41. "Human behaviour is a function of person and environment". Comment.
42. Is there any organisation where individual goals do not come in conflict with the organisational goals?
43. How do you define personality? What are its major determinants?
44. What is the role of personality in the study of organisational behaviour?
45. Briefly explain the various theories of personality. How will you integrate various theories to get a satisfying view of personality?
46. Describe the Type A and Type B behaviour patterns and describe the nature of Machiavellianism.
47. What are the major personality traits that managers need to be aware of in order to understand workplace behaviour?
48. Write short notes on
    - The self-concept
    - Locus of control
    - Introvert vs. Extrovert
    - Emotional intelligence
49. Personality is an organised whole, without which an individual would have no meaning. Comment on the statement.
50. Critically analyse the statement that "the various psychological processes can be thought of as pieces of jigsaw puzzle, and personality as the completed puzzle picture".
51. Why might two individuals whose personalities are very similar behave differently in a given situation?
52. Why is it important for managers to achieve person-job fit when they are hiring employees?
53. Think of an important event in your life. Do you believe that the success or failure of the event was your responsibility (internal locus of control) or the responsibility of outside forces or people (external locus of control)? Has your belief changed since the event took place? How does your locus of control affect the way you now view the event?
54. Do you think that a Type A person or a Type B person would be better suited to managing a health care facility? Why?
55. Have you ever known someone you considered to be high in extraversion? If so, what kind of jobs do you think they would perform best? Worst?

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2. GROUP DICISION-MAKING AND COMMUNICATION

STRUCTURE

2.1 INTRODUCTION

Decision-making is an important part of management process. It covers every part of an enterprise. In fact, whatever a manager does, he does through decision-making only. Managers are essentially decision makers only. Almost everything managers do, involves decision-making. Managers scout for problems, make decisions for solving them and monitor the consequences to see whether additional decisions are required. Good decision-making is a vital element of good management because decisions determine how the organisation solves its problems, allocates its resources and accomplishes its goals. However, decision-making is not easy. It must be done amid ever changing factors, unclear information and conflicting points of view. A decision is a choice made from available alternatives. Decision-making is the process by which individuals select a course of action among several alternatives, to produce a desired result. Decision making is the process through which managers identify organisational problems and attempt to resolve them.

2.2 CHARACTERISTICS OF DECISION-MAKING

The important characteristics of decision-making may be listed thus:

1. ***Goal-oriented:*** Decision-making is a goal-oriented process. Decisions are usually made to achieve some purpose or goal. The intention is to move 'towards some desired state of affairs'.
2. ***Alternatives:*** A decision is characterized by two activities—search and choice. The manager searches for opportunities to arrive at decisions and for alternative solutions so that action may take place. Choice leads to decision. When there is no choice of action, no decision is required. The need for decision-making arises only when there is some uncertainty about the outcome.
3. ***Analytical-intellectual:*** Decision-making contains conscious and unconscious aspects. Part of it can be learned, but part of it depends upon the personal characteristics of the decision maker. Decision-making cannot be completely quantified; nor is it based mainly on reason or intuition. Many decisions are based on emotions or instincts.
4. ***Dynamic process:*** Decision-making is the process of identifying worthwhile things to do in a dynamic environment. It is a process of using inputs effectively in the solution of selected problems and the creation of outputs that have utility. A manager, for example, may hire people based on merit regularly and also pick up candidates recommended by an influential party, at times. Depending on the situational requirements, managers take suitable decisions using discretion and judgement.
5. ***Pervasive function:*** Decision-making permeates all management and covers every part of an enterprise. In fact, whatever a manager does, he does through decision-making only; the end products of a manager's work are decisions and actions. Decision-making is the substance of a manager's job.
6. ***Continuous activity:*** The life of a manager is a perpetual choice making activity. He decides things on a continual and regular basis. It is not a one shot deal.
7. ***Commitment of time, effort and money:*** Decision-making implies commitment of time, effort and money. The commitment may be for short term or long-term depending on the type of decision (for example, strategic, tactical or operating). Once a decision is made, the organisation moves in a specific direction in order to achieve the goals.

8. ***Human and social process:*** Decision-making is a human and social process involving intellectual abilities, intuition and judgement. The human as well as social imparts of a decision are usually taken into account while making the choice from several alternatives. For example, in a labour-surplus, capital-hungry country like India, managers cannot suddenly shut down plants, lop off divisions and extend the golden handshake to thousands of workers, in the face of intense competition.
9. ***Integral part of planning:*** As Koontz indicated, 'decision making is the core of planning'. Both are intellectual processes, demanding discretion and judgement. Both aim at achieving goals. Both are situational in nature. Both involve choice among alternative courses of action. Both are based on forecasts and assumptions about future risk and uncertainty.

2.3 TYPES OF DECISIONS

The various types of decisions taken by managers at various levels in a organisation may be classified thus:

1. ***Basic and Routine Decisions:*** Basic decisions are decisions concerning unique problems or situations. They are one-time decisions demanding large investments. For example, decisions about launching a new product or buying a more advanced computer system are non-routine decisions. They require creativeness, intuition and good judgement on the part of managers. They are strategic decisions which affect the future of an organisation. On the other hand, routine decisions are repetitive in nature. They require little deliberation and are generally concerned with short-term commitments. They 'tend to have only minor effects on the welfare of the organisation'. Generally, lower-level managers look after such mechanical or operating decisions. For example, a supervisor can decide, whether an employee's absence is excused or unexcused on the basis of personnel policy guidelines. Usually, standard procedures are established to dispose of such repetitive problems quickly.
2. ***Personal vs. Organisational Decisions:*** According to Barnard, decisions can be divided on the basis of the environment in which they are made. Decisions to watch television, to study or retire early are examples of personal decisions. Such decisions pertain to managers as individuals. They affect the organisation in an indirect way. For example, a personal decision to purchase a Maruti rather than an Ambassador indirectly helps one firm due to the sale and hurts another because of the lost sale. The sudden decision of a popular singer to seek premature retirement may affect the film industry badly. In other words, personal decisions can 'have an impact beyond the immediate system on whose behalf they were made'. Organisational decisions are made by managers in their official or formal capacity as controllers and allocators of organisational resources. Unlike personal decisions, organisational decisions can be delegated. These decisions are aimed at furthering the interests of the organisation. Managers operate in an open environment. Results of their decisions are open for public view (subordinates, stockholders, customers, general public, etc.) and such results are generally measured in terms of the firm's earnings, welfare of the employees and the

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economic health of the community. In other words, managerial decisions have an impact on a greater number of people.

So, in order to survive and progress, managers are forced to make professional decisions, to make decisions that are based on rationality, judgement and experience. As pointed out by Levitt, 'the manager is judged not for what he knows about the work that is done in his field, but by how well he actually does the work'. In order to protect the long-term interests of the organisation, sometimes, a manager may be forced to adopt certain decisions which may be against his personal choices. For example, a manager who abhors unethical practices may tolerate deceptive product messages in company advertisements to ward off competitive pressures. To survive, the manager must be a professional decision maker. He is expected to resolve the conflicts that take place between organisational and personal decisions in a smooth way.

3. ***Individual vs. group decisions:*** As mentioned above, Individual decisions are taken by a single individual. They are mostly routine decisions. Group decisions, on the other hand, are decisions taken by a group of individuals constituted for this purpose (for example, Admission Committee of a College, Board of Directors in a company). Group decisions as compared to individual decisions, have far reaching consequences and impact a number of persons and departments. They require serious discussion, deliberation and debate.
4. ***Programmed and Unprogrammed Decisions:*** Herbert Simon has provided a popular classification scheme for managerial decisions—programmed and non-programmed. A programmed decision is one that is routine and repetitive. Rules and policies are established well in advance to solve recurring problems quickly. Thus, a hospital establishes a procedure for admitting new patients; a supervisor administers disciplinary actions against workers reporting late for work, a store clerk orders requisition for additional supplies, as soon as the existing stock drops below a specified level. On the basis of pre-established set of alternatives, programmed decisions can be made in a routine way. Since programmed decisions are relatively easy and simple for managers to make, they allow and equip managers for more challenging and difficult problem solving. However, routine procedures leave little room for the manager to choose. Judgement cannot be used and freedom is affected. Programmed decisions are usually made by lower level personnel in organisations "in which the market and technology are relatively stable, and many routine, highly structured problems must be solved." For example, in banks and insurance companies, the market and technology are relatively stable and usually routine problems confront operating personnel. Decisions are highly routinised and the decision maker simply recognises the problem to implement the predetermined solution.

Non-programmed decisions deal with unique/unusual problems. In such cases, the decision maker has to make a decision in a poorly structured situation—one in which there are no pre-existing, cut-and-dried solutions. Deciding whether to take over a sick unit, how to restructure an organisation to improve efficiency, where to locate a new company warehouse, whom to promote to the vacant position of Regional Manager at one of the company's plants, are examples of non-programmed decisions. The common feature in these decisions is that they are novel and non-recurring and there are no readymade courses of action to resort to. One good example of a non-programmed decision is Exxon Mobil's decision to form a consortium to drill for oil in Siberia. One of the largest foreign investments in Russia, the consortium committed $4 billion before pumping its first barrel and expects a total capital cost of $12 billion-plus. The venture could produce 250,000 barrels a day, about 10 per cent of Exxon Mobil's global production. But if things go wrong, the oil giant which has already invested some $4 billion will take a crippling hit. Because, non-programmed decisions often involve broad, long-range consequences for the organisation, they are made by higher-level personnel only. Managers need to be creative when solving the infrequent problem and such situations have to be treated de novo each time they occur. Non-programmed decisions are quite common in organisations where situations are poorly structured and decisions being made are non-routine and complex.

Programmed vs. Non-programmed Decisions

Programmed decisions	Non-programmed decisions
• Concerned with relatively routine problems, they are structured and repetitive in nature. • Solutions are offered in accordance to some habit, rule or procedure. • Such decisions are relatively simple and have a small impact. • The information relating to these problems is readily available and can be processed in a pre-determined fashion. • They consume very little time and effort since they are guided by predetermined rules, policies and procedures. • Made by lower level executives	• Concerned with unique and novel problems, they are unstructured, non-repetitive and ill defined. • There are no pre-established policies or procedures to rely on. Each situation is different and needs a creative solution. • Such decisions are relatively complex and have a long term impact. • The information relating to these problems is not readily available. • They demand a lot of executive time, discretion and judgement. • Top management responsibility

5. ***Rational vs. irrational decisions:*** Making a good decision is a difficult exercise. It is the product of deliberation, evaluation and thought. It is, in fact, a by-product of rational and logical thinking, involving a series of steps. The decision making process is said to be rational when a decision maker evaluates problems systematically, develops alternatives and chooses the most suitable one on the basis of available data. When decisions are arrived at based on intuition and are not based on relevant facts and figures, they tend to be irrational. Irrational decisions follow the hit or miss kind of route and the outcomes could turn out to be unproductive and negative on most occasions. They tend to be judgemental in nature because the decision maker has not bothered to examine relevant data closely.

2.4 THE DECISION-MAKING PROCESS: THREE MODELS

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When people think of decision making in organizations, they are usually referring to decisions that are non-programmed and that require search for new and necessary information. In order to arrive at such decisions (non-programmed) two models are pressed into service generally. The first one is called the classical model and the second one is known as the administrative model. These are discussed below

2.5 THE CLASSICAL MODEL OF DECISION-MAKING

The classical decision-making model is a prescriptive model. It describes how people should make decisions. The manager is supposed to have all the information required to make a choice. He will evaluate all available alternatives and would pick up the one that maximizes the return in a given situation. This optimizing style is an ideal way to make decisions. The essential components of such a rational decision making process may be listed thus:

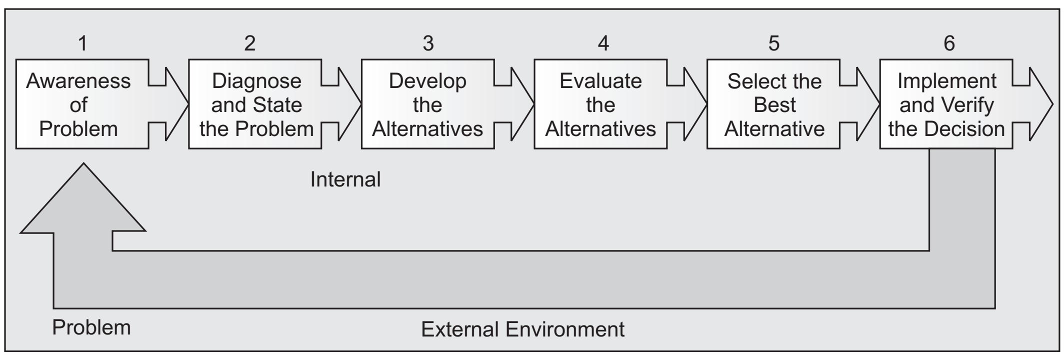

Fig. 2.1 The Process of Decision-Making

(The arrows in the model indicate constant revaluation and feedback of every step in the decision- making process. Thus, managers are provided with useful information through which future decisions can be made.)

1. ***Awareness of a problem:*** The first step in the decision making process is recognizing the problem. Problems generally arise because of disparity between what is and what should be. To identify the gaps between the current and desired state of affairs, managers should look for problems that require a solution. They must focus attention defining the problem correctly instead of trying to find answers right away. In order to recognise problems, a manager is expected to monitor the decision-making environment, understand the possible causes and try to define the real problem carefully.
2. ***Diagnose and state the problem:*** A successful manager must have the ability to weed out the wheat from the chaff before deciding on a specific course of action. Once aware of a problem, he must state the real problem. He must try to solve the problem, not the symptoms. In order to state the true problems, the following questions should be looked into carefully:

- *What is the problem?* What is the difference between, what is and what should be? The difference between the current state and the desired state of affairs indicates the problem for the firm.
- *Which problems to solve?* At this stage the focus must be on problems that merit immediate attention and those that can be postponed for a future date.
- *What is the real cause of the problem?* To avoid the danger of prescribing a wrong medicine for the organisation, the manager should consider the decision environment properly. A well defined problem, as experts say, is already half-solved. Managers need to put the finger on the problem causing trouble by taking a 360 degree of view of everything that impacts a decision. According to Drucker, 'critical factor analysis' helps in identifying the causes properly. The critical factor spells the difference between actual and desired results. If a machine goes out of order due to non-availability of an essential component, the component is the strategic or critical factor. According to Barnard, the nature of the strategic factor will shift when the problem is defined correctly. After defining the problem, that is non-availability of the component, a new situation will arise, where the new limiting factor would be obtaining the component and so on. The important point is to list all the possible causes and testing each cause; trying to decide whether one is more likely than another; to have created the deviation between the current and desired state of affairs. To define the problem correctly, the decision maker should collect as many facts as he can and try to separate these facts from beliefs, opinions and preconceived notions.

Making a Correct Diagnosis: The Warren Buffet Way

Newspapers often highlight the fact that Warren Buffet invests like a girl. The renowned billionaire investor-- whose worth is nearly $40 billion and leading the financial juggernaut Berkshire Hathaway—cannot be accused for not playing the market too often. His investment decisions always paid off well as is evidenced by the fact that $1000 invested with him in 1956 is worth over $ 28 million at the end of 2013. Buffet and female investors have something in common. Women trade much less than men, do a lot more research and tend to base their investment decisions on considerations other than just numbers. Patience and good decision making are other comforting elements. Buffet also spends lot of time running through truckloads of annual reports and financial statements carefully—to find out return on capital, debt component and whether the business is sustainable over the long run and offers good growth prospects etc—before taking the final call.

3. ***Develop the alternatives:*** Quite often managers rush to marry the first available option. They exhibit indecent haste to marry a comforting solution that looks like a real winner. Developing a sufficiently large number of alternative solutions at this stage, therefore, guarantees adequate focus and attention on the problem at hand. Managers should encourage people to come with varied points of view, alternative ways of doing things and encourage dissent in an effective manner. The ability to develop alternatives is as important as making a right decision among alternatives. Ingenuity, research and creative imagination are required to make sure that the best alternative is considered before a course of action is

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selected. The number of alternatives to be generated depends on various factors: time available to the decision maker, cost of each alternative and the importance of the decision itself. Within these constraints, managers should develop all possible alternative solutions because if the correct alternative is not considered and put into action, the problem cannot be solved.

4. ***Evaluate the alternatives:*** In this step, the decision maker tries to outline the advantages and disadvantages of each alternative. The consequences of each alternative would also be considered. The 'opportunity cost' method is suggested, quite frequently, in order to evaluate each alternative. When one alternative is selected in place of another – like choosing a scooter in place of a motor cycle – the cost of the selected one (scooter) is measured in terms of the benefits available from the rejected one (motor cycle) The point is that subjective judgement invariably creeps into the decision-making process. The final decision in most of the cases is a product of deliberation, evaluation and thought.
5. ***Select the best (most beneficial) alternative:*** In this step, the decision maker merely selects the alternative that will maximise the results in terms of existing objectives. This steps essentially involves questions such as the anticipated costs and benefits of each listed alternative, estimating the uncertainties and risks associated with each alternative, and picking up an alternative that would bring a firm nearer to its goals. Choosing consists of selecting the alternative with the highest possible payoff based on the benefits, costs, risks and uncertainties of all alternatives.

Management insight: How Netflix Reinvent itself in a Dynamic Environment ?

After Reed Hastings misplaced a rented videotape of Apollo 13 and was charged a six weeks-late fee of $40 he found the defining moment to set up the video rental business in place. Netflix came into existence in 1997 allowing users to borrow and return videos by mail, placing orders via the Internet.

The battle for DVD market

Netflix engineered its operations beautifully to win the battle for DVD-by-Mail market supremacy. Netflix was able to buy the DVDs in a retail store (copyright law allowed it to rent out those DVDs) and deliver them in a more "consumer-friendly model of no late fees and big selection [that] overpowered the immediate convenience of going to a corner store to pick up a movie for a night. It could buy huge quantities of DVDs cheaply, it set up a great computer system so people could order their DVDs, and its process for delivering and collecting DVDs was well-engineered. Then along came video streaming. With more people using smartphones and tablets, it has become much more convenient for people to watch movies on these devices rather than plopping themselves in front of their TV sets and plugging a DVD into an attached player. For the last several years, Netflix has been struggling with how to survive the transition of customers who wanted to dump its DVD-By-Mail service and watch streaming videos instead. This struggle led to its highly controversial July 2011 pricing policy of raising prices as much as 60%. The new deal made customers pay $16 a month for one DVD out at a time plus Internet-streaming – up from $10 a month for the combined package before the new rate went into effect for existing subscribers at the beginning of September 2011. Netflix stock plunged. Unfortunately for shareholders, what it takes to win in the online streaming business is very different from DVD-by-Mail's key success factors. That's because Netflix is in a much weaker bargaining position with the owners of the digital videos — it has to engage in painful negotiations with studios and they have no incentive to cut Netflix a break — especially after watching Netflix eat their lunch with DVDs. These higher costs showed up in Netflix's financial statements. For example, by the end of June 2011, Netflix's accounts payable had climbed 218% from $137 million at the end of 2010 to $435 million.

Online streaming

To its credit, Netflix did not give up with its efforts to succeed in online streaming. Since it could not convince studios to let it license great online content on attractive terms, Netflix decided to get into the studios' business of creating great content — referred to as backward integration. In February 2013, Ted Sarandos, Netflix's chief content officer, told GQ "the goal is to become HBO faster than HBO can become us." And that strategy appears to be paying off. Netflix's first quarter results were much better than expected. Its stock soared 24% in after-hours trading to $215.40 — on April 22, it announced that it had gained two million new U.S. customers in the first three months of 2013 — reaching 29.2 million — which was 200,000 more than the average of seven estimates compiled byBloomberg.

Successful Moves

Netflix has created one very popular series – House of Cards. And it has launched a second series original — Hemlock Grove. Its third series, a 15-episode revival of "Arrested Development" will become available on Memorial Day. As Piper Jaffray analyst, Michael Olson, told the New York Times, "It appears original programming may be driving better subscriber numbers. At the least, we believe original exclusive programming is reducing subscriber churn." Another factor in Netflix's online subscriber growth is pricing. It announced Monday a new subscription option that could allow Netflix to profit from password-sharing for its streaming video service. The new option – four simultaneous streams for $11.99 – will supplement its existing $7.99 a month service that limits subscribers to two simultaneous streams. Netflix has yet to complete the transition from a winner in DVD-by-Mail to the leader in online video streaming. That's because its subscribers will want to watch more than just original Netflix programming – and obtaining that will continue to be costly. Moreover, not all of its original series are going to be wildly popular. But its strategy of backward integration suggests that Netflix may be able to assemble the capabilities needed to continue to deliver superior value to consumers despite fundamental improvements in technology that undermine the business in which it previously prevailed. And that will make Netflix an interesting company to watch when it comes to learning how companies should reinvent themselves. (www.forbes.com 4/23/2013)

6. ***Implement and verify the decision:*** After making a decision, the manager must implement it. He must see, whether it has actually worked out or not. In other words, he must seek feedback regarding the effectiveness of the implemented solutions. Feedback allows managers to become aware of the recent problems associated with the solution. It permits managers to monitor the effects of their acts, to gauge their success. They can evaluate their own decision-making abilities. It would be better to establish follow-up procedures to evaluate the decision. Managers can set up a budget; allocate time and money; assign responsibility for individuals to work out the specific tasks involved. They can fix up a time for obtaining the periodic progress reports, regarding how the decision is actually implemented. If the decision is not yielding the desired results and the decision turns out to be a poor one, they should not hesitate to reverse the trend. They should not hesitate to ride out a decision that does not accomplish its objective.

The Concept of Rationality

The classical model thus prescribes a consistent and value maximizing procedure to arrive at decisions. It turns the decision maker into an economic being trying to pick up the best alternative for achieving the optimum solution to a problem. According

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to the classical model, the decision-maker is assumed to make decisions that would maximise his or her advantage by searching and evaluating all possible alternatives. The decision-making process, described in the earlier section, is based on certain assumptions:

- ***Decision-making is a goal-oriented process:*** According to the rational economic model, the decision-maker has a clear, well-defined goal that he is trying to maximise. Before formulating the goal, the decision-maker can identify the symptoms of a problem and clearly specify one best way to solve the same.
- ***All choices are known:*** It is assumed that in a given decision situation, all choices available to the decision- maker are known or given and the consequences or outcomes of all actions are also known. The decision maker can list: (i) the relevant criteria; (ii) feasible alternatives; and (iii) the consequences for each alternative.
- ***Order of preference:*** It is assumed that the decision maker can rank all consequences, according to preference and select the alternative which has the preferred consequences. In other words, the decision maker knows how to relate consequences to goals. He knows which consequence is the best (optimality-criterion).
- ***Maximum advantage:*** The decision maker has the freedom to choose the alternative that best optimises the decision. In other words, he would select that alternative which would maximise his satisfaction. The decision maker has complete knowledge and is a logical, systematic maximiser in economic-technical terms.

Causes of Bounded Rationality

The above model is prescriptive and normative; it explains how decision makers ought to behave. Rationality is an ideal and can be rarely achieved in an organisation. Many factors intervene in being perfectly rational, namely:

1. ***Impossible to state the problems accurately:*** It is often impossible to reduce organisational problems to accurate levels. An accurate, precise and comprehensive definition of the problem as assumed under the model may not be possible. Moreover, relevant goals may not be fully understood or may be in conflict with each other. Striking a balance between goals such as growth, profitability, social responsibility, ethics, survival, etc., may be difficult and as such, the assumption that the decision maker has a single, well-defined goal in an organisational setting appears to be unfortunate.
2. ***Not fully aware of problems:*** Frequently, the manager does not know that he has a problem. If the organisation is successful and is flourishing, managers may not be in a position to assign their valuable time to searching future problems. As rightly commented by Weber's, if current performance is satisfactory, few of us use present time to search for future problems
3. ***Imperfect knowledge:*** It is too simplistic to assume that the decision-maker has perfect knowledge regarding all alternatives, the probabilities of their occurrence, and their consequences. Indeed managers rarely, if any, have access to perfect information.

4. ***Limited time and resources:*** Most managers work under tremendous pressure to meet the challenges posed by internal as well as external factors. They have to operate under 'do or die' situations and investing more time than necessary would mean lost opportunities and consequently, lost business. This pressure to act pushes the decision managers to choose quickly. Moreover, obtaining full information would be too costly. If resources are limited, the decisions should be taken in such a manner so as to achieve efficiency and effectiveness. Less effective solutions may be accepted, if substantial savings are made in the use of resources. Working under severe time and cost constraints, managers may settle down for less optimal decisions rather than wasting time and effort in finding an 'ideal' solution.
5. ***Cognitive limits:*** Most of the decision makers may not be gifted with supernatural powers to turn out a high-quality decision, every time they sit through a problem. They may not be able to process large amounts of environmental information, loaded with technicalities and competitive data, thoroughly. Also, difficulties arise in relating them successfully to confusing organisational objectives. When managers are invaded with intricate details regarding various fields, they try to simplify the decision-making process by reducing the number of alternatives to a manageable number. When the thinking capacity is overloaded, rational decisions give way to bounded decisions. Instead of considering eight to ten alternatives, managers may deal with only three or four, to avoid overloading and confusion. They simplify the 'complex fabric of the environment', into workable conceptions of their decision problems.
6. ***Politics:*** The normative model, unfortunately, ignores the influence of powerful individuals and groups on the decision-making process. Many studies have revealed decision-making to be political in nature, accommodating the dissimilar and sometimes, conflicting interests of different groups (labour unions, consumer councils, government agencies, local community). In order to satisfy these groups, the decision maker may have to assign weightage to less optimal solutions, at the expense of organisational efficiency.

   Thus, the rational economic model is based on a defective logic and reasoning. It is an idealistic, perhaps even naive, model of decision-making which works only when all the underlying assumptions prevail. The complexities of the real world force us to reject the traditional concepts. We are compelled to consider a more realistic theory which receives inputs from both the quantifiable and non-quantifiable variables: a theory which 'focuses on human involvement in the various steps of the (decision-making) process and allows for the impact of numerous environmental factors'.

2.6 Administrative Decision-making: Bounded Rationality Approach

The objective of the administrative model, also known as the behavioural theory, proposed by Herbert A. Simon and refined by Richard Cyert and James March, is to explain the decision-making behaviour of individuals and organisations. According to Simon, people carry only a limited, simplified view of problems confronting them because of certain reasons: (i) They do not have full information about the problems. (ii) They do not possess knowledge of all the possible alternative solutions to the problem and their consequences. (iii) They do not have ability to process competitive environmental and technical information. (iv) They do not have sufficient time and resources to conduct an exhaustive search for alternative solutions to the problems. Thus, human and organisational limitations make it impossible for people to make perfectly rational decisions. There are always 'boundaries to rationality' in organisations. Table below explain the differences between the two theories.

Differences between the Rational-Economic Model and Administrative Model

The Rational-Economic Model	The Administrative Model
• Perfect rationality • Perfect knowledge of problems, consequences and outcomes • Normative • Exhaustive search for a number of alternatives • Optimal decisions • Concentration on technical economic terms, and quantifiable variables.	• Bounded rationality • Imperfect knowledge of problems, consequences/outcomes • Descriptive • Search for a seemingly feasible alternative rather than an exhaustive list. • Satisficing good enough for adequate decisions. • Concentration on behavioural aspects; the decision-making process receives inputs both from quantifiable and non-quantifiable variables.

What are Satisficing Decisions?

According to the behavioural theory, optimality is a Utopian concept. Again, there is no way to identify optimality and establish a measure of goodness. The decision-making process cannot be a scientific process where there are no explicit, clear-cut and idealised goals. Real life challenges, time and cost limitations, political pressures from internal and external constituencies force the decision maker to work under conditions of 'bounded rationality'. It means that he rarely tries to find the optimum solution to a decision problem. Instead of conducting an exhaustive search, they search for a limited number of alternatives and stop when they are able to meet the standards established by them (subjective) previously, to satisfy their goals. This search stops when they reach a point that meets their subjective standards. They select a course of action whose consequences are good enough. Subjective rationality would be preferable to objective rationality where people have to take decisions under time and cost limitations. Thus, instead of searching for and choosing the best alternative, many managers accept

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decisions that are only 'good enough', rather than ideal. Such decisions are referred to as 'satisficing decisions' "the Scottish word meaning 'satisfying'. Examples of satisficing criteria include "fair price", "reasonable profits", "adequate market share", etc. According to March and Simon, it is often, too inefficient or too costly to make optimal decisions in organisations. For example, while selecting a new employee, the organisation can just hire the first applicant who meets all the minimum requirements instead of wasting time and effort looking for an ideal personality. According to Hitt, Middlemist and Mathis, satisficing can occur for various reasons: (i) time pressure; (ii) a desire to sit through a problem quickly and switch on to other matters; (iii) a dislike for detailed analysis that demands more refined techniques; (iv) to avoid failures and mistakes that could affect their future in a negative way. In many situations, putting off a decision until full information is obtained may prove to be a costly mistake. It may result in lost opportunities and lost markets. Simon's administrative model, thus, provides a highly useful approximation to how decision-makers actually operate. It is a realistic approach. By examining decision-making process in a fragmented fashion, it provides reasonable freedom and flexibility for managers while deciding on important matters. It also highlights the importance of looking into the behavioural aspects in the decision-making process. This knowledge certainly helps in the understanding of how and why managerial decisions have been made.

2.7 Intuitive Decision-making

Decision making is not something that is perfectly rational . Most of the time managers may simply arrive at decisions based on a gut feeling or intuition. Decision makers may simply rely upon their experience, self-confidence in order to process bundles of data surrounding a problem or opportunity and decide to move ahead in one direction. Intuitive decision making involves an unconscious process that incorporates the decision maker's personality and experience in arrive at a decision. Intuitive decision making , simply, happens because of certain reasons:

- The problem is surrounded by high levels of uncertainty
- There is no history or past experience to draw upon
- Time pressures could be intense
- The alternatives may all seem to work but may not be amenable for a thorough analysis

So the verdict is clear. When uncertainty is high, time pressures are mounting up and complexity surrounds an issue, intuitive decision making is the obvious choice. The rational and administrative models seem to work in a certain setting. However, in chaotic, rapidly changing and pressure-packed situations, there is enough room for intuitive decision making to be relied upon. To find a way in those situations, of ten decision makers may choose to strike rapport between a systematic approach and an intuitive path.

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Bookseller Borders Dilemma

Bookseller Borders faced a problem: declining sales. The book industry in general had become sluggish as consumers filled leisure time with other activities. Other exciting forms of entertainment were eating away the time of book lovers like internet surfing, gaming, etc. Even the book lovers started looking at online stores that offered enticing discounts. Borders did not recognize the need for having its own website to resolve the issue. It chose a different path and entered into an alliance with Amazon to sell its books online. It wanted to increase the physical count of stores in order to push sales. Sad to relate, the customers never came as expected. The online sales soared in the interim. Decisions based on logic and reasoning do not seem to work in a changing environment. For many years, though established in 1994, Amazon never made money for investors to rejoice. Jeff Bezos, the CEO worked hard to convince investors, critics and even his own managers that the online bookstore would certainly deliver results. Despite his optimism, many experts gave a low probability that Amazon.com would ever report a profit. Proving most people in the market wrong, Amazon reported its first profit in the fourth quarter of 2001 and never looked back. Jeff Bezos gut feeling that the online stores will run ahead of competition paid off handsomely in the end . Surprisingly, Amazon is proving to be the biggest threat to the existence of the big box retailers such as WalMart in recent times!

2.8 Decision-making Conditions

Every decision situation can be organised on a scale according to the availability of information and the possibility of failure. The four positions on the scale are certainty, risk, uncertainty, and ambiguity. The four positions on the scale shown below are certainty, risk, uncertainty and ambiguity. Whereas programmed decisions can be arrived at in situations involving certainty, many situations that managers deal with every day involve at least some degree of uncertainty and require non-programmed decision making.

(a) ***Certainty:*** When the decision-maker knows with reasonable certainty what the alternatives are and what conditions are associated with each alternative, a state of certainty exists. For example, if a company considers ₹ 1,00,000 investment in new equipment that it knows for certain, will yield ₹ 40,000 in cost savings per year over the next five years, managers can calculate before tax rate of return of about 40 per cent. If managers compare this investment with the one that will yield only ₹ 30,000 per year in cost savings, they can safely select the 40 per cent return. However, few decisions are certain in the real world. Most contain risk or uncertainty.

(b) ***Risk:*** Risk means that a decision has clear-cut goals and that good information (incomplete but reliable, factual information) is available, but the future outcomes associated with each alternative are subject to chance. In this case, some information is available but it is insufficient to answer all questions about the outcome. Lotus had bet on IBM's OS/2 as the likely successor to the DOS software operating system that controlled basic PC functions and was caught off guard by the success of Windows. It was an expensive mistake, compounded when the first Windows version of 1-2-3 arrived in 1991 and turned out to be a dud. Microsoft, now, has a big lead in the Windows spreadsheet market. Likewise, Mc Donald's took a calculated risk and lost with the introduction of its Arch Deluxe sandwich line. McDonald's had information that indicated a line of sandwiches targeted towards adults would be successful, but the Arch Deluxe, introduced at a cost of $100 million, flopped in the market place. Reliable information, though incomplete, is still useful to managers in coping with risk, since they can employ it to calculate the probability that a given event will take place and then pick up a decision alternative with favourable odds. The two basic types of probabilities are objective and subjective. Objective probabilities are derived mathematically from reliable historical data, whereas subjective probabilities are estimated from past experience or judgment. Decision-making based on probabilities is common in all areas of management today. For instance, laundry product manufacturers would not think of launching a new detergent without determining its probability of acceptance, by means of consumer panels and test marketing. A number of inferential statistical techniques can help managers to objectively cope with risk.

(c) ***Uncertainty:*** Under conditions of uncertainty, the decision maker does not know all the alternatives, the risks associated with each or the likely consequences of each alternative. This uncertainty basically comes from the complex and dynamic nature of modern organisations and their environments. The decisions are generally made on the basis of calculated guesses than on hard factual data. Intuition, judgement and experience always play a major role in such situations. For example, a company that decides to expand its operations in a strange country may know a little about the country's culture, laws, economic environment and politics. The political situation may be so volatile and fluid that even the experts may find it extremely difficult to predict a possible change in Government.

(d) ***Ambiguity:*** Ambiguity means that the goals to be achieved or the problem to be solved is unclear, alternatives are difficult to define, and information about outcomes is not available. It is like a teacher asking his students to complete an assignment without giving any topic, direction or guidelines. Ambiguity naturally, is a most difficult decision situation confronting managers, operating in rapidly changing environment. Despite the odds, managers are expected to conjure up goals, develop possible scenarios for decision alternatives and somehow come up with acceptable solutions. Sometimes, managers will come up with a solution only to realise that they had not clearly defined the real problem to begin with. One example of a wicked decision problem was when managers at Ford Motor Company and Firestone confronted the problem of tyres used on the Ford Explorer coming apart on the road, causing deadly blowouts and rollovers. Just defining the problem was the first hurdle. Neither is dealt effectively with this decision situation and the reputation of both companies suffered as a result. Fortunately, most decisions do not fall under this category.

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2.9 Group Decision-making

Groups play an important role in decision-making in organisations. Most of the organisational decisions are made in a group context only, because they offer the advantage of experience, wide knowledge and mutual support. Groups such as committees, study teams, task forces, and review panels are especially useful for non-programmed decisions because these decisions are complex and few individuals have all the knowledge and skills, necessary to make the best decisions. Groups use a number of methods to make decisions: (i) lack of response: a proposed solution by one or a few members which may not be received by the group as a whole; (ii) authority rule: the group leader announces the decision; (iii) minority rule: a few influential members possessing expertise and/or loud voices influence the outcome; (iv) majority rule: decisions decided by voting process; (v) consensus: the most acceptable (not necessarily the best) solution for all members; and (vi) unanimity to resolve complex problems, members rally behind a point of view. Groups use one or more of the above methods while taking decisions in organisations. The following table summarises the advantages and disadvantages of group decision making.

Advantages and Disadvantages of Group Decision-making

Advantages	Disadvantages
• A group has more information than an individual. Members drawn from diverse fields can provide more information and knowledge about the problem.	• Groups are notorious time-wasters. They may waste a lot of time and energy, clowning around and getting organized.
• A group can generate a greater number of alternatives. It can bring to bear a wider experience, a greater variety of opinions and more thorough probing of facts than a single individual.	• Groups create pressures towards conformity; other infirmities like group think, force members to compromise on the least common denominator.
• Participation in group decisions increases acceptance and commitment on the part of people who now see the solution as their own and acquire a psychological stake in its success.	• Presence of some group members, who are powerful and influential may intimidate and prevent other members from participating freely. Domination is counter-productive; it puts a damper on the groups' best problem solvers.
• People understand the decision better because they saw and heard it develop; then paving the way for smooth implementation of the decision.	• It may be very costly to secure participation from several individuals in the decision-making process.
• Interaction between individuals with varied view points leads to greater creativity.	• The group consists of several individuals and hence, it is easy to pass the buck and avoid responsibility.

2.10 Creativity

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Creativity is the essential first step in the innovation, which is vital for long-term organisational success. Creativity is the ability to visualize, foresee, generate and implement new ideas. Innovation, on the other hand, usually means the use of these ideas. Precisely stated, innovation is the process by which organisations use their resources and competencies to develop new and improved products or find better ways to make these new products and thus increase their effectiveness (Apple's iPhone or RIM's Blackberry are good examples of technological innovations) Creativity is a function of knowledge, imagination and evaluation. The greater our knowledge, the more ideas, patterns or combinations we can achieve. If you are creative, you can process the information is such a way that the result is new, original and meaningful. Expertise, further, is the foundation of all creative work. Dell's understanding of art and Einstein's knowledge of physics were necessary conditions for them to be able to make creative contributions in their fields. The potential for creativity enhances considerably when individuals have abilities, knowledge, proficiencies and similar expertise in their fields of endeavour. Creative behaviour results in discovering an improved means of accomplishing our purpose.

What is Creativity?

Creativity is the ability to imagine or invent something new. Of course, it is not the ability to create out of nothing, but the ability to generate new ideas by combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good, practical ideas that no one seems to have thought of yet. It is also a healthy attitude that helps people to take a refreshingly fresh approach to everything – where all permutations and combinations are tested to find better, improved ways of doing things.

Components of Creativity

- Creativity consists of several components, such as fluency, flexibility, originality, elaboration, sensitivity to problems and the ability to redefine problems
- **Fluency:** It refers to the speed with which a person can produce a number of responses to a problem. For example how to harm a person using a pencil?
- **Flexibility:** It is the ability to change focus and shift gears quickly. This goes beyond commonsense logic. For example when asked to list the uses of cotton, you may suggest making bed covers, pillow covers, making carpets etc. these solutions represent the use of cotton as a fabric. Yet another person may say it can be used for surgical purposes, making wicks for kerosene lamps, for cosmetic use etc. To be creative is to offer different solutions to the same problem in quick succession.
- **Originality:** This is the most basic ingredient of creativity. It refers to a solution that is both novel and useful. Psychologists usually appreciate originality when the response offered is appropriate but statistically infrequent. For example list the uses of a fan. Many would say drying a wet floor, drying clothes, cooling a room, etc. Another idea of creating a visual display by attaching coloured paper is considered original.

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- **Elaboration:** It is the ability to follow through on a general idea. It is the ability to think through an idea and list the steps to implement the idea.
- **Sensitivity to problem:** It refers to the ability to identify the gaps in the knowledge in a given situation, separate the issues that need to be resolved and list the missing or contradictory elements. When you are shown a picture of children playing an unknown game and asked to list the questions that come to your mind—you would raise lot of questions when you are sensitive to the given problem. If you are able to raise very few questions, you are said to be insensitive to the problem presented to you.
- **Redefining problems:** It refers to the ability to cut the problem into convenient parts—so that ii becomes easy to find a solution. You are restating the problem in the simplest possible manner so as to find a clear way. (J.P. Guilford)

Creativity is the product of hard mental labour, going beyond the four walls and carrying out those gradual alterations and refinements over a period of time n order to find something that is better, improved and readily accepted by millions of people all over the globe. It is a process of seeing issues from different angles and breaking away from old rules and norms that bind us to traditional methods of accomplishing tasks. It allows us to be different and helps us find new answers and solutions to problems, both old and new – in a creative way.

What is Creative Thinking?

Traditionally, most class room teaching puts emphasis on critical thinking skills—that is the ability to define a problem, identify alternatives, pick the best possible one following appropriate criteria and implement the chosen one with dedication and application. The focus is on clearing the fog and eliminating the incorrect ways of doing things Creative thinking, on the other hand, is the capacity to put existing ideas together in new combinations. It compels people to remain flexible so that they can come out with something different. The traditional convergent thinking is combined with divergent thinking in order to find improved and acceptable ways of doing things. For example convergent thinking would help us find where oil could be found by digging deep into the ground, where as divergent thinking would compel us to find oil by digging at different places!

- ***Convergent thinking:*** In convergent thought, we locate a problem at the "centre" of our focus and then gather peripheral resources to bear down on the problem. So then our resources "converge" on the problem. Often times with convergent thinking, there is a single best solution that is sought. An example of convergent thinking might involve taking a multiple choice test in which there is a single "correct" answer. The test-taker brings knowledge from outside of the problem (perhaps learned in a course) and converges it all onto the problem in order to choose the correct answer.
- ***Divergent thinking:*** In divergent thinking, instead of gathering information and converging it on the central problem, we branch off (diverge) and shoot for novel ideas, new perspectives and creativity. Instead of a single correct answer, there may be a whole host of possibilities. An example of using divergent thinking might involve taking an open-ended test that asks how many uses one can

imagine for various (often mundane) objects. What can you do with a pencil? A string? A rock?

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Four Different Approaches to Creativity

Creativity can be looked at from four different angles. Let's examine these briefly:

- ***Imagination:*** Creativity is the ability to create something new, a kind of a breakthrough, a totally different way of solving a problem. It may refer to a revolutionary idea or a unique solution coming out of a brilliant brain. Disney's theme parks or animated movies, Apple's IPod and Macintosh computer may come in this category of revolutionary thinking changing the course of history. Of course, creativity is not the ability to create out of nothing but the ability to generate new ideas by combining, changing or reapplying existing ideas. Some creative ideas are astonishingly different, refreshingly fresh and absolutely brilliant while others are just simple, good and practical ideas that no one seems to have even imagined as yet. The vegetarian toothpaste, the one rupee sachets fall in this category. Radically different solutions and revolutionary approaches generally emerge when people begin to think 'out of the box'.

  For example, the evolutionary technology in fighting termites eating away at houses has been to develop safer and faster pesticides and gasses to kill them. A somewhat revolutionary change has been to abandon gasses altogether in favor of liquid nitrogen, which freezes them to death or microwaves, which bake them. A truly revolutionary creative idea would be to ask, "How can we prevent them from eating houses in the first place?" A new termite bait that is placed in the ground in a perimeter around a house provides one answer to this question.

- ***Improvement:*** As mentioned above, by improving the existing processes or functions, one might be able to come out with a new idea that might change the course of history. Many a time, new ideas stem from other ideas, new solutions from previous ones, the new ones slightly improved over the old ones. For example, someone noticed that a lot of people on dates went first to dinner and then to the theater. Why not combine these two events into one? Thus, the dinner theater, where people go first to eat and then to see a play or other entertainment. Ray Kroc bought out a restaurant in San Bernardino, California from the McDonald brothers and by creatively changing the way hamburgers were made and served, he created the largest food service company in the world. He did not invent fast food – while Castle and Dairy Queen had long been established – but he changed the processes. By creating a limited menu, following standardized and uniform cooking procedures, ensuring consistent quality and cleanliness of facilities irrespective of location and by offering food in an inexpensive way Ray Kroc brought a major revolution in the fast food industry through the McDonald's brand.

  The evolutionary or incremental method of creativity also reminds us of that important principle: Every problem that has been solved can be solved again in a better way. Creative thinkers do not subscribe to the idea that once a problem has

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been solved, it can be forgotten, or to the notion that "if it ain't broke, don't fix it." A creative thinker's philosophy is that "there is no such thing as an insignificant improvement."

- ***Investment:*** Creativity, many a time, could mean meeting the problems head on, adopt a competitive posture and focus on getting things done in a faster and much better way. Putting the critical resources to best advantage---in a disciplined manner consistently-- in order to stay ahead of competition may bring in unbeatable competitive advantage to some firms in this economic jungle. The classic fight between Honda and Yamaha illustrate this point very clearly. The industry leader in motor cycles, Honda, decided to step out of Japan in 1970s with a view to conquer the world. Yamaha saw an opportunity to hit back the market leader and began attacking the Honda's space through aggressive marketing campaigns. Honda retaliated almost instantaneously. The punch line was:" Yamaha wo tubusu" meaning we will smash, break, annihilate, destroy Yamaha.. Honda introduced more than 100 new models to outsmart Yamaha and won the war of words, wits and nerves in a battle spanning over 10 years. Yamaha, consequently, had to retrace its steps and settle for the second position. Honda's approach to win over customers typically reflects the approach to creativity through investment—that is rapid response, competitive maneuvering and being the first mover.
- ***Incubation:*** According to this approach, creativity is the result of teamwork, involvement and coordination among individuals. When people work together, when they understand each other and work toward a common goal and when they are fully empowered, they are in a better position to come out with something radically different, novel and even exciting. Creativity is nothing but 'common men doing uncommon things' Like Mahatma Gandhi waging a relentless war against the mighty British empire single handedly by mobilizing networks of people to pursue a clear set of goals where everyone had a stake. Quit-India, Salt March, and other non violent protests excited millions to join the network created by Gandhi, pass through the impregnable walls built by the British and achieve a miracle in modern history. When human interactions are facilitated and encouraged, the result would be something that the world has never witnessed before!

2.11 LATERAL THINKING

A way of understanding lateral thinking is through its opposite, vertical thinking. A vertical thinker is analytical, careful and precise, taking the data around a problem and analyzing it with defined methodologies to find logical solutions. A lateral thinker understands vertical thinking, but chooses to deliberately outside of this bounded thought process. The following example would illustrate the point more clearly.

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The Power of Lateral Thinking: The Story of a Girl

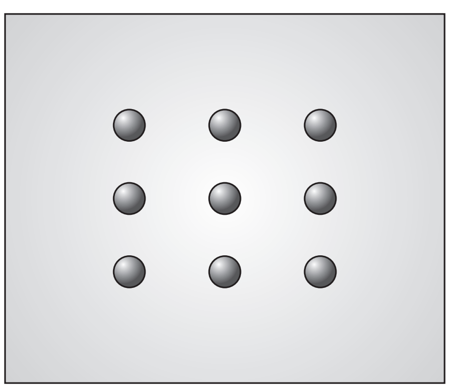
- Many years ago when a person who owed money could be thrown into a jail. A merchant in London had to misfortune to owe a huge sum to money-lender. The money-lender, who was old and ugly, fancied the merchant's beautiful teenage daughter. He proposed a bargain. He said he would cancel the merchant's debt if he could have the girl instead.
- Both the merchant and his daughter were horrified at the proposal. So the cunning money-lender proposed that they let providence decide the matter. He told them that he would put a black pebble and a white pebBle into an empty money-bag and then the girl would have to pick out one of the pebbles. If she chose the black pebble . she would become his wife and her father's debt would be cancelled. If she chose the white pebble we would stay with her father and the debt would still be cancelled. But it she refused to pick out a pebble her father would be thrown into jail and she would starve.
- Reluctantly, the merchant agreed. They were standing on a pebble-strewn path in the merchant's garden as they talked and money-lender stopped down to pick the two pebbles. As he picked up the pebbles, the girl, sharp-eyed with fright, noticed that he picked up two black pebbles and put them into the money-bag. He then asked the girl to pick out the pebble that was to decide fate and that of her father.
- What would you have done if you had been the unfortunate girl?

Lateral thinking is thus very much about standing back, looking at the big picture and understanding concepts. It also requires that you focus in on the parts that have perhaps been overlooked, challenging assumptions and seeking alternatives.

Three Lateral Thinking Puzzles

Here are three lateral thinking puzzles for you to try and resolve (the answers are provided below, but make an effort to resolve the problems before looking at the answer):

1. Acting on an anonymous phone call, the police raid a house to arrest a suspected murderer. They don't know what he looks like, but they know his name is John. Inside they find a carpenter, a taxi driver, a car mechanic and a fireman playing cards. Without even asking his name, they immediately arrest the fireman. How do they know they've got their man?
2. A murderer is condemned to death. He has to choose between three rooms. The first is full of raging fires, the second is full of assassins with loaded guns, and the third is full of lions that haven't eaten in 3 years. Which room is safest for him? (*Source*).
3. Look at the picture below with the nine dots. Can you connect the nine dots using 4 straight lines, without lifting your pencil from the paper and without retracing any lines?



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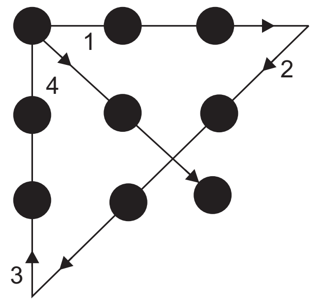
Solutions to the Three Lateral Thinking Problems Above

The solution to the first problem above is that there was only one man sitting at the table; the other three, the carpenter, the taxi driver, and the mechanic were women.

As for the second problem, the safest room is the third. Lions that haven't eaten in three years are dead.

For the third problem, the solution is to extend the lines beyond the square-frame created by the dots, as shown in the picture below:



Psychologists have speculated that the nine-dot problem is difficult because people are so dominated by the perception of a square that they don't "see" the possibility of extending lines outside the square formed by the dots.

Answer to the girl in the pebble story: The girl in the pebble story pout her hand in the money bay and drew out a pebble. Working at it she fumbled and let in fall to the path where it was lost among all the others. 'oh, how clumsy of me' she said, "but never mind. If you look into the bag, you will be able to tell which pebble took by the colour of the one that is left".

2.12 The Creative Process

Although creative people often report that ideas seem to come to them 'in a flash' individual creativity tends to progress through a series of interconnected stages (though not sequentially, of course)

- ***Preparation and Concentration:*** This stage involves gathering initial information, defining the problem or task requiring creativity, generating alternatives, and seeking and carefully analyzing further data relating to the problem. Here the individual becomes thoroughly immersed in every relevant aspect of the problem. He will tend to recall and collect information that seems appropriate, dreaming up possible alternatives without refining or evaluating them. For complex technical problems, the search process many take months or even years.
- ***Incubation:*** This stage involves an internal and unconscious ordering of gathered information. This stage may involve an unconscious personal conflict between what is currently accepted as reality and what may be possible. Relaxing, sometimes away from the scene of action, and allowing the mind to search for possible issues or problems is called for. This stage calls for divergent thinking to explore unusual, novel, innovative alternatives.
- ***Illumination:*** At this stage a new level of insight is achieved, often through a sudden breakthrough in 'eureka' fashion. The new imaginative idea flashes into the individual's mind at an unexpected time, perhaps while waking up, going to sleep, eating or jogging. Experienced creative people often carry idea notebooks

to record quickly these flashes of insight. Insight is a spontaneous breakthrough in which the creative person achieves a new understanding of some problem or situation. It represents a coming together of all the scattered thoughts and ideas that were maturing during incubation. It may occur suddenly or develop slowly over time. it could be triggered by an external event or provoked by internal, zigzag thought processes.

- *Verification:* This stage involves testing the ideas to establish the validity of the insight. Here, logical thinking is required to evaluate the solution. If the solution does not appear feasible, it may be necessary to cycle back through all or some of the pervious steps. Tenacity may be needed here since most novel ideas are rejected at first on grounds of impracticality. Many inventions and books that later proved to be huge successes were at first rejected by several sources. Gone with the wind and Xerography are two historically important cases in this regard.

2.13 Conceptual Blocks to Creativity

Human mind is used to filter unwanted information and store up only the most important ones before forming an opinion. When we are in the class room, the focus is on the lecture being delivered, not on whether fans are running, benches are clean, who is wearing what, etc. Minds have a habit of filtering the unwanted and storing up the most relevant information before coming to a conclusion. Over the years, such filtering habits become conceptual blocks. Conceptual blocks are nothing but mental obstacles that come in the way of defining problems in an effective manner. As a result, the problems that confront us get improperly defined or we rush to a conclusion without generating sufficiently large number of alternatives. Unfortunately, these blocks are largely unrecognized or unconscious. Formal education, quite often, conditions the mind (by picking up the most popular choices that are welcome by the large majority) and compels it to ignore more novel, playful alternatives or approaches to solve a problem. All such conceptual blocks could be put into four categories:

1. Constancy

Constancy occurs when individuals become used to one way of looking at a problem or using one approach to define, describe or solve it. They are, more or less, wedded to a convenient way of looking at problems without ever trying to cross the boundaries set by themselves unconsciously. Two illustrations of the constancy block are vertical thinking and using only one thinking language.

- *Vertical Thinking:* The term vertical thinking was coined by Edward de Bono (1968). It refers to defining a problem in a single way; then, pursuing that definition without deviation until a solution is reached. No alternative definitions are considered. All information gathered and all alternatives generated are

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consistent with the original definition. In a search for oil, for example, vertical thinkers determine a spot for the hole and drill the hole deeper and deeper until they strike oil. Lateral thinkers, on the other hand, generate alternative ways of viewing a problem and produce multiple definitions. Instead of drilling one hole deeper and deeper, Lateral thinkers drill a number of holes in different places in search of oil. The vertical-thinking conceptual block arises from not being able to view the problem from multiple perspectives-to drill several holes-or to think laterally as well as vertically in problem solving. Problem definition itself is restricted.

- ***A Single Thinking Language:*** A second manifestation of the constancy block is the use of only one thinking language. Most people think in words-that is, they think about a problem and solution in terms of verbal language. Rational problem solving reinforces this approach. Some writers, in fact, have argued that thinking cannot even occur without words (Vygotsky, 1962). Other thought that non-verbal languages are also available such as, nonverbal or symbolic languages (for example, mathematics), sensory imagery (for example, smelling or tactile sensation), feelings and emotions (for example, happiness, fear, or anger and visual imagery (for example, mental pictures). The more languages available to problem solvers, the better and more creative will be their solutions. As Koestler puts it, "[Verbal] language can become a screen which stands between thinking and reality. This is the reason that true creativity often starts where [verbal] language ends."

2. Commitment

Commitment can also come in the way of creative problem solving. Once individuals become committed to a particular point of view, definition or solution; it is likely that they will follow through on that commitment. A host of other studies have demonstrated the same phenomenon that commitment can sometimes lead to dysfunctional or foolish decisions. Two forms of commitment that produce conceptual blocks are: stereotyping based on past experiences and ignoring commonalities.

- ***Stereotyping Based on Past Experiences:*** March and Simon (1958) point out that a major obstacle to innovative problem solving is that individuals tend to define present problems in terms of problems that they have faced in the past. This is called stereotyping based on past experiences.
- ***Ignoring Commonalities:*** A second manifestation of the commitment block is failure to identify similarities among seemingly disparate pieces of data. This is among the most commonly identified blocks to creativity. It means that a person becomes committed to a particular point of view to the fact that elements are different, and becomes unable to make connections, identify themes, or to perceive commonalities.

3. Complacency

Some conceptual blocks occur not because of poor thinking habits or because of inappropriate assumptions but because of fear, ignorance, insecurity, or just plain mental laziness. Two especially prevalent examples of the complacency block are a lack of questioning and a bias against thinking.

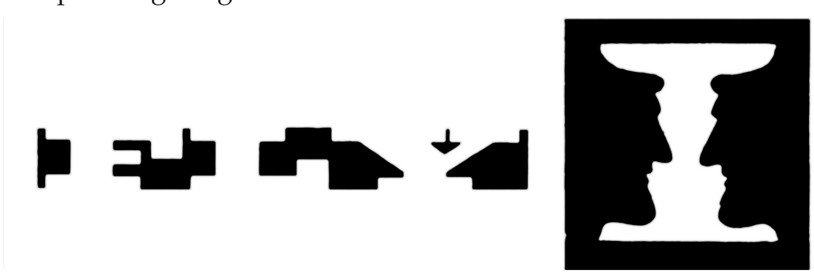
- ***Non-inquisitiveness:*** Sometimes the inability to solve problems results from a reticence to ask question to obtain information, or to search for data. Individuals might think that they will appear naive or ignorant if they question something or attempt to redefine a problem. Asking questions puts them at a risk of exposing their ignorance. It also may be threatening to others because it implies that what they accept may not be correct. This may create resistance, conflict, or even ridicule by others.

- ***Bias Against Thinking:*** A second appearance of the complacency block is an inclination to avoid doing mental work. This block, like most of the others, is partly a cultural bias as well as a personal bias. For example, assume that you passed by your subordinate's office one day and noticed him leaning back in his chair, staring out of the window. A half hour later, as you passed by again, he had his feet up on the desk, still staring out the window. And twenty minutes later, you noticed that his demeanor hadn't changed much. What would be your conclusion? Most of us would assume that the fellow was not doing any/work. We would assume that unless we saw action, he wasn't being productive.

4. Compression

Conceptual blocks also occur due to compression of ideas. Compression is nothing but defining a problem too narrowly, screening out too much relevant data and making assumptions that come in the way of finding a novel route, path or alternative. This could happen when people put artificial boundaries around problems. Sometimes, they tend to look at the most obvious and ignore the ones that are not visible to the naked eye – popularly known as the figure ground principle.

Figure Ground Principle: In the perceptual field, certain factors are considered significant and give a meaning to the person, and certain others which are rather unimportant for a person or cannot be studied are left as insignificant. The meaningful and significant portion is called the 'figure and the insignificant or meaningless portion is labelled as 'ground'. For instance, the printed words on this page are the 'figure' and the white space is the 'ground'. The information we classify as figure is assigned more importance than that which we view simply as background. The employee's psychological storage and subsequent interpretation of information will be affected by whether he classified the information as figure or ground. Fig. 18.2 (a) and (b) presents a classic example of figure-ground differentiation.



(a) (b)

Fig. 18.2 (a) At the first glance of this figure, you may perceive a jumble of black, irregular shapes against a white background. But when white letters are seen against a black background you get the words "FLY", that jumps out with clarity, (b) This is the famous cup-faces illustration. If you concentrate on black portion you notice white cup. On the other hand if you concentrate on white portion you get two faces facing each other.

What becomes ground or what becomes figure is largely influenced by our needs and expectations. For instance, when we enter a dark movie theatre, we do not immediately consider what is going on the screen; rather we focus on the seat. Once we find a seat, the seat becomes ground and movie switches from ground to figure.

2.14 Conceptual Block Bursting

To overcome conceptual blocks, you need to improve your own creative thinking skills. More importantly you need to help others to unlock their creative potential. By encouraging others to come out of the shell, you are also going to significantly improve your own problem solving skills. All said and done, the question could be examined from two angles: how to improve creativity at individual level and also at the organisational level. Let us examine the issue more closely.

How to Improve Creative Abilities?

Based upon his many years of research and observation in the field, Eugene Raudsepp concludes that you can increase your creative ability by observing the following principles:

1. Keep track of your ideas at all times. Keeping an idea notebook at hand will help you to capture a permanent record of flashes of insight and good ideas borrowed from others.
2. Pose new questions every day. "A questioning, inquiring mind is a creatively active mind. It is a mind that constantly enlarges the circumference of its awareness."
3. Maintain competence in your field. The data explosion makes information obsolete quickly. Having current facts in mind gives you the raw material to form creative links among bits of information.
4. Read widely in fields that are not directly related to your field of interest. Once you learn how to cross-index the pieces of information you gather, you will be able to cross-fertilize seemingly unrelated ideas.
5. Avoid rigid pattern of doing things. Try to overcome fixed ideas and look for new viewpoints. Attempt to push for more than one solution to your problems. Develop the ability to let go of one idea in favour of another.
6. Be open and receptive to your own as well as to others' ideas. Be alert to seize on tentative, half-formed ideas and possibilities. Entertain and generate your own far-fetched or seemingly silly ideas. If you are receptive to the ideas of others, you will learn new things that can help you behave creatively.
7. Be alert in observation. Look for the subtle aspects of objects, situations, products, process, and ideas. The greater the number of new associations and relationship you form, the greater your chances of arriving at creative and original combinations and solutions.
8. Engage in creative hobbies. Included here are manual hobbies such as arts and craft and mental hobbies such as doing puzzle and exercises. "Creative growth is possible only through constant and active use of your mind."

9. Improve your sense of humour and laugh easily. Humour helps to relieve tension, and most people are productively creative when they are relaxed.
10. Adopt a risk-taking attitude. The fear of failure dampens creativity. So, be willing to fail, at times.
11. Have courage and self-confidence. Many people surrender just when they are on the brink of a solution. So, persist when you are seeking a unique solution to a problem.
12. Learn to know and understand yourself. "Creativity is an expression of one's uniqueness. To be creative, then, is to be oneself."

Increasing Creativity in Organisations

Creativity, as indicated earlier, involves looking at issues from different angles and breaking away from old rules and norms that bind us to traditional ways of accomplishing tasks. Now the challenge for the managers is how to encourage people to think out of the box and advance creative ideas and suggestions. (J.J. Kao; T.M. Amabile)

- ***Challenge workers by putting them on jobs that are challenging, implying jobs with necessary "stretch, pull and challenge":*** Jobs that are easy produce monotony and boredom. Jobs that are really difficult demotivate workers. Managers need to strike the balance between the two.
- ***Establish worker autonomy:*** Before granting autonomy to workers to think and act independently, make sure that the workers understand what they are supposed to accomplish. Once there is clarity about goals, they can think of superior ways to improve performance.
- ***Grant reasonable time to accomplish work:*** Tight schedules may mean controlling workers from close quarters. Instead, they must be encouraged to think that they are on a mission to discover solutions to job related problems.
- ***Establish diverse work groups:*** Work groups that are characterized by members with a diversity of perspectives and backgrounds tend to be more creative than groups characterised by members who have similar backgrounds and perspectives.
- ***Encourage people to give their best:*** Encouragement from management is vital for creativity efforts to succeed. Appreciation, rewards, recognition for good work may all come in this category.
- ***Establish systems support:*** Additionally, organisational systems and procedures must be in place so that creative effort is sustained at all levels.
- ***Hire and retain creative people:*** You need to give topmost priority to this because; successful organisations go to the commanding heights of the global economy only on the contributions of the best brains.

Creating a Creative Climate

Creativity does not happen by chance. It has to be carefully nurtured and encouraged at all levels. You need to create a culture of openness, freedom and an atmosphere where people can fearlessly experiment with their ideas and emerge as winners. If

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a company wants to become more creative, rather than just encouraging people or teaching tools, then, perhaps, the best way is to develop the organisational climate. Rather than telling the plants to grow, this is about tending to the soil in which they can become what they are capable of becoming.

How 3M Promotes a Culture of Creativity and Innovation among its Employees

Consider the 3M legend from the early 1920s of inventor Francis G. Okie. Okie dreamed up the idea of using sandpaper instead of razor blades for shaving. The aim was to reduce the risk of nicks and avoid sharp instruments. The idea failed, but rather than being punished for the failure, Okie was encouraged to champion other ideas, which included 3M's first blockbuster success: water-proof sandpaper. A culture that permits failure is crucial for fostering the creative thinking and risk taking required for innovation. Though it may sound strange, celebrating failure can be an important stepping stone to success. Failure is the essence of learning, growing and succeeding. Creative and innovative companies have many balls in the air at all times, with many employees trying many new and risky ideas. A majority of these ideas may fail; but it is only through this process that the few big 'hits' will emerge that take a company to commanding heights – over a period of time.

Motivation: To do anything, people must feel motivated, an internal need to act. The climate of the organisation must provide the cues and forces that lead people into the deep motivation that is required to push through from ideas to end products.

Challenge: People feel challenged that there is a basic drive to extend their personal boundaries, develop latent talents and explore new possibilities. People who feel challenged emotionally engage in their work. It becomes a part of them, not just something they do. They feel the need to get out there and act; not just to sit back and dream. Organisations can challenge people by linking a deep understanding of individual talents, potential and motivation with the strategic intent of the company. MBO (Management by Objectives) got itself a bad name in the 1980s, mostly because it was done badly. Done well, it means telling people what is wanted (the Objectives) and then letting them do it in any way they see fit. The trick also is in giving high-enough level of objectives that people feel excited and challenged, not constrained and directed.

Fun: Having fun is not always realised as being a productive state. Yet look at little children. Their 'fun' is almost all learning and discovery. Learning is conventionally supposed to be serious. A climate where a certain (child-like, but not childish) playfulness is in the air lets people try things out without knowing what will happen. Another important characteristic of a fun-loving culture is humour. You can see such climate simply through the smiles that people almost always seem to wear on their faces as they tease and joke with one another. Jokes are about unexpected things, as are creative ideas. Making jokes is, in itself, a very creative activity, and develops the 'creative muscle' needed to constantly innovate.

Empowerment: Once people are motivated to be creative, they need the environment in which they can be creative. People empowered to act in ways that are not tightly constrained by narrow job descriptions and management oversight. They have the personal freedom of choice and resource that gives them true authority to achieve the challenge they have been given. Empowerment has been slated and abused, for example, where the power is retained by managers whilst individuals are asked to achieve things without the power to act. Done well, however, it truly delegates power and the freedom to choose what to do and how to do it within a significant part of people's jobs.

Time: Discovering and developing ideas takes time. They need to incubate in your subconscious for a while, like hatching an egg or a dastardly plan. When people are tightly constrained, working a full nine-to-five (or more) job, then they will not have the ability to go beyond basic ideas, which in their base state are usually not valuable, but would be with a certain amount of developmental effort. When people have a certain amount of unallocated time in their timetable; then, if they feel challenged and feel freedom to act, they will use that time productively to develop those ideas. Some companies deliberately leave a proportion of time, even up to 10% or more (and particularly in some parts of the organization) in which ideas may be developed.

Support: When I have spent time and freedom in working to achieve the challenges I have found, then I will at some time reach the stage when I need further help, for example to allocate additional resources for development or in presenting the idea to people who may not be that ready to change their entrenched viewpoint. In these situations, the person developing the idea needs the gravitas, the authority, the wider capability of more senior managers. In fact the more valuable the idea, the more support it is likely to need, as it may lead to entire changes in direction for the whole company.

Dynamism: Alongside a motivated and empowered organisation, a harder edge is needed that drives forward towards success. Getting an idea from first notion to final product can be a long and arduous process. This requires a dynamic environment in which people are energised and constantly pushing forward. You can walk into many workplaces and feel the lack of energy and enthusiasm, whilst others have a definite, almost palpable buzz about them. Buzz and energy comes from the leaders of the organisation. This includes the formal management and informal social leaders. People look to these leaders for cues in how they behave. If the leader is full of energy and enthusiasm, then this emotion will 'infect' others and the motivation will spread through the organisation.

Conflict: Ideas in action almost always bump into other ideas as well as natural conservatism that seeks to preserve the status quo. People attach themselves to idealistic positions and will act to defend them, sometimes by pre-emptively attacking what they see as threats. A climate where conflict is allowed, enables these felt challenges to be voiced and for people to argue their cases. In a creatively supporting climate, the conflict is mostly about the problems of the organisation and the viability of ideas, and is most certainly not about personalities and the value of different characters. When conflict turns to personal attack, then ideas and their value go out of the window. Creating healthy conflict requires both an openness to challenge and then a focus on the problem, not the people. A respect for the individual thus is a fundamental element of creative cultures. Conflict

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and debate are very close, and again the basic concern is to focus first on the idea. In debate, the pros and cons of ideas are discussed openly and challenges are welcomed and analyzed to see what additional benefits they may bring. Debates can also go on across boundaries of time and space, and thinking about an idea can engage an entire company.

Openness: It is one thing to think up an idea, it is another to put it into practice. Ideas that are not explored and experimented with will either never see the light of day or may well fail on their first outing. An experimenting culture has a strong bias for action in trying things out. It does not expect things to work first time but it does expect to learn through careful trials and subsequent analysis. Experimental companies often extend this culture out into the marketplace. They do many trials with customers. They release many different products to see what sells and what does not.

Trust: Trust is the bedrock of human interaction. If I do not trust others, then, I will not believe them and will put a lot of my effort into protecting myself from their potential attacks or callous lack of concern. In the development of ideas, trust is needed on both sides of the house. The person with the idea must feel that they can speak their minds without fear of criticism or punishment. The person, on the other side, also needs to trust that the person with the idea has the company's best interests at heart and will not abandon their other work in the sole pursuit of a very shaky idea. Trust thus has to develop across the organisation. It is a fragile thing that when lost through betrayal of trust is not easily restored, and thus needs very careful management.

Risk: Offering ideas and trying out experiments requires the ability and motivation to take risks. Individuals and the entire company need to be able to stick their necks out and 'give it a go'. Personal risk is thus reduced; so, people can be open and experimental. Rather than blind risks, successful cultures manage these in a way that takes a realistic view of the real exposure of the company. Big risks are mitigated carefully. Small risks are recognised as such and may be more easily done as 'blinders' to see what happens. Risk and potential reward are thus balanced and managed carefully as a single unit. (source: http://creatingminds.org/articles/creative_climate.htm)

Creativity, it should be noted here, is not a precious, divine gift available to some elite group of managers. Each one of us has the capacity to be creative. Creative people, as mentioned earlier, are known for originality, open-mindedness, curiosity, a focused approach to problem solving, persistence, a relaxed and playful attitude and receptivity to new ideas. Organisations must try to foster creativity in individual managers rather than discourage the people who are creative at work. Insistence on conformity, obedience to rules, ultra critical attitude, unending string of procedures and a host of other rigid attitudes emanating from the top, often come in the way of creativity. To encourage creativity, organisations have to be loosely structured. Creative organisations like creative individuals must possess an internal culture of playfulness, freedom, and challenge and gross-roots participation. They must harness all potential sources of new ideas from all corners. People should not be struck in the rhythm of routine tasks. They must be encouraged to take risk and experiment with new ways of doing things. Such creative attempts increase the quality of solutions to many types of problems, help stimulate innovation, revitalize motivation and commitment by challenging individual competence and serve as a catalyst for effective team performance.

2.15 Innovation

The ability to innovate is a vital core strength that a manager must possess in order to build a growing, profitable organisation. Innovation is a high risk, high-return area that cannot be put aside easily. To promote a culture of innovation, entrepreneurs must try to set goals for innovation, commit adequate funds for research and development, inspire people with ideas to realize their potential fully, focus on what the customer actual likes and demands and more, importantly, do not get rattled by failure and mistakes. At the end of the day, entrepreneurs must realize that innovation is like skydiving – funny, scary and risky. They must know when to stop and when to go all out dying for an idea. To survive and flourish in a competitive environment, every company must innovate. In the long run, innovation could be essential for creating and sustaining competitive gains. Innovation, broadly speaking, may involve exploiting existing capabilities of an organisation – to improve production speed or product quality. It may involve exploring new knowledge – seeking to develop new products or services. Innovative firms must invariably invest their time and resources in order to encourage employees to experiment and find novel ways of doing things.

Definition

Innovation is the process of creating and implementing a new idea. It is the means by which entrepreneurs become catalysts for change. The main difference between creativity and innovation is the focus. Creativity is about the unleashing the potential of the mind to conceive new, unusual or original ideas. Innovation is the work carried out in order to make an idea viable. It is the creation of something that has never been made before and is generally recognised as the product of some unique insight. Because new ideas can take many forms, many types of innovation are possible. Technical innovation is the creation of new products and services. Process innovation involves creating a new means of producing, selling and or distributing an existing product or service. Administrative innovation takes place when creation of a new organisation design better supports the creation, production and delivery of products and services (virtual teams, IT systems etc). Innovations in organisations can range from radical new breakthroughs (such as laser technology) to small, incremental improvement (such as an improved paper tray on a computer printer). Although radical advances are important to many firms, incremental improvements also can be beneficial. Japanese firms are known for their ability to enhance products and services through a variety of small, incremental improvements. For example at the Japan-based Matsushita Electric Industrial company a team of 100 technicians, PhD scientists and factory engineers persisted for 8 years before developing an improved glass lens for use in projection televisions and several laser-based products, such as videodisc systems and compact disk players. Moreover, the new lenses can be made for 90 per cent less than the cost of existing lenses. Thus, a relatively modest goal-improving a component in successful products-led to a rapidly expanding market share for the company, especially for use in compact disk players.

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The Innovation Process

To put everything in place, firms may have to take care of the following steps:

1. ***Inventing:*** The innovation process begins with an idea. To this end, firms must encourage people to come forward with different ideas—crazy ones, silly ones, even idiotic ones. These ideas could take up anything that helps in cutting costs, improving the speed, enhancing the quality—whatever. Technology ideas could include ideas like employing bar coding or better management of inventory or reaching out to global customers through speed and efficiency. Product ideas could cover inventions of new products or services or enhancement of existing ones. Process ideas focus on inventions for improving manufacturing processes. For example adopting products to make a manufacturing process more efficient or redesigning work stations to make workers more productive. Management ideas focus attention on ways and means to improve organisational work—covering issues such as improving human resource management, redesigning organisational structure, changing organisational leadership or refining competitive strategy.
2. ***Developing:*** Here the new idea takes a practical shape. Ideas that are not viable should not be pursued for longer periods of time. Even if the ideas are creative and novel, they must be sent to their burial grounds simply because they are not commercially viable. The world famous innovative company 3M encourages people to give their best. It has achieved this fame through a formal, simple and well established company policy that helps to assure that every idea that deserves to be developed is indeed developed. This policy encourages employees to see if managers in other parts of the company will help to develop a new idea after the employee's immediate boss has rejected it.
3. ***Diffusing:*** At this stage end users and consumers put the new idea to use. When the idea gets established and is developed step by step, it needs to be seen whether it actually works or not. So organisation members who would be affected by the idea would explore it further to find out its utility and worth. End users could be approached with a prototype of the product to find their reactions. A positive customer feedback would help the company decide whether to go further or to stop at this stage itself.
4. ***Integrating:*** Here the invention is being accepted and established as a permanent part of the organisation. If the invention focuses on a new organisational process, for example, management takes steps to make the new process standard operating procedure within the organisation. If the invention focuses on a new product, management takes steps to start manufacturing and selling the new product to the market place.

To balance innovation and other business goals, companies often create special temporary project structures that are isolated from the rest of the organisation and allowed to operate under a different set of rules. When Apple, for example, developed the Macintosh, Steve Jobs took a small group of young engineers and programmes and set up operations apart from the remainder of the plant. They started from scratch, trying to rethink the personal computer completely. A pirate's flag was flown over their operation to demonstrate that they were not part of the regular bureaucratic operating structure and defined conventional rules. The result was a very successful new product. Some of the most commonly cited features of an innovative company may be listed thus:

Features of Innovative Organisations

- Strong, clearly expressed shared values
- An appreciation of/for the whole individual and everything s/he can bring to the organization
- Cultures that encourage openness and playfulness
- Celebrate successes constantly
- A strong, clearly communicated sense of history
- Intense customer focus
- Clear focus on trends, even those that do not seem to directly effect current businesses
- Cross-functional teams

2.25 NATURE OF COMMUNICATION

Communication refers to the process of passing information and understanding from one person to another. Precisely stated, communication is the process of transferring information, meaning and understanding from sender to receiver. It involves an exchange of facts, ideas, opinions or emotions by two or more individuals. The essential features of communication are given below:

- ***Two People:*** Communication always involves two people—a sender and a receiver. Communication is not a one-way street; one person cannot communicate. A sportsman alone in a forest, for example, may speak or shout, but he cannot communicate.
- ***Sequential Process:*** Communication is a process, involving several steps. First, the sender has an idea to communicate. Second, the idea is translated into a recognisable form such as spoken or written language. This is called encoding information. Third, the encoded message has to usually travel a distance through various communication channels like telephone routes, mail routes, etc. Fourth, once the receiver gets the message, he begins encoding, i.e., transforming the message back into ideas. Finally, if the idea received by the receiver is the one which was intended, communication has taken place.
- ***Continuous Activity:*** Everything a manager does involves communicating not something, but everything. A manager must always be in touch with his subordinates, peers and superiors in order to get things done. It is an activity to which every manager devotes an overwhelming portion of his time.
- ***Pervasive Function:*** Communication takes place at all levels in an organisation. It is essential at all levels of management and in all areas of business.

- ***Transference of Meaning and Understanding:*** Communication involves both information and understanding. It takes place when the receiver understands what the sender means to convey.
- ***Receiver-oriented:*** A manager may send a hundred messages, as Newstrom says, but there is no communication until each one has received, read and understood. "Communication is what the receiver understands, not what the sender says".

2.17 IMPORTANCE OF COMMUNICATION

Communication is important because of the following reasons:

- ***Basis of Action:*** Communication keeps the people working in accordance with the desires of managers. It is the means through which objectives, policies and procedures of an organisation are transmitted from superiors to subordinates. Information from right sources is passed on to right persons at a right time.
- ***Facilities Planning:*** Communication helps the planning process in a number of ways It helps executives to interact and provide vital inputs to plans, It helps Through communication executives can strike rapport with subordinates, seek their opinions and provide realistic information on which sound plans could be prepared. It helps executives to communicate what is contained in the plans in a clear way and secure their acceptance.
- ***Helps in Decision-making:*** The quality of decisions made in an organisation depends largely on the amount and quality of information available to the decision-maker. Communication provides the right type of information to a manager and enables him to consider the pros and cons thoroughly before arriving at a decision. It helps him to move closer to subordinates, identify their problems and solve them amicably.
- ***Means of Coordination:*** Communication is the foundation of all group activity. In the absence of communication, members may fail to realise the importance of working unitedly towards a common goal. It is only through communication that people can attain a common viewpoint and understanding and cooperate to achieve organisational objectives. In the words of Hicks, "When communication stops, organized action comes to an end".
- ***Improves Relationships:*** Communication builds better relationships among employees working in an organisation. It binds individuals to a common purpose. Exchange of facts, opinions, feelings and sentiments and interchange of information concerning work would enable employees to understand each other.
- ***Improves Motivation and Morale:*** Communication improves morale and motivation by keeping people informed. Good communication induces people to give their best to the organisation. Without communication, it would be impossible to understand others and make them understand. Communication brings about a meeting of minds. Employees can communicate their grievances, troubles, and problems to the management. Managers, in turn, can explain the importance of organisational rules, policies and procedures properly. Without facts, understanding and acceptance, efforts to promote productivity are doomed to fail.

2.18 THE PROCESS OF COMMUNICATION

The process of communication involves the following steps:

- ***Sender:*** The sender is anyone who wishes (*i*) to convey an idea or concept to others, (*ii*) to seek information or (*iii*) to express a thought or emotion.
- ***Encoding:*** The sender encodes the idea by selecting symbols with which he can compose a message. Encoding is the use of suitable verbal or non-verbal symbols for sending the message. Managers usually rely on words, gestures and other symbols for encoding.
- ***Message:*** The message is what is conveyed by the sender. It is the heart of communication. It may come in the form of words, ideas, facts, opinions, etc.
- ***Channel:*** The message is sent through a channel, which is the communication carrier. It may be face-to-face talk, telephone, a formal report, computer, radio, etc.
- ***Receiver:*** The receiver is the person who is supposed to receive the message. He may be a reader, a listener or an observer.
- ***Decoding:*** Decoding is the process by which the receiver translates the message into the terms that are meaningful to him. The chances of successful decoding are greatly enhanced if the receiver knows the language and terminology used in the message.
- ***Feedback:*** It is a response by the receiver to the sender's message. Feedback takes place when the receiver responds to the sender's communication with a return message. It helps the sender determine whether the receiver correctly interpreted the message.
- ***Noise:*** Noise is any interference with a message that hampers the sharing of meaning between the sender and the receiver. Thus, negative attitudes, misperception, a loud radio, a person's accent, illegible print or pictures, jargon, poor eye sight all qualify as noise. Understanding tends to diminish as noise increases. Noise can be minimised by foreseeing and neutralising sources of interference.

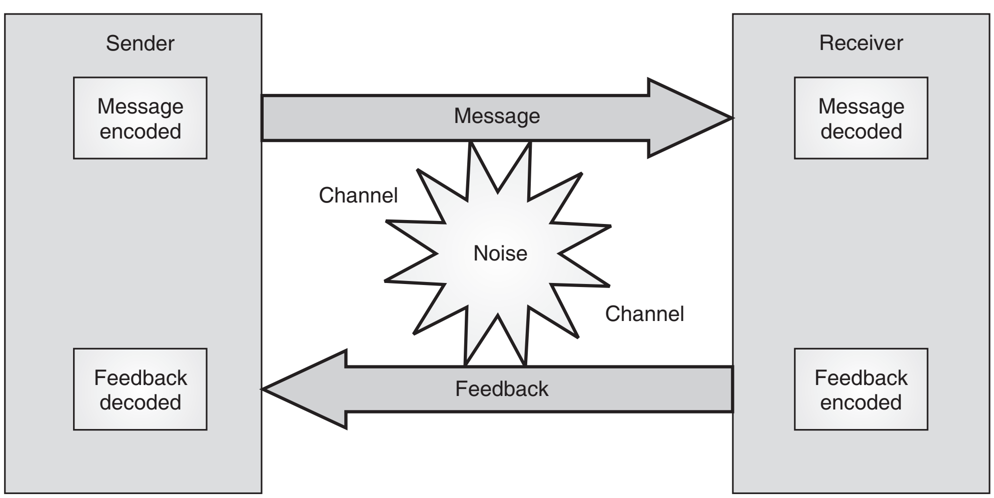

Fig. 9.1 Communication Process

2.19 CHANNELS OF COMMUNICATION

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A communication channel is the route through which messages flow from the sender to the receiver. There are basically two types of channels—formal and informal—which are used by managers.

2.19.1 Formal Communication

The formal communication channel is an official channel established by management to transmit messages from one unit (or person) to another. It is created deliberately so as to send commands, instructions and orders from top to the bottom in a systematic and orderly manner. The formal communication channel respects the 'unity of command' principle and prescribes, of course in a rigid way, a specified route for the flow of information between various positions in an organisation. There are three ways in which formal communications can go: downward, upward and horizontal/lateral:

- **Downward communication** travels from the superior to the subordinate. The primary purpose is to transmit information (commands, orders, directives, instructions etc.) and instruct employees in the performance of their jobs. In most organisations, downward communication channels are put to extensive use—to transmit information regarding key policies, objectives, strategies and technical developments from higher level to lower level positions.
- **Upward communication** travels from subordinate to superior. It provides feedback on how well things are going. It reveals the degree to which ideas that are passed down are accepted. It enables employees to voice their opinions, concerns and ideas. Employees can ventilate their grievances and develop a comforting feeling that their voice is reaching top management. Suggestions for improving the work climate can be taken up immediately thereafter. More importantly, upward communication keeps managers aware of how employees feel about their jobs, co-workers and the organisation, in general. Upward communication usually consists of: (*i*) ideas and suggestions for improvements, (*ii*) requests for help or information, and (*iii*) expression of attitudes or feelings affecting performance on the job.
- **Lateral communication** takes place between people on the same level of the hierarchy. This channel promotes a horizontal flow of messages, enabling departments to work with other departments without having to rigidly follow the up and down channels. Strict adherence to organisational rules and regulations may result in delays, avoidable circuitous routes and frustratingly long channels. Lateral communication encourages people to achieve coordination quickly by contacting the right person at the right time without waiting for instructions from upstairs or taking approval from the top. They can short-circuit the classical principles for the sake of achieving coordination and teamwork.

2.19.2 Informal Communication

Formal communication channels only tell us part of the story of communication in organisations. They represent the way the organisation is set up, but not how it actually operates. Informal communication channels exist outside the official network and develop because of spontaneous interaction between people working in an organisation. Informal communication is more unofficial. People gossip, the behaviour of superiors/bosses becomes the butt of jokes, people talk about how their favourite cricket hero played a recent innings; how a film ran for over 365 days in a single theatre in Mumbai , work teams tell newcomers hot to conduct themselves and so on and so forth.

Features of Informal Communication

- It is a product of social interactions, an inevitable part of organisational life.
- It exists outside the official network of communication prescribed by the organisation.
- There is no prescribed direction for the flow of messages.
- An active grapevine indicates employees' keenness to interact with each other closely and share ideas, opinions etc.

- **Grapevine :** The best known type of informal communication is known as the 'grapevine' (or the 'rumour mill'). Normally people like receptionists, mail and message carriers, delivery persons, maintenance personnel and materials handlers are likely to be the important actors in the grapevine, carrying juicy bits of information from place to place. There is thus, no prescribed direction for the flow of messages, nor is there any ready available means for verifying them. The grapevine can carry erroneous messages as well as accurate ones. According to Keith Davis, grapevines are a natural and inevitable part of organisational life. In fact, he says that it would be strange for employees NOT to take some part in exchanging informal information with their co-employees. A lively, active grapevine is an indication of the employee's deep need to talk about his job, company, and co-employees. It can serve as an outlet for frustration, it is an important device for developing strong group identity, and for gaining social acceptance and recognition, and has numerous other functions, both good and bad.
  - ➢ **Grapevine can be destructive :** One important limitation of grapevine is that it tends to spread rumours and half-truths thereby rapidly tarnishing the image and reputation of people. For example, Davis found that in one plant the grapevine he studied was circulating a rumour that a welder was marrying the general manager's daughter. The story was ninety per cent accurate in that the welder was getting married on the date and in the location mentioned by the grapevine. However, through the bride-to-be had the same name as the general manager's daughter, she was actually someone else.
  - ➢ **Grapevine can yield good results if used properly:** Of course, the grapevine could also be used to spread the right word, to allay fears, and to overcome the typical tardiness of formal communication channels. Managers can deliberately drop a piece of information (which they want to spread quickly) at a strategic point on the grapevine, watch it spread through the organization, and then observe how well it has been received by the

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employees. The grapevine is an inevitable part of organisational life. No weed killer yet devised can eradicate it. "The manager's job is to understand the nature of the grapevine, accept it, prune the distorted branches, and cultivate the good ones." He must make a constructive use of the grapevine and use it to supplement formal communication.

Features of Grapevine

- It is an informal, person-to-person communication network of employees that is not officially sanctioned by the organisation.
- It links all employees in all directions.
- It exists in every organisation and becomes powerful when formal channels are closed.
- Employees use grapevine rumours to fill in important information gaps and clarify management decisions.
- It tends to be more active during periods of change excitement, anxiety and sagging economic conditions.
- Grapevine generally emanates from two sources: **gossip chain** (where a single individual conveys a piece of news to many other people) **cluster chain** (where a few individuals can convey information to several others.

Coping with the Grapevine

The grapevine communication offers several important benefits: (*i*) It provides workers with an outlet to let off steam by venting their anxieties and frustrations. (*ii*) Informal interactions improve the quality of work life. Through such interactions workers learn what behaviours are acceptable and unacceptable. (*iii*) The grapevine translates company policies and formal messages into an understandable format, especially from the workers' point of view. At the same time, rumours can be very damaging. They mislead people quickly, especially when the target is a high-status superior in the organisation. Information distortions may, sometimes, seriously hamper the smooth flow of work. False rumours create friction between individuals and departments. In such a scenario, negative attitudes, distrust, ill feelings, etc., may often lead to escalation of tension within an organisation to an unstoppable level. Considering that the grapevine can be an influential and sometimes negative force, what can management do about it?

- ***MBWA technique:*** *Management by Walking Around* is an excellent way to monitor the grapevine in a non-threatening way. MBWA technique requires an executive to talk to employees directly and learn what is going on. It facilitates both upward and downward communication. Managers have a chance to describe key ideas and values to employees and, in turn, learn about the problems and issues confronting employees'.
- ***Get the facts:*** One best way to handle rumours is simply to release the correct facts as quickly as possible and let them speak for themselves.
- ***Open communication:*** By maintaining open channels of communication and responding vigorously to inaccurate information, the manager can minimize the damage the grapevine can do.

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- ***Encourage social gatherings:*** Social gatherings serve an important role. They promote a strong culture and enhance understanding of how the organisation works.

Formal vs. Informal Communication

Formal Communication	*Informal Communication*
• Official and authentic channel	• Unofficial channel
• Planned and systematic	• Unplanned and spontaneous
• Charts depict formal routes	• Grapevine can take any direction
• Focus on organisational goals and tasks	• Emphasis primarily on individual needs and aspirations
• Fairly inflexible, rigid and prescribed route through which messages flow up and down	• Very loose, flexible and unpredictable routes
• Official channels process information slowly	• Messages pass through various routes at a stunningly faster rate
• Impersonal way of sending messages	• Personal and social
• If messages are structured properly, very little chance of distortions	• Rumours have no basis; they spread like wild fire and as such subject to loose interpretation.

2.20 COMMUNICATION MEDIA OR METHODS

Organisations using various types of communication media, such as oral communication, written communication, electronic communication and non-verbal communication

2.20.1 Oral Communication

Oral communication is face-to-face communication between individuals. It can also take place via telephones, public address systems and other media. Studies have shown that oral communication is more effective than written communication in conveying feelings or in changing attitudes or beliefs. The merits and demerits of oral communication may be listed thus:

Merits and Demerits of Oral Communication

Merits	*Demerits*
Easy and inexpensive way of sending messages.	There is no automatic record of messages.
Direct contact between sender and receiver helps in classifying messages and getting feedback on the spot.	Face-to-face meetings may prove unproductive if discussions proceed endlessly.
Message can be structured in a flexible way, depending on the receiver's response.	Lengthy messages can't be sent.
Can address and reach a large gathering quickly, if the message is abridged.	It breaks down quickly if there is lot of distance between of misinterpretation are high.

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2.20.2 Written Communication

Most formal communications take place in a written form. Written communication is transmitted through written words in the form of letters, circulars, memos, reports, handbooks, manuals, organisational periodicals, etc. Written communication is permanent, tangible and verifiable. A record is maintained and both the sender and the receiver have access to the records for further clarification. The merits and demerits of written communication may be listed thus.

Written Communication

Merits	*Demerits*
(*i*) **Clarity:** Messages can be drafted in a clear, specific way-keeping receiver's understanding capabilities in mind.	**Expensive:** It is a costly way of transmitting messages, especially the short ones covering short distances repeatedly.
(*ii*) **Economy:** Written communication is economical where the sender and the receiver are separated by distance.	**Time Consuming:** It takes lot of time to prepare and transmit messages in a crystal clear manner.
(*iii*) **Coverage:** Written messages can be sent across a large audience in a quick way.	**Slow:** Written communication is painfully slow, especially where messages have to travel a long distance.
(*iv*) **Record:** Written messages offer a reliable and authentic record for future reference.	**Inflexible:** Messages, once drafted and sent, can't be changed or withdrawn quickly.
(*v*) **Repetition:** Where messages have to be sent repeatedly, written communication is the best way to do so.	**Security:** It is quite difficult to keep written records as secret documents – even if they are crucial to business success.
(*vi*) **Response:** The receiver gets ample opportunity to sit through the message carefully and offer a well thought-out response.	**Impersonal:** Written communication is devoid of personal touch and is very formal in nature.
	Misinterpretation: Written messages may get coloured and distorted as they travel between persons and places (up and down).
	Feedback: Written communication does not possess in-built feedback mechanisms.

In view of the above limitations of written messages, experts offer certain *guidelines* to improve written communication thus:

- Outline the message beforehand to be sure it has been logically thought through.
- Draft the message with the receiver or audience in mind.
- Give the message a concise title and use sub-headings where appropriate.
- Use simple words and short, clear sentences.
- Attempt to summarise the content or significance of the message in the first few sentences of paragraphs.
- Back up your opinions with facts.
- Avoid "oversell" and flowery language.
- Summarise your major points at the end.

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The differences between oral and written communications may be stated thus:

Oral and Written Communication

Oral Communication	*Written Communication*
1. In oral communication, two roles are involved—talking and listening.	The roles required in written communication are reading and writing. Message may be delayed in written communication.
2. It takes the form of group meeting, individual conversation, face-to-face meeting, or telephone and television talks, etc.	However, the written form of communication is appropriate when the information is to be sent in an organised and formal way.
3. Oral communication is generally informal.	Written communication is normally formal.
4. The feedback in oral communication is quick and instantaneous.	Feedback is very late and there is no in-built mechanism for feedback.
5. It is normal, flexible and no commitment is involved from the receiver.	It connotes the commitment seriously.
6. Unsuitable when information is long and highly technical. It is liable to misunderstanding.	It is expensive, rigid but has the highest advantage of being 'clear and elaborate'.

2.20.3 Electronic Communication

Thanks to the rapid advances in technology now, there is hardly any dividing line between the employee's work and non-work life. It is possible for the organisation to reach out to its employees anytime, anywhere 24 hours a day, 7 days a week—through electronic communications, including e-mail, instant massaging, blogs and wikis, voice mail, fax, electronic data interchange, teleconferencing, videoconferencing, intranets and extranets.

1. ***E-mail:*** It is the instantaneous transmission of written messages on linked computers. Messages wait at the receiver's computer and are read at a time convenient to him. It is very fast and cheap and can be used to reach out to numerous people at the same time. Organisational members can share anything, anytime, with anyone—quickly and conveniently.
2. ***Instant messaging (IM)*:** This kind of interactive real-time communication takes place among computer users who are logged onto the network at the same time. With IM you can be in touch with many colleagues, especially those who are placed on collaborative projects, toss up ideas, get feedback and get going all at the same time.
3. ***Blog:*** It is a kind of online journal that concentrates on a particular subject. Technorati, the internet search engine, has listed millions of blogs on subjects of varied interest. Blogging, i.e., posting text to a website has hit the corporate world in a big way.
4. ***Wiki:*** It is a type of website that permits anyone visiting it to add, remove or otherwise edit the content.

5. ***Voicemail:*** It tries to digitize a spoken message, transmit the same over the network and store the message for the receiver to retrieve later at a convenient time. Receivers could save the messages for future use, delete them completely or share with others, when required.
6. ***Fax:*** Fax machines help transmission of documents (containing data, graphics, content) over ordinary telephone lines. A sending fax machine scans and digitizes the document. A receiving fax machine reads the scanned information and reproduces the hardcopy for use at the receiver's end.
7. ***Electronic data interchange:*** Through a telecommunications network organisations send standard business transaction documents (invoices, purchase orders, etc.) to vendors, suppliers and customers, thereby saving time and money through this medium.
8. ***Teleconferencing:*** It permits groups of people to contact simultaneously using telephone or e-mail group communications software. When meeting participants are able to see each other over video screens, the simultaneous conference is called video conferencing.
9. ***Web conferencing:*** It is gaining popularity in recent times; companies could share information through live presentations or hold group meetings over the Internet.
10. ***Intranet:*** It is a private, organisation-wide information network that uses Internet technology and is accessible only by employees.
11. ***Extranet*:** it is an organisational communication network that uses Internet technology and permits internal employees to communicate with certain outsiders such as suppliers, customers and strategic partners.

2.20.4 Non-verbal Communication/Body Language

Non-verbal communication (NVC, also known as gestural communication) refers to messages sent through human actions and behaviours rather than through words. It is a communication exchange that does not use words or that uses words to carry more meaning than the strict definition of the words themselves (that is why the name *gestural communication*). It often relies on facial expressions, body movements, gestures, inflection, tone, etc.

1. ***Facial expressions:*** By observing a person's face we can readily distinguish such emotions as anger, interest, happiness, disgust, contempt, fear, surprise, etc. Facial expressions (e.g., frown shows displeasure; smile reveals friendliness or happiness, raised eyebrows show disbelief or amazement, etc.) may reveal true feelings more reliably than verbal messages.
2. ***Eye contact:*** People tend to establish eye contact for longer periods of time, the more they like each other. Eye contact diminishes when we want to hide something or are in situations where there is dislike, tension or fear of deception.
3. ***Dress:*** Dress is often said to influence the appearance of power to others. For example, a woman wearing a tailored suit with blazer jacket appears more powerful than one wearing a dress with frills.
4. ***Posture:*** Leaning toward another individual suggests that you are favourably disposed toward his or her messages; leaning backward suggests the opposite.

Opening the arms or legs is an indicator of liking or caring. In general, people, establish closed posture (arms folded and legs crossed) when speaking to people they dislike. Standing up straight generally reflects high self-confidence. Stooping or slouching could mean a poor self-image.

5. ***Distance:*** If you want to convey positive attitudes to another person, get physically close to that person. People located in relatively close proximity are seen as warmer, friendlier, and more understanding than people located farther away.
6. ***Gesture:*** Positive attitudes are shown by frequent hand movements. At the other extreme, dislike or lack of interest usually produces few gestures.
7. ***Handshakes*:** Most people, literally, talk with their hands. To Americans, a firm handshake indicates decisiveness, whereas a limp one conveys a lack of interest. In France, you can shake hands with your right or left hand without being regarded as impolite. In the Arab world, using left hand (called as 'toilet hand') is strictly prohibited. Generally high status people feel free while touching low status people (when giving advice, orders, or when persuading). However, managers should touch others only when saying something positive.
8. ***Tone of Voice:*** Anger is often perceived when the source speaks loudly, quickly, and with irregular inflection and clipped enunciation. Boredom is often indicated by moderate volume, pitch, and rate. Joy is often indicated by loud volume, high pitch, fast rate, and upward inflection.
9. ***Use of Space or Proxemics:*** Proxemics deals with the way one uses physical space and what that use says about us. People move closer to individuals whom they like and keep more distance from those people whom they dislike. Individuals generally maintain a greater distance from people with high status. High status people generally invade the space of those with lower status freely. (e.g., MD of a company barging into the room of a manager suddenly). The amount and type of space in an office, the office location (say, top floor reserved for the Boss) and the way it is furnished (air conditioning, carpets, glass tables, etc.) can represent authority, status, position and protection.
10. ***Use of* Time or *Chronemics*:** Chronemics is concerned with the use of time in various situations. If we are late for a meeting, we might be regarded as careless, uninvolved or unambitious. However, the lateness of a high-ranking official might be perceived as evidence of his or her importance. Looking at your watch is usually interpreted as a sign of boredom or restlessness.

2.21 BARRIERS TO COMMUNICATION

Several factors may disrupt the communication process or come in the way of effective communication. These can be listed thus:

2.21.1 Semantic Barriers

Many of our communication problems are semantic in nature, as the same word may convey a different meaning to different people. The use of jargon can also create a barrier to communication. The vocabulary and jargon employed by engineers, statisticians, and skilled mechanics convey little meaning to unskilled and less-educated persons. Breakdowns in communication, thus, result when the sender does not tailor the message to match the knowledge base of the receiver. Further, some people have a limited inventory of words with which to express themselves. Others complicate the communication process through the use of empty and high-sounding words. It should be remembered that words are building blocks, and only the correct use of the blocks can create a structure.

2.21.2 Interpersonal Barriers

- ***Can't express effectively:*** The old expression "*the mouth was in gear before the mind was operating*" reveals one from of breakdown in communication. Some people cannot communicate effectively because they cannot use words and their personality effectively. They might have instructed their subordinates to do a piece of work politely but the subordinates may feel that they have been 'told' to do the work. One's outward appearance, gestures, smile, animation, eyes, bodily posture, vitality and tone are all an expression of one's personality—an imperative tool to win over those with whom one is talking.
- ***Filtering:*** Any attempt to alter and colour information to present a more favourable impression is called filtering. Since subordinates are evaluated on the worth of their performance, they try to filter information as it progresses up the chain of command. They short-circuit information and tell the boss what he wants to hear. Such attempts lead to message distortion and an incorrect impression of the real situation is created.
- ***Credibility:*** Research has shown that we are more likely to accept information when we have a favourable attitude toward the sender. Credibility is based on a person's competence in the subject area being communicated, and is based on the degree of confidence in the person. All managerial efforts to motivate subordinates would fail if subordinates believe that managers are not credible and trustworthy. Those managers having a high credibility rating find it easy to send messages to subordinates; and subordinates, in turn, are more likely to accept their messages, sometimes even blindly.
- ***Inattention:*** Inattention is another barrier. We often hear but do not listen. This is more so in the case of highly repetitive material. For example, an employee may pay attention to one '*No Smoking*' sign but when such signs are put up all over the office, he no longer understands or 'listens' to it.
- ***Perceptual differences:*** Perceptual differences, i.e., differences in past experiences, educational background, emotions, values and beliefs also affect each person's perception of a message or of words. Receivers will accept messages that are important to them. Messages that are against their values would be rejected or misperceived. For example, an accident that has taken place in an office may viewed thus: (*i*) the manager may regret the loss of a valuable employee; (*ii*) the safety people may resent the fact that their safety record has been tarnished; (*iii*) the fellow-employees may see an injured friend; (*iv*) the office doctor may see an injured employee to be treated; and (*v*) the personnel manager may see the need to find a replacement for the injured person.

- ***Jealousy:*** Jealousy also plays an important role in reducing the effectiveness of communications. Competent individuals are viewed as a threat to the security of peers and subordinates. Individuals may try to diminish the worth of another person because they are jealous. If the jealous person is able to attract the attention of the manager, the competent person may find it difficult to communicate with the boss.
- ***Information overload:*** Managers are flooded with information from various corners. But there is no automatic thermostat to control and regulate the flow of information. Modern technology makes it possible for the managers to have the veritable mine of information on their finger-tips, no doubt; but the effectiveness of communication is likely to be hampered when managers allow themselves to be inundated with bundles of data. Perhaps, that is the reason why managers are forced to ignore or just give a cursory review of too many messages. In this process, inevitably, many of the messages are either overlooked or misinterpreted.
- ***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 jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Also, extreme emotions and jubilation of depression are quite likely to come in the way of effective communication.
- ***Time pressures:*** Managers are often subjected to time pressures because decisions must be made within specified deadlines. Such time pressures can create communication problems. Formal channels may get short-circuited in the process of expediting matters, leave some important people in dark, or messages transmitted may be incomplete, rendering communication ineffective.

2.21.3 Structural Barriers

- ***Hierarchy:*** When an organisation grows, its structure expands, creating many communication problems. Messages have to pass through several hierarchical levels. It follows that something may be lost or added by transmission at each stage of the process. Messages are likely to be delayed and distorted.
- ***Status:*** Open and free flow of communication is also affected by status relationship in the organisation. Superiors are reluctant to discuss important problems with subordinates because this may expose them completely. Subordinates, in turn, avoid situations which require them to reveal information that might present them in an unfavourable light.
- ***Specialisation:*** Specialisation is another barrier. Too much fragmentation of work causes people to be more loyal to their particular departments than to their organisation as a whole. It tends to separate people even when they work in close proximity. Different functions, special interests, and job jargon can make people feel that they live in different worlds. The result can prevent employees from having feelings of a united family, make understanding very difficult, and lead to errors.

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2.22 TEN COMMANDMENTS OF GOOD COMMUNICATION

Communication is the basis of managerial work. It is, therefore, necessary for a manager to study its many aspects and educate the staff about the importance of good communication. The following Ten Commandments may help a manager improve his communication skills:

1. ***Clarity:*** Think and plan before communicating. Be clear about what you want to communicate. The more systematically a problem or idea is analysed, the clearer it becomes.
2. ***Purpose:*** State the purpose of each communication, obtain information, initiate action, and change another person's attitude. Don't try to accomplish too much with each communication. The sharper the focus of your message, the greater is its chances of success.
3. ***Physical and human setting:*** Be sensitive to the total setting in communication. Sometimes, meaning and intent are conveyed through gestures rather than through words. For example, your sense of timing should be appropriate. Workers should be reprimanded for reporting late as soon as they arrive at the workplace; it is of no use to issue memos to them after two or three months. The physical setting, whether the worker should be reprimanded openly or in private, should also be considered. The manager should also analyze the social climate governing work relationships before issuing orders and directives. The tone of communication should change accordingly. The communication should also conform to the expectations of subordinates. In other words, custom and past practice should also be taken into consideration. Like all living things, communication must be capable of adapting to its environment.
4. ***Participation:*** Invite others to participate in planning a communication. Allow them to participate fully and develop the facts upon which appropriate communications can be built, Participation helps to bring additional insight and objectivity to your message. Moreover, those who have helped you plan your communication will give it their active support.
5. ***Word choice and body language:*** Select simple words and use them carefully so that they do not take on different meanings to different people. Physical actions such as motions, gestures and facial expressions convey thoughts and emotions to subordinates. The body language should support the written communication. A frown, a sarcastic smile or even a blank stare may be wrongly interpreted, even though the words were positive in nature. Employees grasp at these small symbols to determine what the "boss" means.
6. ***Empathy:*** Empathy is the ability to identify with the various feelings and thoughts of another person. When managers are empathetic, they create a climate that encourages subordinates to communicate openly and honestly with them. They would be in a much better position to understand why people act as they do. They would be able to appreciate the feelings of the subordinates and respond with messages taking the interest of the subordinates into account.
7. ***Actions:*** Managers should support communication through good supervisory

efforts, clear assignment of duties, fair rewards for effort, sound policy enforcement, etc. Such practices serve to communicate forcefully more than all the gifts of oratory.

8. ***Use of feedback:*** The manager should provide feedback, which provides an open channel, so that he can check on how the messages are being perceived. He should create an environment that encourages feedback. For example, after communicating a job assignment, he might ask, "Do you understand?" or "Do you have any questions?" and find out whether the message has been understood or not. At the same time, he should allow the subordinates to express their reactions.
9. ***Communicate for tomorrow as well as today:*** Communications must be planned with the past in mind so as to support company policies consistently. They must also take into account the short-run as well as long-run interests of the organisation.
10. ***Be a good listener:*** Listening is one of the most important, most difficult and most neglected skills in communication. Poor listening techniques plague many managers. Often, they are not prepared to listen to what subordinates say. To improve listening, we need to become more than passive receivers. We should not only concentrate on the explicit meanings another person is expressing but also on the implicit meanings, unspoken words, etc. Effective listening is empathetic listening. It requires an ability to listen for feeling as well as for words.

Principles of Effective Communication

- **Principle of clarity:** The message must be as clear as possible. No ambiguity should creep into it
- **Principle of objective:** The communicator must know clearly the purpose of communication before actually transmitting the message.
- **Principle of understanding:** The communication must crate proper understanding in the mind of the receiver.
- **Principle of consistency:** The message communicated should be consistent with plans, policies, programmes and goals of an organization.
- **Principle of completeness:** The message to be communicated must be complete in all respects. Inadequate and incomplete communications confuse the receivers and spoil the show.
- **Principle of feedback:** The receiver should get a chance to offer feedback to the receiver. There must be an opportunity to showcase reactions, feelings and emotions to the extent possible.
- **Principle of time:** Receivers should get the information at a right time.

2.23 INTERPERSONAL STYLE: THE JOHARI WINDOW

The term 'interpersonal style' refers to the manner in which an individual prefers to relate to others. Two people saying the same thing might do so very differently and communicate their messages in ways that may have different effects on you. Obviously, there are individual differences in the way people communicate their

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feelings, opinions and thoughts to others. Joe Luft and Harry Ingham, both researchers at the University of California in the 1950's coined the term Johari Window (a way of looking at how one's personality is expressed) to explain why we do not like to place our cards on the table while trying to relate to others. Luft and Ingham observed that there are aspects of our personality that we're open about, and other elements that we keep to ourselves. At the same time, there are things that others see in us that we're not aware of. As a result, you can draw up a four-box grid, which includes a fourth group of traits that are unknown to anyone

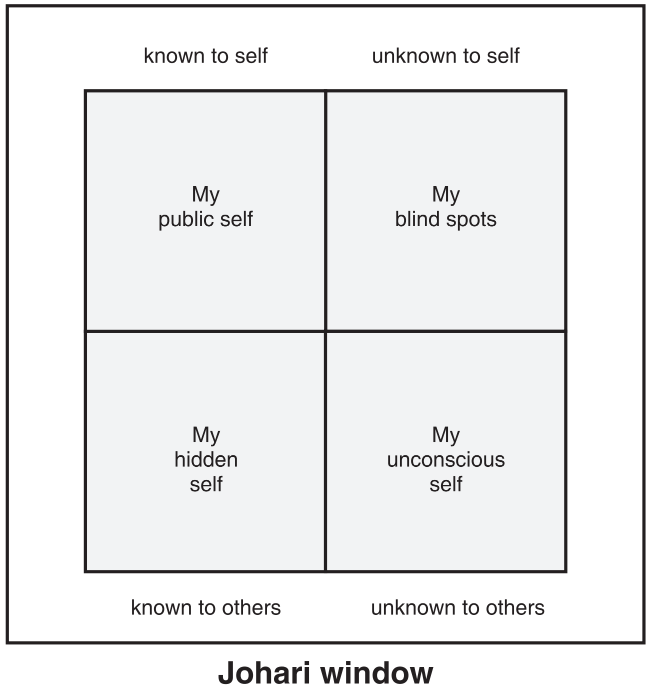

Fig. 2.2 The Johari Window: Interpersonal Style and Communication

My public self or ARENA: The public area contains things that are openly known and talked about – and which may be seen as strengths or weaknesses. This is the self that we choose to share with others. Here all the information necessary to carry on effective communication is known to both the communicator (self) and the receivers (others). Arena, thus, is the area of common understanding. Parties can exchange information freely and gain understanding quickly when the arena is fairly large.

My blindspots: Here the relevant information is known to others but not to the self. Others have the advantage of knowing their own reactions, feelings, perceptions and so on while the self is unaware of these.

My hidden self or façade: Here the information is known to the self but unknown to others. Information that we perceive as prejudicial to a relationship or that we keep to ourselves out of fear, desire for power or for any other reason, makes up the Façade (or the false front). This is a dangerous sign, because the subordinate knows something that the superior is not aware of. The façade like the blindspot diminishes the arena and reduces the possibility of effective communication.

My unconscious self or the unknown: This is a tricky position. "I do not understand them and they do not understand me." Here the relevant information is not known to anybody. The unknown self is potentially disruptive because it contains hidden characteristics, drives and needs that can be handled effectively if they are understood. Through self disclosure I place my cards on the table and it encourages you to throw light on my blindspots. Such an interactive self disclosure helps me peep into the unknown area and improve my communication skills and you also begin to reap the benefits of improved communication.

Feedback: As you can see from the above figure, if Arena is very small then there is very little open interaction between the parties. If the Arena is very large, parties get a chance to make correct perceptual judgements about each other and develop healthy working relationships later on. Expanding the size of arena depends on whether one is willing to 'listen' and others are willing to give information that is essential for effective communication to take place. Active cooperation of others is necessary to get honest feedback.

Exposure and the inherent risks : The application of the Johari Window comes in opening up the public area, so that the other three areas begin to shrink. This is done by regular and honest exchange of feedback, and a willingness to disclose personal feelings. The process that the self uses to increase the information known to others is called exposure. Of course exposure would put the self in a vulnerable position. Exposing one's true feelings by telling it like it is often involves risks. "If you give people information about yourself, you give them power over you," she says. Monica Lewinsky's disclosure to Linda Tripp and the ensuing scandal that enveloped President Clinton is a case in point. People also misjudge how others respond to secrets. Sometimes you get negative feedback. For example, a women who reveals that she was raped may be seen in the future as a victim, or by men as damaged goods. Now, if you must tell your secret to someone, chose that person very carefully. So you need to pick up some one whose response would help you see the picture correctly. Unfortunately, such a person is often hard to find. So if you are unable to find a trustworthy person, keep the secrets to yourself and remain in control of your own self. Exposure of course helps people to get to know each other closely. People around you will understand what "makes you tick", and what you find easy or difficult to do, and can provide appropriate support. And of course you can then do the same for them. Self-assessment questionnaires can be used to indicate the size of your public window, but any measure is purely subjective.

In order to improve interpersonal communication, both the communicator and the listener must be willing to share information honestly and openly. They must be willing to share feedback as well with an open mind. In terms of Johari Window, large hidden or blind areas hinder effective interpersonal communication.

2.24 TRANSACTIONAL ANALYSIS

Dr. Eric Berne developed a technique (called Transactional Analysis) designed to help individuals communicate with others and understand both their behaviour and that of other people. At its simplest level, transaction analysis is the method for studying transactions between individuals. A transaction is nothing but a unit of social interaction—or simply the interaction between two or more people in a social setting.

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The basic purpose of TA is to provide better understanding of how people relate to one another, so that they may develop improved communication and human relationship. The central theme of TA is that each person has three ego states (defined as a consistent pattern of feeling and experience directly related to a corresponding consistent pattern of behaviour) that serve as important sources for behaviour—namely the parent, the child and the adult.

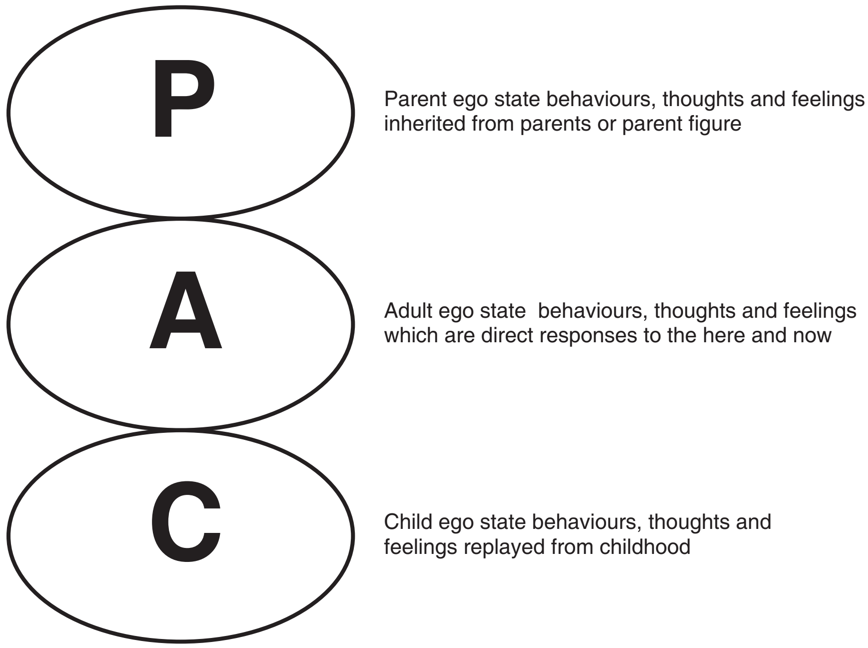

Fig. 9.3 The Johari Window: Interpersonal Style and Communication

The Parent

The Parent ego state is the sum total of feelings, thinking and behaviour that we have copied from our parents and significant others right from childhood. The overall imprint of either a nurturing parent (be careful, do not hurt yourself; drive carefully, the roads are wet) or a critical parent (you always get up late in the morning, try harder to improve your grades) is evident when individuals try to communicate with others. Nurturing parent is that part of a person which is understanding and caring about other people. Behaviour coming from the nurturing parent may set limits on and provide direction for people behaviour. It will not put the people down and make then feel not OK as individual. Critical parent behaviour attacks people's personalities as well as their behaviour. Critical parent makes people feel that they are not OK. When people are in their critical parent ego state they are very evaluative and judgemental.

The Child

The Child ego state is a set of behaviours, thoughts and feelings which are replayed from our own childhood. Examples of recordings in the Child include: "When I saw the monster's face, I felt really scared". "The clown at the birthday party was really funny! These are characterized by highly emotional and/or uncensored behaviour. The child ego state is associated with behaviours that appear when a person is responding emotionally. A person's child contains the 'natural' impulses and attitudes learned from child experiences. There are several forms of the child ego state. However, two kinds of ego states viz. happy child and destructive child are commonly cited. People behaving from their happy child take up things they want to pursue without rubbing people on the wrong side. However, people in their destructive child undertake things that are either destructive to others or to themselves, or to their environment. In understanding the difference between these two types of child ego state, it helps to remember that behaviour by itself is not happy or destructive. Feedback from other people would give an indication whether one is behaving or responding from the child ego state. If Ram is smoking secretly while at work he might be doing so to rejuvenate himself. When someone in the department objects to this but Ram continues to smoke unmindful of consequences, his behaviour has moved from the happy child state to that of a destructive child.

The Adult

The Adult ego state is characterized by logical thinking and rational behaviour. Instead of getting scared or making assumptions, the adult begins to examine data in an unemotional manner. Behaviour from the adult ego state is characterized by problem solving analysis and rationale decision-making. People operating from the adult ego state are taking emotional content of their child ego state, the value-laden content of their parent ego state and checking them out in the reality of the external world. These people are examining alternatives, probabilities and values prior to engaging in behaviour. Typical statements from this ego state include: consumer research shows we should introduce our new product next May", "On the basis of his education and experience, I think Ram has the best credentials for the job". Dr. Thomas Harris described the Adult as "a data-processing computer, which grinds out decisions after computing the information from three sources: the Parent, the Child, and the data which the adult has gathered and is gathering".

Analyzing Transactions

When two people communicate with each other, one will initiate a dialogue (transactional stimulus) and the other will respond (transactional response According to TA, a transaction is a stimulus plus a response. For example, if you say to one of your staff, "You really did a fine job on that project", that is stimulus: and he says, "Thanks", that is a response. In terms of Transactional Analysis, now we need to identify which ego state directed the stimulus and which ego state in the other person executed the response. According to Dr. Berne, the **simplest transactions are between Adults ego states.** For example, a surgeon will survey the patient, and based upon the data before him/her, his/her Adult decides that the scalpel is the next instrument required. The surgeon's Adult holds out his/her hand, providing the transactional stimulus to the nurse. The nurse's Adult looks at the hand, and based upon previous experiences, concludes that the scalpel is needed. The nurse then places the scalpel in the surgeon's hand.

Complementary transactions: They occur when the speaker is received by the appropriate ego state of the listener and in turn gets back the expected response. A sick child might ask for a glass of water and the nurturing mother might give the

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water to the child. The transaction below shows a Parent-Child transaction, with the Child ego state providing the *transactional stimulus*, and the adult responding with the *transactional response*.

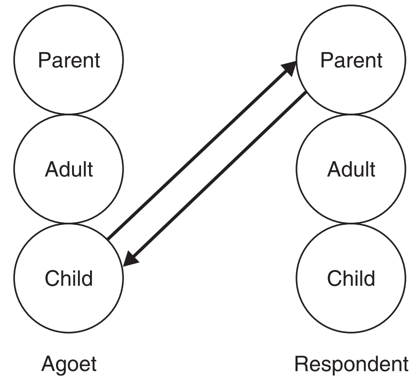

Fig. 9.4 Complementary Transaction

When the stimulus (sick child asking for water and responses (mother offering water) on the Parent-Adult-Child (PAC) transaction are parallel, the transaction is complementary. In a complementary transaction, the response must go back from the receiving ego state to the sending ego state. The manager might call a subordinate and say: Ram I would like you to analyse these data and tell me which investment offers the best return (stimulus—adult ego state). The subordinate might respond: "I will get on it right away. We will place the findings on your desk by tomorrow morning" (adult—response).

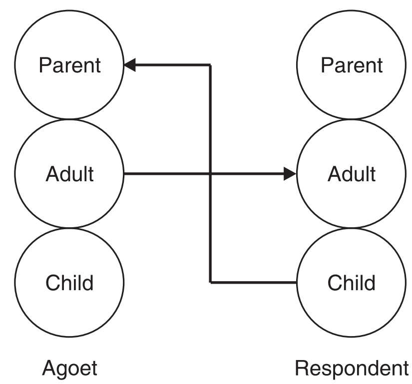

Fig. 9.5 Crossed Transaction

Crossed transaction: A cross transaction would occur when the communicator receives a response from an ego state other than the intended one. The manager might ask a subordinate: Mr. Gupta it is your turn to prepare the control report. The subordinate might reply: Why me always? It's always my turn. How come you never ask Madhuri?" On a daily basis, the husband might ask: "where is my Parker Pen?" (obviously directed at the respondent's adult) look at the reply from the wife: "You always blame me for everything". Instead of the Respondent's Adult responding with "I think it is on the desk in your study room—it is the Respondent's Child that responds back.

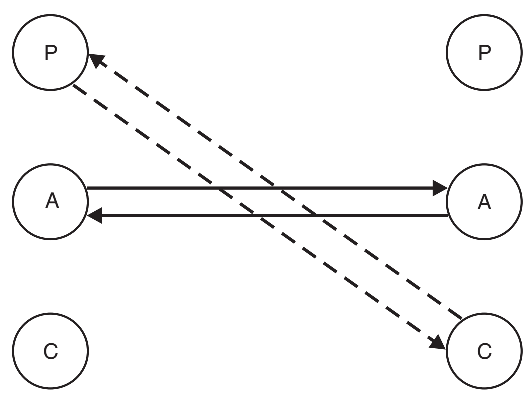

Fig. 2.6 Ulterior Transaction

Ulterior transactions: Ulterior transactions contain hidden messages in addition to what is openly stated. There are implied meanings and when diagrammed it is necessary to use two types of arrows solid and dotted. The solid reflect what is being said and dotted indicate what is meant. The Manager might say: I would like to recommend you for the job in Mumbai. (It is about time you got out of the home office and started doing something on your own, assuming full responsibility for results) The subordinate might respond: " I would rather stay here. I really think I am making an important contribution in my current position. (You must be crazy to think that I would go to Mumbai, leaving the next promotion chance to your favourite guy in the department!)

This transaction shows that when there is more than one stimulus and response, communication breakdowns occur—because both parties try to hide their feelings and thoughts more than what they reveal in front of others.

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Life Positions

In addition to the concepts of ego states and transactions, TA theory teaches that there are four basic philosophies or life positions with which a person can identify. A life position is a person's basic belief about him/herself and others, which is used to justify decisions and behaviour. Berne (1972; 84) suggested that there are four life positions

I AM NOT OK, YOU ARE OK	I AM OK, YOU ARE OK
(Therefore the best I can do is to get away from others or hide myself) *DEPRESSIVE POSITION*	(Therefore you and me can get on with being open with each other) *GOOD LIFE POSITION*
I AM NOT OK, YOU ARE NOT OK	**I AM OK, YOU ARE NOT OK**
(Therefore there is no hope. I can never be ok nor could you give me what I need) *FUTILE POSITION*	(Therefore I best get rid of you to be ok) *PARANOID POSITION*

- **I am not OK you are OK**: This is the attitude of people with low self esteem. They suffer from feelings of despair and incompetence
- **I am not OK – you are not OK:** This is the worst position where everyone is bring branded as a loser. People struck with this position do not see any hope anywhere
- **I am OK – you are not OK:** These people suffer from a bloated ego. They feel superior to others. They remain arrogant and try to put down others and in the process invite lot of problems on a daily basis.
- **I am OK – You are OK:** This is a healthy position. Differences are accepted. You begin to look at people as they are instead of judging them before hand using your own critical lenses – thereby paving ground for developing and sustaining healthy interpersonal relations.

Although people do occasionally embrace different life philosophies or positions, everyone has a dominant style that is reflective of their life perceptions. Most people in an organisation may begin their journey in an emotional manner. They are fond of telling Stories about how others have come in their way, how other people have betrayed them, how others have taken them for a ride. As they begin to understand the dynamics of life in a better way and show maturity in their interactions with others, the life positions seem to change. The journey from child ego state to adult ego state is not an easy one but one can certainly have a healthy outlook toward life – if one is willing to learn from past mistakes. People with an I am OK, you are OK position are able to get along with people – taking life as it comes instead of indulging in a constant game of mutual recrimination and shifting of blame.

Games

It is the interaction of these parts of our personality with the equivalent child, adult and parent in others that make up our relationships. Often, when we are interacting with others, there can be two conversations going on at the same time - our adult can give the impression of talking to their adult, when in fact it's our parent who's

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talking to their child. Often, these interactions, or transactions as Berne calls them, are normal everyday parts of life. We all need to relate to one another to get along in the world, after all. What he's most interested in, and has spent a long time documenting, aren't these normal interactions - but what he calls "games". He defines such games as "an ongoing series of complementary ulterior transactions progressing to a well-defined, predictable outcome" They are a series of interactions between people that are superficially plausible, but contain some kind of hidden motive. The ultimate aim of the primary player in such games is to achieve some sort of payoff - usually some kind of emotional reward. The early moves are set up so as to maximize the likelihood of this payoff being achieved. The use of the word "games" should not give the impression that such activities are necessarily fun or played light-heartedly. Often the outcomes, though predictable, can be very damaging and distressing.

Game	*Description*	*Real benefit*
Stop me if you can	Damaging activity, for example using drugs.	Gets attention, avoids responsibility
Blemish	Finding fault with others. Being as picky as necessary	Distracts attention from self
Clever me	Boasting about what you have done	Get attention, sympathy, admiration
Courtroom	Describe 'logically' how I am right and others are wrong	Get support, sympathy and absolution
If it weren't for you	Blaming others for your non-achievements	Absolution of guilt
I'm only trying to help	Offering help then complaining when it is not accepted	Controlling others
Let's you and him fight	Get others to fight for you	Control of others, share of blame, friendship
Look how hard I've tried	Put in lots of effort that intentionally does not succeed.	Absolves oneself from responsibility.
Now I've got you (you son of a bitch)	Vents rage on someone and blames them for it	Displaces anger. Absolves responsibility
Poor me	Display self as unlucky and helpless	Sympathy and support
See what you made me do	Blaming others for one's own problems	Absolution of responsibility, instilling guilt
Honestly	Making empty promises	Getting one's way in the short-term
Uproar	Violent argument with deliberate pressing of hot buttons	Sustain attention, venting and displacing anger
Yes but...	Providing objections to refuse help	Maintenance of attention and control
Wooden leg	Acquire a handicap, real or imagined and ham it up	Sympathy, avoidance of responsibility

Stroking

Strokes—in the form of praise, recognition and rewards—are essential to inspire people to give their best to an organisation. Without them the spinal cord will shrivel up—according to Berne. Positive strokes sometimes called "warm fuzzies" are positive reinforcers such as a physical pat on the back or a verbal 'well done'. Positive stroking comes from a healthy state of mind where one begins to see the brighter side of life almost always and is willing to help others through inspiring words of encouragement. Negative strokes put people down and tell others that their words, actions and behaviour are not appropriate. Yelling, name calling, criticisms of various kinds are all part of this unhappy blame game. When played again and again, negative strokes can leave people completely shattered and demoralized.

Transactional Analysis: Evaluation

Transactional Analysis is based on the idea that we take the behaviour, feelings and thoughts from childhood into our adult relationships, and play them out repeatedly. If the childhood relationships were healthy, then the adult relationships would be healthy as well. If not, TA would force people to take a close look at their damaged childhood relationships—the dysfunctional scripts—and improve their interpersonal relationships over time. TA can help develop positive thinking and improve personal effectiveness, if one is prepared and trained to seriously examine one's life script and the games that one comes across in relationships. Viewing everything from a refreshingly fresh angle and being able to see problematic behaviours, taking the U turn and getting ready to play a completely different set of roles in day to day settings—however—is easier said than done. In actual practice, these changes are actually quite difficult to master for several reasons. First, the reinforcement of the behavior in childhood results in not only an emotional or psychological pattern but also a physiological mapping of the brain chemistry. Also, we are motivated by the reinforcement we get as children, what Berne referred to as "strokes." We all need strokes, symbols of recognition and acceptance, but if these are reinforced in dysfunctional ways, then dysfunctional patterns are reinforced and become the standard for living.

2.25 Summary

- Decision making is an essential and important part of every manager's job. Whatever a manager does, he does through decision making only.
- Managerial decisions are usually classified into there categories: Basic and routine decisions; personal and organizational decisions; programmed and unprogrammed decisions.
- The decision making process consists of a series of steps: awareness of a problem, statement of the problem, developing alternatives, evaluating alternatives, selecting the best alternative, implementing and verifying the decision.
- Individual decision making is built around three models. According to the Rational Economic Model, the decision maker is believed to make decisions that would maximize his advantage by searching and evaluating all possible states that instead of searching for and choosing the best alternative, many managers

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accept decisions that are only 'good enough'. The political model states that managers try to form alliances and gain support through persuasion while resolving unique problems.

- Groups play a useful role in solving complex problems. Group decision making is marked by four distinguishing features such as conformity, groupthink, superiority and risky shift. They use number of techniques such as brain storming, synectics, nominal group technique and the Delphi technique to generate as many alternatives as possible – discussed in an earlier chapter.
- Creativity is the ability to imagine or invent something new. Apart from originality or newness, ideas must be useful, and actionable. Creative thinking, precisely, emphasizes this – that of clearing the fog and eliminating incorrect ways of doing things. It tries to put ideas in new combinations. There are four different approaches to creativity: namely, imagination, improvement, investment and incubation. Lateral thinking helps in generating as many ideas as possible by simply breaking out of the concept prisons of old ideas. By changing your attitude and approach you are able to get to the root of the problem quickly and find new, novel and out of the blue kind of solutions.—using the right part of the brain instead of the analytical, more logical part of the brain. Brainstorming, synectics, nominal group technique, and the Delphi technique are some of the most popular ways of generating creative ideas.
- Conceptual blocks are mental obstacles that artificially constrain problem definition and solution and that keep most people from being effective creative problem solvers. Overcoming these conceptual blocks is simply a matter of skill development and practice in thinking, not a matter of innate ability. Every one creatively find solutions to problems through constant practice. Becoming aware of these thinking inhibitors helps individuals overcome them. Creative people are a great asset to any organisation. Such individuals must be placed in a nurturing and caring environment, so as to see that their ideas do not get killed. Creative organisation must try to invest their time, resources in developing a climate that helps people to work with zeal, commitment and enthusiasm without the fear of failure, ridicule or humiliation.
- Innovation is the process of creating and implementing a new idea. Organising for innovation involves unleashing the creative energies of employees while directing their efforts toward meeting market needs in a timely manner. Companies can unleash creativity by establishing a culture that values intrapreneurship, accepts and even celebrates failure as a sign of innovation, and reinforces innovation through goal setting rewards and stories of creative employees. Of course, the organisation structure should balance bureaucracy for controlling existing processes with a flexibility that permits innovation to take place, like it happened in the case of Apple.
- Communication is the process of passing information and understanding from one person to another, usually with the intent to motivate or influence behaviour.
- Every manager has to be an effective communicator, otherwise, he may not be able to win the hearts of subordinates and deliver results

- The process of communication involves a sender, decoding, encoding and feedback.
- Managers can make use of formal as well as informal channels to get closer and network with colleagues and subordinates in an organisation. Electronic as well as gestural communications are also important in this regard.
- The use of jargon complicates the message and managers need to avoid words that defy understanding at various levels. effective communication has certain principles such as clarity, purpose, participation, empathy, feedback etc.
- Joe Luft and Harry Ingham, coined the term Johari Window (*a way of looking at how one's personality is expressed*) to explain why we do not like to place our cards on the table while trying to relate to others. Luft and Ingham observed that there are aspects of our personality that we're open about, and other elements that we keep to ourselves.
- Transactional analysis is a technique that is employed to understand the dynamics of self and its relationship to Other. It offers a method and approach of analyzing and understanding interpersonal behaviour.

TEST QUESTIONS

1. Define 'decision-making'. What is the importance of decision-making?
2. What are the different decisions made by managers at different levels in the organisation?
3. Explain the decision-making process in organisations.
4. What do you mean by the term 'bounded rationality'? What are the factors leading to bounded rationality and satisficing decisions?
5. Point out the advantages and disadvantages of Group Decision-Making.
6. Briefly point out the group decision-making techniques.
7. Discuss various decision situations that can be dealt with by managers while performing the function of decision-making.
8. What do you mean by the decision-making under certainty?
9. Distinguish between decision-making under risk and decision-making under ambiguity.
10. 'Managers cannot be rational decision makers in real life'. Discuss.
11. What is the difference between divergent and convergent thinking, and what is their relationship to the process of creativity?
12. Explain the basics of creativity. Elaborate the ways of improving creative abilities.
13. Define 'creativity'. What do you mean by creative thinking? how does it differ from traditional thinking?
14. Describe the elements of an innovative organisation.
15. Explain the various approaches to creativity. Illustrate through examples.

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16. List the various types of conceptual blocks that could come in the way of thinking creatively. Use as many examples as possible to illustrate your arguments.
17. Describe the various techniques that could be used to generate ideas
18. How can we foster creativity among employees?
19. What are the characteristics of creative individuals? Creative Organisations?
20. Explain the various elements of innovation, using examples wherever necessary.
21. Innovation requires allowing people to make mistakes. However, being wrong too many times an be fatal. Do you agree? Why or why not? What are the implications for nurturing innovation?
22. Define communication.
23. Discuss the process of communication in organisations.
24. Distinguish between oral and written communication.
25. Make a distinction between upward and downward communication.
26. What do you mean by diagonal communication? Can the communication be horizontal?
27. What are the barriers to communication? How the barriers can be removed?
28. What must be done to improve the communication in organisations?
29. Outline the principles of effective listening.
30. 'Communication is sharing of meaning and understanding.' Comment.
31. Write short notes on:
    - Effective Communication (2011)
    - Johari Window
    - Grapevine
    - Electronic communication
    - Non-verbal communication.
32. 'Good Communication is the foundation of sound management.' Comment.
33. What are the barriers to communication? Suggest measures to overcome these barriers? (2008,2009,2010)
34. What do you mean by Transaction Analysis? Explain how it helps individuals understand interpersonal relationships.
35. Explain the terms formal and informal communication (2012).
36. Why is it important for managers to understand body language?
37. What do you think are the major barriers to upward communication in organisations? Discuss.
38. Should the grapevine be eliminated? How might managers control information that is processed through the grapevine?

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3. MOTIVATION

STRUCTURE

3.1 INTRODUCTION

Motivation is the work a manager performs to inspire, encourage and impel people to take required action. It is a process of stimulating people to action to accomplish desired goals.*"It is the process by which a person's efforts are energized, directed and sustained toward attaining a goal* "(Robbins, 2010). A highly motivated person will put his heart and soul into a job and complete the same to the best of his abilities. The essential job of every manager is to attract and retain talent by striking a happy balance between what the new recruit wants and what the organisation can offer in terms of stimulating growth opportunities, incentives and rewards. The process of motivation is characterised by the following:

- **Motivation is an internal feeling:** Motivation points to energetic forces within individuals that drive them to behave in certain ways and to environmental forces that trigger these drives.
- **Motivation produces goal-directed behaviour:** Motivation has got a profound influence on human behaviour, it harnesses human energy to organisational requirements. There is the notion of goal orientation on the part of individuals, their behaviour is directed towards something.
- **Motivation contains systems orientation:** what inspires people to commit themselves to assigned work is influenced by the nature of work, the mental make up of people and the environmental forces. One should look at all these influencing factors to find out why people are not putting their best foot forward

- **Motivation can be either positive or negative:** Positive motivation or the carrot approach, offers something precious to the person in the form of additional pay, incentives, praise etc., for satisfactory performance. Negative motivation or stick approach emphasises penalties while controlling performance (reprimands, threat of demotion).
- **Motivation means bargaining:** Bahaviour is what people do. Motivation is why they do it. Barnard explained motivation in the form of 'inducements-contribution' theory. It focuses on workers and organisations endeavouring to find what payouts (inducements) to workers in exchange for what degree of cooperation (contributions) from workers will be satisfactory to both parties. The problem of motivation then becomes one of arriving at compensation to workers that will coax them the output that is required.
- **Motivation is different from job satisfaction:** Motivation is the drive to satisfy a want or goal. It is concerned with goal-directed behaviour. Satisfaction refers to the contentment experiences when a want is satisfied. The term 'satisfaction, is used to analyse outcomes already experienced by an employee'. Satisfaction is a consequence of rewards and punishments associated with past experience.
- **Motivation is a continuous process:** Man is a wanting animal. As one need gets satisfied, another need arises causing a person to seek gratification. A variety of needs, therefore, influence people at different points of time. Managers, therefore, should initiate steps to meet these on a daily basis. Motivation is a never ending process.

3.2 IMPORTANCE OF MOTIVATION

The success of an organisation ultimately depends on how effectively managers are able to motivate their subordinates. In the words of Allen, *'poorly motivated people can nullify the soundest organisation'*. The following points bring out the importance of motivation in modern organisations:

1. **Productive use of resources:** Modern organisations work through physical, financial and human resources. The utilisation of physical and financial resources depends on the willingness of people to work. Motivation enables people to convert physical and financial resources into useful products. It helps management to get the best out of human as well as non-human resources.
2. **Increased efficiency and output:** Motivation enables people to work enthusiastically. As we all know, performance is a product of not merely ability to do a task but the willingness to do the same with zeal and enthusiasm. Motivation bridges the gap between the ability to work and the willingness to perform wholeheartedly and thereby to increase the overall efficiency and output. This, ultimately, helps in reducing the cost of operations.
3. **Achievement of goals:** Motivation causes goal-directed behaviour. It helps people to move in a desired direction and earn rewards. In organisations where managers try to understand the needs of employees and institute appropriate incentive systems, accomplishment of goals is fairly easy. If people are not

properly motivated, no useful purpose can be served by planning, organising and staffing functions.

4. **Development of friendly relationships:** Motivation brings employees closer to the organisation. The needs of employees are met through attractive rewards, promotional opportunities, etc. Employees begin to take more interest in organisational work. Their morale would improve. They begin to think that the enterprise belongs to them and there is no difference between the interests of the enterprise and their own interests. This helps in developing cordial relations between management and workers.
5. **Stability in workforce:** Attractive motivational schemes satisfy the need of employees. As a result, their commitment to organisational work increases. Employees do their tasks loyally and enthusiastically. They are not tempted to leave the organisation. This means reduced employee turnover. Further, satisfaction on the job means reduced absenteeism. Employees attend to their work regularly and sincerely so as to earn rewards. The organisation benefits because it is able to maintain a stable workforce. The skill and competence of employees continue to be available to the organisation. This enhances the image of the firm and helps it to secure the services of competent people.

3.3 THE PROCESS OF MOTIVATION

The way people get motivated is actually a complex process. As mentioned earlier, it is impacted by several forces. However, in a simple model of motivation people have certain needs that motivate them to perform specific behaviours for which they receive the reward that feedback and satisfy the original need.

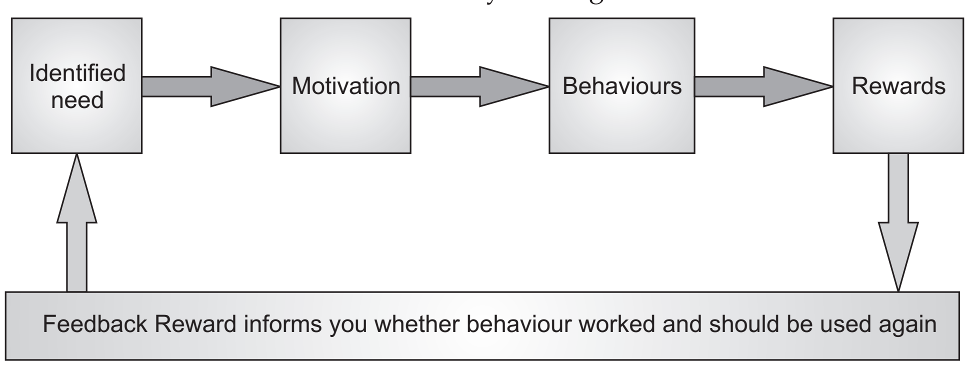

Fig. 3.1 A Simple Model of Motivation

For example you find you are hungry (need) which impels you to seek food (motive). You buy a burger and eat it (behaviour) which provides satisfaction (reward) and informs you (feedback loop) that burgers will reduce hunger and so should be bought in future as well—whenever you are hungry. In an organisation as an hourly worker you may desire more money (need) which impels you (motivates) to work more hours (behaviour), which provides you with more money (reward) and informs you (feedback loop) that working more hours will fulfill your need for more money in the future.

3.4 THEORIES OF MOTIVATION: MASLOW'S NEED HIERARCHY THEORY

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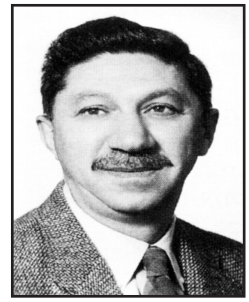

Maslow's Hierarchy of Needs Theory proposes that people are motivated by multiple needs and that these needs exist in a hierarchical order. The essential components of the theory may be stated thus:

- Adult motives are complex. No single motive determines behaviour, rather, a number of motives operate at the same time.
- Needs from a hierarchy. Lower level needs must at least partly be satisfied before higher level needs emerge. In other words, a higher order need cannot become an active motivating force until the preceding lower order need is essentially satisfied.
- A satisfied need is not a motivator. A need that is unsatisfied activates seeking behaviour. If a lower level need is satisfied, a higher level need emerges. Higher level needs can be satisfied in many more ways than the lower level needs.
- People seek growth. They want to move up the hierarchy of needs. No person is content at the physiological level. Usually people seek the satisfaction of higher order needs.
- Human beings are influenced by deprivation-motivation-gratification cycle almost all the time. The deprivation of food, sex, safety, love, affection etc. compels people to find ways and means to satisfy them—that is, their lack of satisfaction causes a deficiency that motivates people to meet these needs.

Maslow's hierarchy of needs – as shown in Figure 3.2 – lists human drivers in order of relative importance. Stronger, instinctive, more animal-like drivers sit at the bottom of the hierarchy. The top of the list has weaker, but more advanced, human needs. Maslow says people generally move up the hierarchy; progressing up the list is the essence of motivation. Once people have enough to eat, they start to look around for physical safety. Once they have esteem they move towards self-actualization.

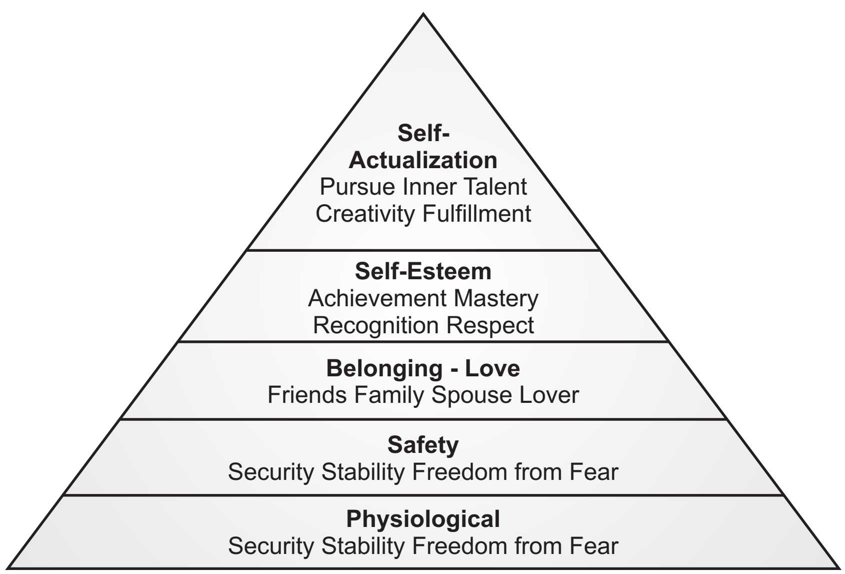

Fig. 3.2 Maslow's Hierarchy of Needs

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1. **Physiological needs**. These are the most basic human physical needs that preserve human life and include needs for food, clothing and shelter. They are the most basic of all human needs and must be satisfied at any cost. They take precedence over other needs when thwarted or not satisfied. Man lives by bread along, when there is no bread. These needs are generally identified with a particular organ in the body (hunger—stomach etc.). Physiological needs are essentially finite. An individual demands only a particular amount of these needs. (You do not have to eat all items of food at once) at any point of time (like 3 Rotis for lunch, another 2 for dinner etc.). After reasonable gratification, they are no longer demanded and hence not motivational. They must be met repeatedly (morning, noon, evening, night time etc.) within relatively short time periods to remain fulfilled. Satisfaction of physiological needs is usually associated not with money itself but what it can buy. The value of money diminishes as one goes up the hierarchy. Physiological needs are relatively independent of each other.
2. **Safety needs:** Once physiological needs are reasonably satisfied, a person begins to think about safety needs. These needs are concerned with protection from physical danger (fire, accident) and economic security (benefits, pension, insurance). People seek to get away with arbitrary, unpredictable managerial actions as well. They want to live in an orderly and safe work environment, and do not want to get stressed arising out of unacceptable managerial actions. Essentially, safety needs are concerned with protection from hazards of life; from danger, deprivation and threat. Safety needs are primarily satisfied through economic behaviour. Organizations can influence these security needs either positively – through pension schemes, insurance plans – or negatively by arousing fears of being fired or laid off. Safety needs too, are motivational only if they are unsatisfied. They have finite limits.
3. **Social or love needs** After the lower order needs have been satisfied, the social or love needs become important motivators of behaviour. Man is a gregarious being and he wants to belong, to associate, to gain acceptance from associates, to give and receive friendship and affection. Social needs tend to be stronger for some people than for others and stronger in certain situations. Social needs have certain features in common: They provide meaning to work life. Individuals are not treated as glorified machine tools in the production process. People congregate because of mutual feelings of being beaten by the system. They seek affiliation because they desire to have their beliefs confirmed. Social needs are regarded as secondary because they are not essential to preserve human life. They are nebulous because they represent needs of the mind and spirit, rather than of the physical body. Social needs are substantially infinite. Social needs are primarily satisfied through symbolic behaviour of psychic and social content. Where these are not met, severe maladjustment is probable; where the hunger for companionship is assuaged, the mental health of the organism is once again on a better base.
4. **The esteem needs.** Esteem needs are of two types: self esteem and esteem of others. Self-esteem needs include those for self-confidence, achievement, competence, self-respect, knowledge and for independence and freedom. 'Esteem of others' includes reputation, status and recognition. 'Satisfaction of esteem needs

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produces feelings of self-confidence, worth, strength, capability and adequacy, of being useful and necessary in the world'. (Maslow) Thwarting those results in feelings of inferiority, weakness and helplessness They do not become motivators until lower level needs are reasonably satisfied. These needs are insatiable; unlike lower other needs, these needs are rarely satisfied.

5. **The self-actualization needs.** These are the needs for realizing one's full potential and self fulfillment. "Self fulfilling people are rare individuals who come close to living up to their full potential for being realistic, accomplishing things, enjoying life, and generally exemplifying classic human virtues." (For example, Gandhi, Nehru, Lincoln, Roosevelt, Einstein etc.) Self-actualization is the desire to become what one is capable of becoming. A musician must make music, a poet must write, a general must win battles, an artist must paint, a teacher must teach if he is to be ultimately happy. What a man CAN be he MUST be. Self-actualization is a 'growth' need. Self-actualization needs have certain features in common:
    - The specific form that these needs take will vary greatly from person to person. In one person it may be expressed materially, in still another, aesthetically.
    - Self-realization is not necessarily a creative urge. It does not mean that one must always create poems, novels, paintings and experiments. In a broad sense, it means creativeness in realizing to the fullest one's own capabilities; whatever they may be.
    - The way self-actualization is expressed can change over the life cycle. For example, Bjorn Borg, Rod Laver, and Pele switching over to coaching after excelling in their respective fields.
    - These needs are continuously motivational, for example: scaling mountains, winning titles in fields like tennis, cricket, hockey etc. The need for self-realization is quite distinctive and does not end in satisfaction in the usual sense.
    - These needs are psychological in nature and are substantially infinite.
    - The conditions of modern life give only limited opportunity for these needs to obtain expression.

Evaluation

Maslow's theory has been criticized on the following grounds:

1. **Theoretical difficulties:** The need hierarchy theory is almost a non-testable theory. It defies empirical testing, and it is difficult to interpret and operationalize its concepts. For example, what behaviour should or should not be included in each need category? What are the conditions under which the theory is operative? How does the shift from one need to another take place? What is the time span for the unfolding of the hierarchy? Maslow seems to have oversimplified a complex motivational process. The theory, over the years, not surprisingly has received little clear and consistent research support .
2. **Research methodology:** Maslow's model is based on a relatively small sample of subjects. It is a clinically derived theory and its unit of analysis is the individual. Maslow, recognizing these limitations, presented the model "with apologies to those who insist on conventional reliability, validity, sampling etc."

3. **Superfluous classification scheme:** The need classification scheme is somewhat artificial and arbitrary. Needs cannot be classified into neat watertight compartments, a neat 5 step hierarchy. The model is based more on wishes of what man SHOULD BE than what he ACTUALLY IS. Some critics have concluded that the hierarchy should be viewed merely a two-tiered affair, with needs related to existence (survival) at the lower level and all other needs grouped at the second level.
4. **Chain of causation in the hierarchy:** There is no definite evidence to show that once a need has been gratified its strength diminishes. It is also doubtful whether gratification of one need automatically activates the next need in the hierarchy. The chain of causation may not always run from stimulus to individual needs to behaviour. Further, various levels in the hierarchy imply that lower level needs must be gratified before a concern for higher level needs develop. In a real situation, however, human behaviour is probably a compromise of various needs acting on us simultaneously. The same need will not lead to the same response in all individuals. Also, some outcomes may satisfy more than one need.
6. **Needs—crucial determinants of behaviour:**. The assumption that needs are the crucial determinants of behaviour is also open to doubt. Behaviour is influenced by innumerable factors (not necessarily by needs alone). Moreover, there is ample evidence to show that people seek objects and engage in behaviour that are in no way connected to the gratification of needs. It is also worth noting that the Maslow's model presents a somewhat static picture of individual needs' structure. The fact that the relative mix of needs changes during an individual's psychological development has been ignored. In addition, a longitudinal view of needs is totally missing. The needs of workers change over time inevitably. According to one authority, in the 1940s and 1950s job security ranked as the most important thing that workers wanted from their jobs. In the 1960s and 1970s interesting work ranked first. Owing to these limitations, the need priority model provides, at the best, an incomplete and partial explanation of behaviour.
7. **Individual differences:** Individuals differ in the relative intensity of their various needs. Some individuals are strongly influenced by love needs despite having a flourishing social life and satisfying family life; some individuals have great and continued need for security despite continued employment with enormous fringe benefits. Young workers have greater esteem and self-fulfillment deficiencies than the older workers. Culturally disadvantaged employees may feel stronger deprivation of biological and safety needs, whereas culturally advantaged employees prefer satisfaction of higher order needs. Educated employees place a premium on challenging tasks. In comparison, less educated employees prefer routine and standardized jobs. The picture will be very confusing if we apply the theory in different countries with cultural, religious differences. In one case black managers had a greater lack of need fulfillment than their black counterparts in almost every category. Surveys in Japan and Continental European countries show that the model does not apply to the managers. Cultural, religious, environmental influences play a major role in determining the need priority in various countries.

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Usefulness of Maslow's Theory

Maslow is not the final answer in work motivation. Maslow's model should be viewed at best as a general description of the average individual at a specific point in time; it must be viewed as a general theoretical statement, a hypothetical construct rather than an abstraction from field research. Even in its awkward form, the model seems to apply to underdeveloped countries. A survey of 200 factory workers in India points out that they give top priority to lower level needs'. According to other studies, the model seems to apply to managers and professional employees in developed countries like UK; USA. The need priority model is useful because of its rich and comprehensive view of needs. The theory is still relevant because needs no matter how they are classified, are important for understanding behaviour. It is simple to understand that it has a commonsense appeal for managers. It has been widely accepted—often uncritically, because of its immense intuitive appeal only. It has survived, obviously more because of its aesthetics than because of its scientific validity.

3.5 HERZBERG'S TWO-FACTOR THEORY

Herzberg analysed the job attitudes of 200 accountants and engineers who were asked to recall when they had felt positive or negative at work and the reasons why. From this research, Herzberg suggested a two-step approach to understanding employee motivation and satisfaction: The results indicated that when people talked about feeling good or satisfied they mentioned features intrinsic to the job and when people talked about feeling dissatisfied with the job they talked about factors extrinsic to the job. Herzberg called these Motivation and Maintenance factors respectively.

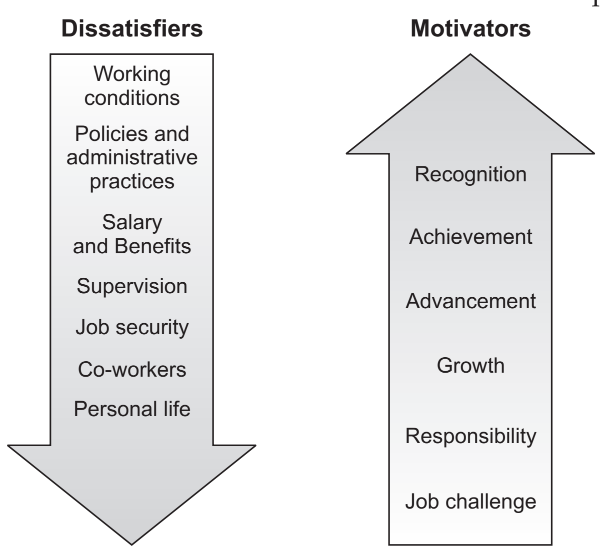

Fig. 3.3 Herzberg's Hygiene and Motivational Factors

- **Hygiene Factors (Maintenance 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 are environment related factors, hygienes. They must be viewed as preventive measures that remove sources of dissatisfaction from the environment. Like physical hygiene they do not lead to growth but only prevent deterioration. Maintaining a hygienic work environment will not improve motivation any more than garbage disposal or water purification. Mr. Fictitious, who is in excellent health will not become any healthier by eating food but if he does not eat food he may become sick and die. Hygiene factors produce no growth in worker output, but they prevent loss in performance caused by work restriction**.**

- **Motivators:** Motivators are associated with positive feelings of employees about the job. They are related to the content of the job. They make people satisfied with their job. If managers wish to increase motivation and performance above the average level, they must enrich the work and increase a person's freedom on the 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.
- **Managerial Implications:** The implications of the two factor theory for managers are quite clear. Providing hygiene factors will eliminate employee dissatisfaction but will not motivate employees to high achievement levels on the other hand, recognition, challenge, growth opportunities are powerful motivators and will promote high satisfaction and performance. The manager's role is to eliminate dissatisfies–that is, to provide hygiene factors sufficient to meet basic needs – and then use motivators to meet higher – order needs and propel employees toward greater achievement and satisfaction.

Departure from the Traditional View

Traditionally, job satisfaction and dissatisfaction were viewed as opposite ends of a single continuum, when certain things are present on a job—good pay, opportunity for growth, healthy working environment—the employee will be satisfied. When they are absent, he is dissatisfied. The absence of dissatisfaction is satisfaction.

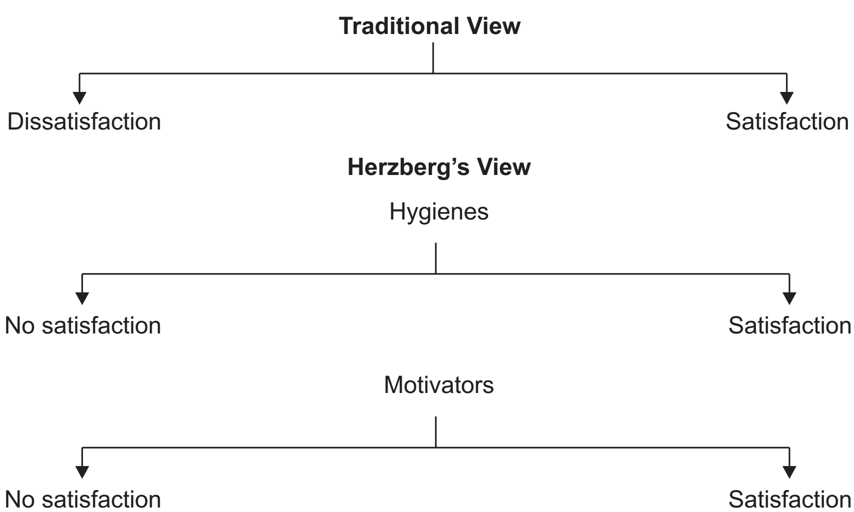

Fig. 3.4 Herzberg's View of Satisfaction and Dissatisfaction

Herzberg's findings indicate that dissatisfaction is not simply the opposite of satisfaction or motivation. One can feel no dissatisfaction and yet not be satisfied.

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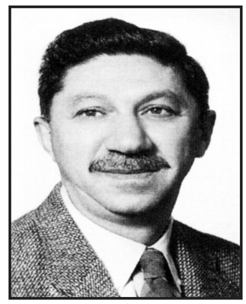
Satisfaction and dissatisfaction appear to be somewhat independent. They are not viewed as symmetrical items on a single scale, rather, they are viewed as attributes of different scales. The factors that cause dissatisfaction are different from those that result in satisfaction. Satisfaction is affected by motivators and dissatisfaction by hygiene factors.

3.6 COMPARISON BETWEEN MASLOW AND HERZBERG MODELS



One of the main reasons for the popularity of the Two Factor Theory is that it is compatible with Maslow's Need Hierarchy. Maslow and Herzberg—both tend to oversimplify the motivational process, emphasize the same set of relationships and deal with the same problem. Maslow formulated the theory in terms of needs and Herzberg in terms of goals or rewards. However, Herzberg attempted to refine and hedge on the need hierarchy and cast a new light on the content of work motivation. Herzberg recommended the use of hygiene factors to help people to attain their lower level needs. Motivators are recommended to meet upper level needs. Whereas Maslow's theory implies a hierarchical (sequential) arrangement with greater force from unfulfilled needs and movement through the hierarchy in an ordered or 'cascade' fashion. According to Maslow any unsatisfied need, whether of lower order or higher order, will motivate individuals.

Both models show marked similarities. As a result, the juxtaposition of the two models makes logical sense and is interesting to observe (Figure 3.5).

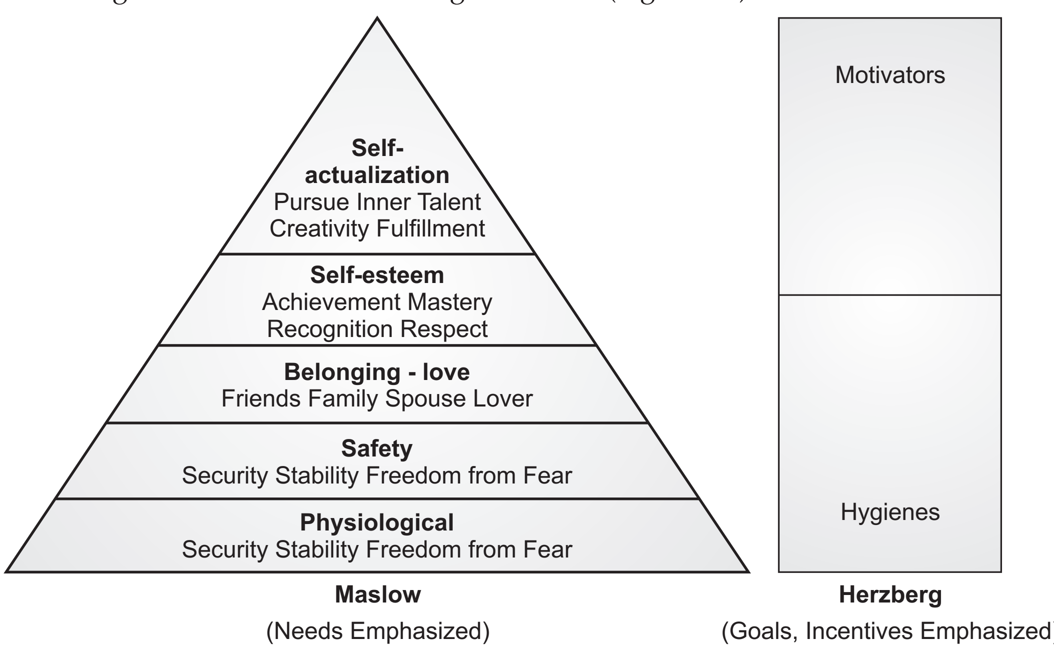


Fig. 3.5 Comparison of Maslow and Herzberg Models Hierarchy of Needs

As shown above, the hygiene factors are roughly equivalent to Maslow's, lower order needs and the motivational factors are somewhat equivalent to higher order needs. Both models assume that specific needs energize behaviour.

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Differences

Although there are marked similarities in the two models, many differences exist (see the table). Unfortunately neither model provides an appropriate link between organisational goals and individual need satisfaction. Both fail to handle the question of individual differences in motivation.

Differences in Maslow's and Herzberg's Motivation Theories (Gray and Starke)

	Incentives Emphasized	Maslow's model	Herbzerg's model
1.	Type of theory	Descriptive	Prescriptive
2.	The satisfaction-performance relationship	Unsatisfied needs energize behaviour causes performance	Needs cause performance
3.	Effect of need satisfaction performance	A satisfied need is not a motivator (except self-actualisation)	A satisfied (hygiene) need is not a motivator; other satisfied needs are motivators
4.	Need order	Hierarchy of needs	No hierarchy
5.	Effect of pay	Pay is a motivator if it satisfies needs	Pay is not a motivator
6.	Effect of needs	All needs are motivators at various times	Only some needs are motivators
7.	View of motivation	Macro view–deals with all aspects of existence	Macro view–deals primarily with work-related motivation
8.	Worker level	Relevant for all workers	Probably more relevant for white collar and professional workers

Limitations and Criticism

Herzberg's theory has been subjected to several troubling criticisms. Like Maslow's model, Herzberg's has been as controversial as it has been influential.

1. **Research methodology:** (a) Herzberg is shackled to his method. His model is method-bound. When researchers did not use the critical incident method, they obtained different results; (b) Actually the theory is limited by the 'critical incident' method used to obtain information. The subject stated only extremely satisfying and dissatisfying job experiences. People tend to tell the interviewer what they think the individual would like to hear. So results obtained under the method may be a product of people's defensiveness than a correct revelation of objective sources of satisfaction and dissatisfaction; (c) The method is fraught with procedural deficiencies also. The analysis of the responses derived from

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his approach is highly subjective, sometimes the researchers had to interpret the responses; (d) Also, using the critical incident method may cause people to recall only the most recent experiences. The 'recovery of events' bias is embedded in the methodology.

2. **Empirical validity:** King, noted that the model itself has fine different interpretations and that the available research evidence is not consistent with any of these interpretations. The theory is most applicable to knowledge workers—managers, accountants, engineers. Most studies have shown that when the employees were professional in nature, the theory is applicable. Studies of manual workers are less supportive of the theory. Herzberg's study, hence, is not representative of the workforce in general.
3. **Assumptions**
   (a) The assumption that the two sets of factors operate primarily in one direction is also not accurate. Critics questioned the mutual exclusiveness of the dimensions. In some cases 'maintenance factors' were found to be viewed as motivators by blue-collar employees. In one study it was found that hygiene factors were as useful in motivating employees as were the motivators. A clear distinction between factors that lead to satisfaction and those that lead to dissatisfaction cannot be maintained. Herzberg's model propagates a myth that hygienes are enough to motivate workers and motivators must be pressed into service while dealing with managers. This dichotomy is unfortunate because it perpetuates a chasm between subsystems of organizations that really should be integrated for effective performance. All are managers; all are workers.
   (b) The theory focuses too much attention on 'satisfaction' or 'dissatisfaction' rather than on the performance level of the individual. Much importance is not given to such factors like status, pay, interpersonal relationships, which are generally held as important determinants of satisfaction. Further, researchers have questioned the equation between satisfaction and motivation and also attacked the assumption that satisfaction leads to superior performance. Actually, motivation, satisfaction and performance are all separate variables and relate in different ways from what was assumed by Herzberg.

Herzberg's contribution: Despite these criticisms, Herzberg's two factor theory has made a significant contribution toward improving manager's basic understanding of human behaviour. He advanced a theory that was simple to grasp, based on some empirical data, and significantly offered specific action recommendation for managers to improve employee motivation levels. He drew the attention of managers to the importance of job content factors in work motivation which had been neglected previously.

3.7 MCGREGOR'S THEORY X AND THEORY Y

Douglas McGregor proposed two distinct sets of assumptions about what motivates people—one basically negative (labeled as Theoy X) and the other basically positive (labeled as Theory Y). The assumptions of both theories are summarized below:

Assumptions of Theory X and Y

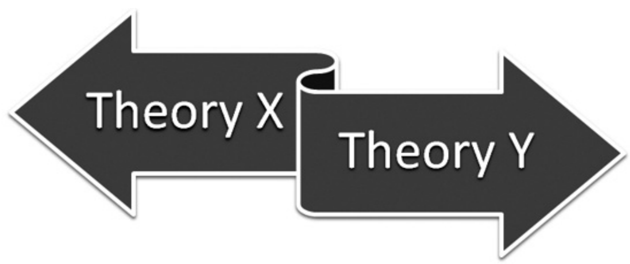
Theory X Assumptions	Theory Y Assumptions
Employees inherently dislike work and will try to avoid it.	Employees can view work as being as natural as rest or play.
Since employees dislike work, they must be coerced, controlled and threatened with punishment to achieve goals.	People will exercise self direction and self-control if they are committed to the objectives.
Employees will shirk responsibilities and seek formal direction whenever possible.	Under proper conditions, employees do not avoid responsibility.
Most employees want security above all in their work and display little ambition.	People want security but also have other needs such as self-actualisation and esteem.

McGregor's Approach

Theory X	Theory Y
Production centered	Employee-centered
Autocratic	Democratic
External control	Internal control
A. Closer supervision Initiating structure Directive Management's role: Organising, directing	General supervision Consideration Supportive Challenging jobs, growth opportunities employee involvement in decisions
Emphasis on control coercion and punishment	Emphasis on growth, autonomy and reward
People are lazy, lack ambition like to be led, and are motivated strictly by personal economic concerns	People by nature enjoy work, want to do well, and are motivated by self-control and self-development

- **Theory X:** Theory X contends that people have an inherent dislike of work and will avoid it whenever possible. Most people, being lazy, prefer to be directed, want to avoid responsibility and are relatively unambitious. They must be coerced, controlled, directed or even threatened with punishment to get them to work towards organisational goals. External control is clearly appropriate for dealing with such unreliable, irresponsible and immature people. Managers have to be strict and authoritarian if subordinates are to accomplish anything. Theory X thus, assumes that lower-order needs (Maslow) dominate human behaviour. Money, fringe benefits and threats of punishment play a great role in putting people on the right track under this classification scheme.

- **Theory Y:** Theory Y presents a much more optimistic view of human nature. It assumes that people are not, by nature, lazy and unreliable. They will direct themselves towards objectives if their achievements are rewarded. Most people have the capacity to accept, even to seek, responsibility as well as to apply imagination, ingenuity, and creativity to organisational problems. If the organisational climate is conducive, people are eager to work; and they derive a great deal of satisfaction from work, and they are capable of doing a good job. Unfortunately, the present industrial life does not allow the employees to exploit their potential fully. Managers, therefore, have to create opportunities, remove obstacles and encourage people to contribute their best. Theory Y, thus, assumes that higher-order needs (Maslow) dominate human behaviour. In order to motivate people fully, McCregor proposed such ideas as participation in decision making, responsible and challenging jobs and good group relations in the workplace.



Some Puzzling Questions

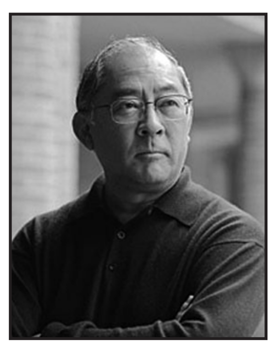
McGregor seems to have played a "very disturbing little joke", unwittingly, by drawing a sharp line of demarcation, between the two distinct perspectives of administrative action. One is equated with tradition and the other is identified with change. One is labelled as autocratic, control-centered and the other is glamorized as the epitome of democratic governance. The impression that one might get from the discussion is that managers who accept theory X assumptions about human nature exhibit a built-in affinity for carrot and stick policies while theory Y managers exhibit a built-in devotion to participative, behaviour-centered policies.

- **Which theory is right?**: According to theory X, man is weak, sick and incapable of looking after himself. He is full of fears, anxieties, neuroses, inhibitions. Essentially he does not want to achieve but wants to fail. He therefore, wants to be controlled. More dangerously it does not assume that people are lazy and resist work, but it assumes that the manager is healthy while everybody else is sick. It assumes that the manager is strong while everybody else is weak. It assumes that the manager knows while everybody else is ignorant. It assumes that the manger is right, where everybody else is stupid. These are nothing but "assumptions of foolish arrogance." (Drucker)
- Now let us turn our attention to the so-called democratic theory based on the needs of man, addressed to his managerial brethren by McGregor in a persuasive, yet, forceful manner. Theory Y gives us an impression that everyone is mature, independent and self-motivated. Most of the writers, no wonder, glamorized the

vision of a so-called administrative democracy (simply because it is good?). The rationale behind this observation? Whatever is autocratic is 'bad' by definition. This may not hold good always. Sometimes, managers may have theory Y assumptions about human nature, but they may find it necessary to behave in a very directive, controlling manner with some people in the short run to help them 'grow' up in a developmental sense, until they are truly Y people. One interesting question can be posed in this connection.

- **Is it possible for a theory X person to become a theory Y person?:** Probably yes, but only through "a fairly significant growth or development experiences over a period of time". Theory X places exclusive reliance on external control of human behaviour while theory Y relies heavily on self-control and self-regulation. 'This difference is the difference between treating people as children and treating them as mature adults. After generations of the former, we cannot expect to shift to the latter overnight'. (McGregor) Another interesting question to explore may be:
- **Will a theory Y person be a good manager? (automatically):** Theory Y person, no doubt, will have a greater potential for being a good manager, especially, at higher managerial jobs but he must have the relevant training and experience for this potential to become real. Theory X person might be more suitable in some crisis, situations, and less appropriate in more routine and formalized situations. The essential point is that theory Y may be a more desirable and productive path, reflecting 'a more reality centered view of people', to follow. It may not be the best approach for all situations. The best approach, obviously, is one that is appropriate to the nature of the work done. Recognizing this, McGregor stated later that it was not his intention 'to suggest more than that these (theory X' and theory Y) are examples of two among many managerial cosmologies'. For the present, let us say that under some conditions theory X works best and under other conditions, theory Y works best. Perhaps the optimum theory would be called theory Z and would take into consideration the manager's need to press into service both approaches at one time or the other.

3.8 WILLIAM OUCHI'S THEORY Z



William Ouchi, after making a comparative study of American and Japanese management practices, proposed Theory Z in early 80s. In the 80s the quality of products manufactured by US companies was so bad that when a Japanese company ordered an American car, they had to disassemble those cars, remove the defects and rebuild them to meet Japanese standards. Rapid promotions, quick decisions, vertical progressions, pin pointed responsibility, control mechanisms characterized American management thinking. The Japanese on the other hand believed in collective responsibility, group decisions, slower promotions, life time employment, etc. The popular feeling was that Japan was miles ahead of other nations—in terms of quality, productivity etc—due to these morale boosting measures.

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Differences in managerial thinking and philosophy (American vs Japan)

The different assumptions between American and Japanese management may be presented as follows.

- **Job Security:** The Japanese Theory Z approach believes that people are a far too valuable resource to be lost when the economy has a downturn. In a recession, the Japanese don't fire people, they will reduce their hours until things pick up. By contrast, when a US company is in trouble, they waste no time laying people off and as a result lose all the knowledge, skills, and expertise that go with them.
- **Trust:** The Japanese feel that you should never give people a reason to distrust you. Loyalty is expected of all employees. In American companies, distrust and suspicion are endemic. If a person or supplier is not delivering, the company will go elsewhere for a better deal.
- **Decision-taking:** In Japanese companies, everyone gets involved in the decision-taking process as part of their commitment to the organisation. As a result, the process is slow. In the US, decision-taking is the responsibility of the few and so is quick.
- **Teamwork:** In Japan, organisational success is viewed as the result of team effort, so it is illogical to reward individuals. In the US rewards are based on effort and overall performance.
- **Motivation and target-Setting:** The Japanese corporation rarely sets targets for individuals—as a way of motivating them. They believe that individual motivation comes from others in the team. Consequently, a Japanese employee would rarely get the first performance evaluation report during the formative years. It will take many more years, before he gets the first promotion. By contrast, the American corporation believes that the role of management is to set their subordinates targets and ensure that these are met, using evaluation and promotion as incentives and rewards.

Ouchi recognised these differences and decided to develop a hybrid, integrative model, containing the best of both worlds It takes into account the strengths of Japanese Management (social cohesion, job security, concern for employees) as well as American management (speedy decision making, risk taking skills, individual autonomy, innovation and creativity) and proposes a 'mixed US' Japanese management system for modern organisations. Theory Z is an approach to management based upon a combination of American and Japanese management philosophies and characterized by, among other things, long-term job security, consensual decision making, slow evaluation and promotion procedures, and individual responsibility within a group context. The mixed/hybrid system has the following characteristics:

- **Trust:** Trust and openness are the building blocks of Theory Z. The organisation must work toward trust, integrity and openness. One of the favourite quotes in Japan is that 'you should never give people reason to distrust you'. In such an atmosphere of mutual respect

and admiration, the chances of conflict are reduced to the minimum. Trust, according to Ouchi, means trust between employees, supervisors, work groups, management, unions and government. In Japan it is not strange to find managers working side by side with their employees. Such close working relations help in developing open, friendly relations between labour and management.

- **Organisation-Employee Relationship:** Theory Z argues for strong linkages between employees and the organisation.
  - Long term employment is one such measure that strengthens the relations between workers and management.
  - When faced with a situation of lay off, management should not show the door to unwanted people. Instead, it could cut down the working hours or ask stakeholders to bear with the temporary losses.
  - To encourage stable employment relationship, promotions could be slowed down. In fact, in a Japanese organisation a person is normally not promoted until he has served ten years with the company.
  - Instead of vertical progression, horizontal progressions may be laid down clearly so that employees are aware of what they can achieve and to what extent they can grow within the organisation, over a period of time.
  - To compensate slower promotions, companies can offer incentive to people who stay on. Such people can be asked to work closely with superiors on important projects/assignments. This way the company can make those employees think that their services are really wanted.
  - Employees may be asked to learn every aspect of work in every department. Through such rotating jobs, employees become versatile and remain useful almost everywhere.

- **Employee Participation:** Participation here does not mean that employees must participate in all organisational decisions. There can be situations where management may arrive at decisions without consulting employees (but informed later on); decisions where employees are invited to suggest but the final green signal is given by management. But all decisions where employees are affected must be subjected to a participative exercise; where employees and management sit together, exchange views, take down notes and arrive at decisions jointly. The basic objective of employee involvement must be to give recognition to their suggestions, problems and ideas in a genuine manner.
- **Structureless Organisation:** Ouchi proposed a structureless organisation run not on the basis of formal relationships, specialisation of positions and tasks but on the basis of teamwork and understanding. He has given the example of a basketball team which plays together, solves all problems and gets results without a formal structure. Likewise in organisations also the emphasis must be on teamwork and cooperation, on sharing of information, resources and plans at various levels without any friction. To promote a *'systems thinking'* among

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employees, they must be asked to take turns in various departments at various levels. Job rotation enables them to learn how work is processed at various levels; how their work affects others or is affected by others, it also makes the employees realize the meaning of words such as 'reconciliation' 'adjustment' 'give and take' in the organisational context.

- **Holistic Concern for Employees:** To obtain commitment from employees, leaders must be prepared to invest their time and energies in developing employee skills, in sharing their ideas openly and frankly, in breaking the class barriers, in creating opportunities for employees to realize their potential. The basic objective must be to work cooperatively, willingly and enthusiastically. The attempt must be to create a healthy work climate where employees do not see any conflict between their personal goals and organisational goals.

Essential Features of Theory Z The Hybrid Model

Organization Type A American	Organization Type J Japanese	Organization Type Z Modified American
Short-term employment	Lifetime employment	Long-term employment
Individual decision making	Collective decision making	Collective decision making
Individual responsibility	Collective responsibility	Individual responsibility
Rapid evaluation & promotion	Slow evaluation & promotion	Slow evaluation & promotion
Explicit control mechanisms	Implicit control mechanisms	Implicit, informal control with explicit, formalized measures
Specialized career path	Nonspecialized career path	Moderately specialized career paths
Segmented concern for employee as an employee	Holistic concern for employee as a person	Holistic concern, including family

Implications of Theory Z

Indian companies have started experimenting with these ideas in recent times, notably in companies like Maruti Udyog Limited, BHEL, by designing the work place on the Japanese pattern by having a common canteen, a common uniform both for officers and workers, etc. Other ideas of Ouchi such as life-long employment, imbibing a common work culture, participative decisions, structure less organisations, owners bearing the temporary losses in order to provide a cushion for employees—may be difficult to find any meaningful expression on the Indian soil because of several complicating problems. The differences in culture (north Indian and south Indian), language (with over a dozen officially recognized ones), caste (backward, scheduled caste, scheduled tribe, economically backward), religion (Hindu, Muslim, Sikh, Jain, Christian, etc.), often come in the way of transforming the seemingly appealing Western rhetoric into concrete action plans.

Weaknesses in Ouchi's Management Philosophy

Some of the inherent weaknesses in Ouchi's management philosophy might be listed thus:

1. In a competitive scenario, it is not possible to offer life time employment or employment on a long term basis to job seekers—howsoever talented hey might be. This has happened in Japan too where companies had to cut down costs as a survival measure and compelled to show the door to employees. When the organisation is hit by a down turn, for a fairly long period, it cannot remain wedded to its people on a permanent basis.
2. Participation may not always encourage people to give their best. Its psychic effects are open to doubt. In fact the participative culture may itself become a bone of contention over a period of time. Listening to everybody on all matters goes against the principles that govern quick, efficient decisions.
3. Long lasting relationships between superiors and subordinates overcoming the caste, region, religion feelings is not an easy job.
4. Structure less organisations suggested by Ouchi may not always produce results. This may produce chaos and confusion among ranks, if people are not used to such culture. It may be difficult to pin point responsibility on any one in a structure less organisation.
5. Most often stakeholders may not like a situation of swallowing losses when hit by a downturn in economic activities. They may not like to keep unwanted hands for longer periods, as a goodwill gesture to please unions or workers.
6. The principles of Japanese Management do not seem to find universal acceptance. The very fact that most Japanese companies have not been doing very well during the last couple of years, bears ample testimony to this fact. Management, as a subject, is evolving.
7. The theories of motivation, likewise, require revision, modification, and at times, radical surgery. At times, they seem to produce outstanding results. At other times, they do not seem to work at all. The book In Search Of Excellence listed excellent organisations based on some well known principles and practices of management. The authors, Peters and Waterman had to rewrite the story again (and even admitted that they faked the data) when many of those excellent organisations—Xerox, Wang Labs, NCR—turned negative performance for painfully longer periods of time.

How to Motivate Employees?

We have presented a number of theories and explanations in this chapter. If you are a manager concerned with motivating your employees, how do you apply these theories? The following suggestions offered by experts may help you in solving the puzzle to some extent:

1. **Recognize Individual Differences:** Employees are not homogeneous. They have different needs. They also differ in term of attitudes, personalities and other important variables. So, recognise these differences and handle the motivational issues carefully.

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2. **Match People to Jobs:** People with high growth needs perform better on challenging jobs. Achievers will do best when the job provides opportunities to participatively set goals and when there is autonomy and feedback. At the same time, keep in mind that, not everybody is motivated in jobs with increased autonomy, variety and responsibility. When the right job is given to the right person, the organisation benefits in innumerable ways.

3. **Use Goals:** Provide specific goals, so that the employee knows what he is doing. Also, let people know what you expect of them. Make people understand that they can achieve the goals in a smooth way. If you expect resistance to goals, invite people to participate in the goal-setting process.
4. **Individualize Rewards:** Use rewards selectively, keeping the individual requirements in mind. Some employees have different needs, what acts as a motivator for one may not for another. So, rewards such as pay, promotion, autonomy, challenging jobs, participative management must be used keeping the mental make-up of the employee in question.
5. **Link Rewards to Performance:** Make rewards contingent on performance. To reward factors other than performance (favouritism, nepotism, regionalism, apple-polishing, yes-sir culture etc.), will only act to reinforce (strengthen) those other factors. Employee should be rewarded immediately after attaining the goals. At the same time, managers should look for ways to increase the visibility of rewards. Publicize the award of performance bonus, lumpsum payments for showing excellence, discussing reward structure with people openly–these will go long way in increasing the awareness of people regarding the reward-performance linkage.
6. **Check the System for Equity:** The inputs for each job in the form of experience, abilities, effort, special skills, must be weighed carefully before arriving at the compensation package for employees. Employees must see equity between rewards obtained from the organisation and the efforts put in by them.
7. **Don’t Ignore Money:** Money is a major reason why most people work. Money is not only a means of satisfying the economic needs but also a measure of one’s power, prestige, independence, happiness and so on. Money can buy many things. It can satisfy biological needs (food, shelter, sex, recreation, etc.) as well as security, social and esteem needs.

3.9 SUMMARY

- Motivation is the work a manager performs to inspire, encourage and impel people to accomplish desired goals. Properly motivated employees can produce excellent results by putting facilities to good use.
- Understanding the complexities involved in motivating people is not an easy job since human behaviour is unpredictable is the result of multiple causes.

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- Three kinds of theories have evolved over the years to unravel the mystery surrounding motivation. Early theories of motivation offer insight into the needs of people in organisations and help managers understand how needs can be satisfied in the work place. Important theories in this category include: Maslow's Hierarchy of Needs Theory, ERG Model, Achievement Motivation Theory, Two Factory Theory, etc.
- Contemporary theories focus on why people choose certain behavioural options to satisfy their needs and how they evaluate their satisfaction after they have satisfied these goals. Equity Theory, Expectancy Theory and Goal Setting Theory come under this classification.

TEST QUESTIONS

1. What do you mean by motivation? Explain the features of motivation.
2. Describe how Maslow's hierarchy of needs can be used to motivate?
3. Explain Herzberg's two-factor theory.
4. Discuss how Theory X and Theory Y manages approach motivation
5. Define motivation and explain its objectives.
6. Explain the nature and significance of motivation.
7. Critically examine Ouchi's Theory Z of motivation.
8. Do you think Theory Z is the last word on motivation? Why or why not?
9. Critically examine the contributions of Maslow, Herzberg and McGregor towards the theory of motivation.
10. Present a comparative picture of motivation theories presented by Maslow and Herzberg.
11. Discuss the importance of Herzberg's motivation to an organization.
12. Why, in die dual factor theory, are satisfiers and dissatisfiers considered separate and distinct from each other?
13. Is there a relationship between Maslow's higher order needs and Herzberg's motivation factors? Discuss.
14. Is an autocratic Manager likely to view his workers from a theory X or theory Y perspective?
15. Distinguish between motivators and hygiene factors. Why is it important to make this distinction?
16. "Theory Z is a comprehensive philosophy of management". Why or why not?
17. Is there a single best way to motivate the employees?
18. "Motivation simply means taking care of your people". How would you respond to this statement?

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4. LEADERSHIP, POWER AND CONFLICT

STRUCTURE

4.1 INTRODUCTION

Leadership is the process of influencing others towards the accomplishment of goals. It is the ability of a manager to induce subordinates to work with zeal and confidence (Koontz and O'Donnell). In short, it is the activity of influencing people to strive willingly for group objectives. These explanations contain many more important points such as:

- **Existence of Followers:** Leadership does not flourish in a vacuum. The essence of leadership is followership. Leadership implies that followers must consent to being influenced. Leaders gain their authority over a group by group consensus alone.
- **Interpersonal Influence:** Leadership envisages the idea of interpersonal influence. It is actually the knack of getting other people to follow you and to do willingly the things you want them to do. With out influence, there can be no leadership.
- **Uneven Power Sharing:** Leadership is a relationship between two or more people in which influence and power are unevenly distributed.

- **Common Goals:** The basic objective of leadership is to rally men and women toward common goals. It involves a happy reconciliation of personal and group objectives.
- **Situational:** Leadership is situational. The qualities, skills and characteristics of a leader are determined, to a large extent, by the demands of the situation in which he is to function as leader. Leadership is a matter of removing barriers in a situation so that subordinates work with freedom and independence.
- **Continuous Process:** Leadership, more importantly, is a continuous process of influencing behaviour. A leader breathes life into the group and motivates it towards goals. The lukewarm desires for achievement are transformed into a burning passion for accomplishment. It should also be noted that leadership is something a person does, not something he has. Leadership is something that emerges, that grows and that is achieved.

The terms "manager and leader' are often used interchangeably. However, leadership is not same as managership. Leadership can exist in unorganised groups, but managership requires an organised structure. A manager is more than a leader. By virtue of his position, a manager has to organise and control the activities of people toward the plan, accomplishment of objectives. Managership, thus, is a wider term. *All managers are leaders but all leaders are not managers.* The following table presents a summary of these viewpoints:

Leadership vs. Managership

Leadership	Managership
Narrow term	Wider term. A manager is more than a leader.
Exists in unorganised groups. No organised structure is needed.	Requires an organised structure.
Leadership is the activity of influencing people to strive willingly for group goals.	Managership implies exercising functions like planning, organising, staffing, directing and controlling to achieve group goals. Leadership is an aspect of one of these functions.
Leaders get authority by virtue of their skills, abilities and the situational demands. Followers must also consent to being influenced.	Managers get formal authority delegated from above.

Terry has captured the distinct characteristics of leadership by drawing the distinction between leadership and non-leadership thus:

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Leadership vs. Non-leadership

	Leadership		Non-leadership (Bossism)
•	Inspires the employee	•	Drives the employee
•	Accomplishes work and develops the employee	•	Accomplishes work at the expense of employee
•	Shows employee how to do his job	•	Instils fear in employee by threats and coercion
•	Assumes obligations	•	Passes the buck
•	Fixes the breakdown for loss in production or sales	•	Fixes the blame on others for loss in production or sales

Functions of Leaders

Leaders perform a variety of functions while trying to realize the organisational goals. In fact, he sets goals, establishes priorities, commits resources, assigns work to others, coordinates effort and delivers results. While doing so, he takes people along by instilling confidence and by building trust through open and transparent actions The most important functions performed by a leader may be stated thus:

- **Leader develops teamwork:** The three vital determinants of team-work are the leader, subordinates and the environment. These factors are interdependent. It is the leader's responsibility to make the environment conducive to work. He studies the employees individually and instills interest in them. By encouraging the inquisitive employees and by prohibiting insidious elements he creates a healthy environment. He inculcates the sense of collectivism in employees to work as a team. The resultant output will then be efficiency.
- **Leader is a representative of subordinates:** He is an intermediary between the work groups and top management. Leaders are called 'linking pins' by Rensis Likert. As linking pins they serve to integrate the entire organisation and the effectiveness depends on the strength of these linking pins. Leaders show personal concern for the employees. As representatives they carry the voice of the subordinates to the top management.
- **Leader is an appropriate counsellor:** Often, employees suffer from emotional problems. Inability to secure promotion, wage increase for showing good performance, obtain transfer to a good location: the reason could be any of these and many more. Such barriers keep the employees off the work track. Leaders perform a vital function here. They listen to the employees, try to remove the obstacles, offer wise counsel and keep the employees mentally happy.
- **Leader uses power properly:** If a leader is to effectively achieve the goals expected of him, he must have power and authority to act in a way that will stimulate a positive response from the workers. No leader is effective unless the subordinates obey his orders. Therefore, the leader uses appropriate power so that the subordinates willingly obey the orders and come forward with commitment.
- **Leader uses time well:** Time is precious but often overlooked in management. A leader uses his time productively by following time-preparation-charts, scheduling techniques, etc. Information, facts and statistical inputs are combined effectively so as to produce timely decisions.

- **Leader strives for effectiveness:** Leaders take certain conscious decisions in order to achieve goals effectively. In addition to the above functions, they carry out additional activities to reach the targets in time. They delegate work, invite participation from subordinates, offer proper rewards for good performance, mix up with subordinates and enforce discipline and control whenever necessary.

4.2 IMPORTANCE OF LEADERSHIP

Leadership helps an organisation in the following ways:

1. **Inspires employees**: A leader creates a strong urge in employees for higher performance. He lifts a man's visions to higher sights. By showing the proper way to do a job, a leader helps employees to give their best to the organisation. As pointed out by Terry, leadership triggers a person's will-to-do and transforms lukewarm desires for achievement into burning passions for successful accomplishment'.
2. **Secures cooperation**: A dynamic leader breathes life into the group. He influences the behaviour of employees in such a way that they readily work for organisational objectives. He makes them realise that by translating plans into action, they can earn adequate rewards. He, thus, inculcates a sense of collectivism in the employees and forces them to work as a team. Leadership is essential to group action. Without sound leadership, cooperative action is impossible. Leadership provides character to the group and paves the way for integrated efforts at various levels.
3. **Creates confidence**: Employees often suffer from emotional problems in organisations. They get frustrated because of their inability to do certain jobs, to secure promotions, to sharpen their skills, to get along with people, etc. A leader comes in here, renders wise counsel and tries to remove barriers (real or imaginary) and instils confidence in employees. He creates a wholesome attitude among employees for successful work accomplishment. He transforms potential into reality. He makes them realise their potential by showing the right way, clearing the paths and removing the hurdles.
4. **Provides good working climate**: A leader provides a healthy work climate where individuals can work toward objectives happily. He initiates necessary changes and unifies efforts of employees. By making a judicious use of time and money, he takes up assignments on a priority basis. Important problems are tackled first through prompt actions. Subordinates are allowed to do things independently. Their problems are looked into and suggestions taken note of. He provides imagination, foresight, enthusiasm and initiative to employees and forces them to have an identity of interest, outlook and action.

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4.3 LEADERSHIP STYLES

The behaviour exhibited by a leader during the supervision of subordinates is known as leadership style. There are probably as many different styles of leadership as there are leaders. Basically, three styles are listed out.

1. **Directive, Autocratic or Authoritarian Style:** An autocratic leader is one who takes all decisions himself without consulting the subordinates. He centralises power and decision-making in himself. He oversees work from close quarters and exercises full control over subordinates. Orders are issued and subordinates are expected to execute these without back-talk. The leader, thus, tries to develop obedient and predictable behaviour from group members. He permits very little freedom of action. Discipline is enforced by the use of rewards and threats of punishment. Communication tends to take a one-way route. Subordinates have to depend on the superior for everything (setting goals, determining priorities and implementing plans, etc., Figure 4.1: X = leader; A, B, C, D = subordinates)

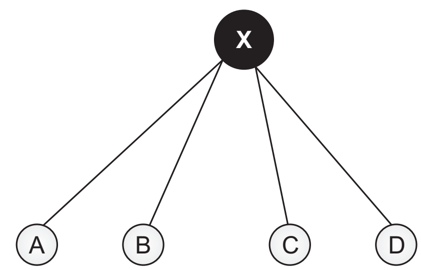

Fig. 4.1 Autocratic Style

Style Features

- Centralised power and decision-making
- Close supervision and control
- Discipline through rewards/punishment
- One way communication
- Total dependence of subordinates on superior

Advantages	Disadvantages
Decisions can be made quickly. Control can be centralised for orderly operations	May result in low motivation. It is difficult to develop motivation when the leader makes all the decisions
Well-developed leadership skills can be applied directly to group activities	There is very little scope for developing the creative potential of people
The leader can take direct control when there is a major problem or crisis. Best suited for crisis management	Subordinates tend to develop defensiveness; they constantly look for ways and means to avoid responsibility
Suitable for managing inexperienced, insecure and incompetent subordinates	One way communication may lead to misunderstandings at various levels
Offers consistence in goals and procedures by leader making decisions	Subordinates tend to depend on leader for everything. Matters move slowly and it becomes difficult to adapt to change

Example: The world, unfortunately is full of autocratic leaders who tried to bulldoze dissent and left their ugly imprint on corporate life exercising brute force. For example, Martha Stewart—the richest woman in entertainment industry at one point of time – built her empire with personal attention to every detail. Whether you liked her or not, she was meticulous and demanding. She was also very successful in her endeavors, and in using her autocratic management style. Many industry analysts might argue that it was Martha's autocratically demanding style that allowed her to flourish in a competitive environment such as the entertainment industry. Others might argue that even more success might have awaited Martha Stewart if she had not relied so heavily on the autocratic style.

2. **Participative or Democratic Style:** The participative leader encourages his subordinates to participate in the decision making process. He consults them before taking decisions. The suggestions put forward by subordinates are taken care of. There is open, two-way communication. Good rapport is maintained with members of the group. The leader does not dominate. He gives lot of freedom to subordinates. The emphasis is on cooperation and participation to achieve the maximum potential of the group.

Box Style Characteristics

- Involves people in decision making and goal setting
- Attitudes, feelings, suggestions of members considered while making decisions
- Freedom of thinking and action available to a reasonable extent
- Two way, open communication between members
- Opportunity to use one's potential in the service of organisation exists

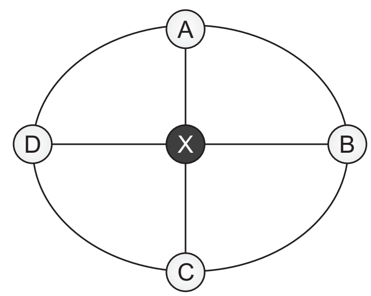

Fig. 4.2 Participative Style

Advantages and Disadvantages of Participative Style

Advantages	Disadvantages
Motivates people to do better	Individuals may dominate the participation or make disruptive contributions
Knowledge and experience of group members can be used in decision making	Very time consuming approach from the leader's point of view—quick decisions cannot be taken
Individual abilities developed through participation	Participation may be used as an instrument to 'pass the buck' to subordinate
Members feel more committed to group goals. There is less resistance to managerial actions	Decisions get diluted, when attempts are made to please everyone

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Members develop healthy attitudes toward the leader, the work and the organisation	Participation may be viewed as a sign of inefficiency on the part of the leader. Subordinates may view the leader as incompetent to handle the job independently.
Two-way communication keeps members informed about what is going on and why.	Participation may be used to manipulate people to suit personal ends.

When to use Participative Style?

Participative style is most effective when, (i) the organisation has communicated its goals and objectives to all the subordinates and the subordinates have accepted them, (ii) the leader is genuinely interested in obtaining ideas and suggestions from subordinates, (iii) the subordinates are highly interested in participating in organisational decision making, (iv) the subordinates have a reasonable amount of knowledge and experience and finally, (v) the time for task completion allows participation to take place in a meaningful way.

Is Participative Style Superior?

It is commonly believed that participative style helps subordinates to develop their talents fully. The participative leader is able to put them on the track easily and get the results without much difficulty, unlike an authoritarian leader. However, the superiority of participative style over authoritarian one is not supported by research. In one study, McCurdy and Efer investigated the effects of both these styles on subordinates' performance. The teams working under authoritarian leaders were told to simply obey orders, while those working under participative leaders were told to offer suggestions and not follow orders blindly. No difference in productivity between these two groups has been found by these researchers. In another study by Morse and Reine it has been found that democratic style results in higher job satisfaction to employees and autocratic leadership in greater productivity. If the goal is to increase output, autocratic style is appropriate and if the goal is to have a highly motivated workforce, a democratic approach is called for. According to Vroom, the choice of a particular style depends on employee expectations also. Participative style will give positive results when applied on subordinates wanting to do things independently.

Autocratic vs. Democratic Style

With the above information in the background, is it possible to draw the curtain between the autocratic and democratic styles now? The following table is developed for this purpose.

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Autocratic vs. Democratic Leadership Style

Autocratic	Democratic
Manager using this style may be labelled as Theory X Leader	Manager exhibiting this style may be labelled as Theory Y Leader
The leader is task oriented and restrictive	The leader is follower-oriented and permissive
Leader structures the work, strives to find out better methods and keeps the employees busy on the task	The leader is considerate of his subordinates, recognises their needs and respects their human dignity
One way communication	Two way communication
Threads of control in the hands of one individual. Decision making is centralised.	Pushes controlling power to subordinates to a reasonable extent. Decentralised decisions
Quick decisions possible.	take time.
Employee resistance may be high; getting them committed to goal is not easy	Resistance from employees is minimum and hence commitment to objectives may be high
Developing subordinates and preparing a training ground for future managers is difficult	Develops the subordinate and prepares him for future managerial roles

3. Laissez-Faire or Free-rein Leadership Style

In the democratic style the leader encourages the group to think and develop a solution. The laissez-faire or free rein leader goes a step further and turns an entire problem or project over to subordinates. The subordinates are asked to set their own goals and develop plans for achieving them. The leader does not direct at all. He acts as a passive observer and does not exercise power. There is total abdication of responsibility. He offers advice when required. There is very little control over the group members.

Style Characteristics

- Group members set goals and decide things on their own
- Leader is a passive observer of things
- Leader does not decide, does not control or exercise influence over the group
- Leader abdicates responsibility
- Members operate in an unrestricted environment
- Communication is open and can take any direction

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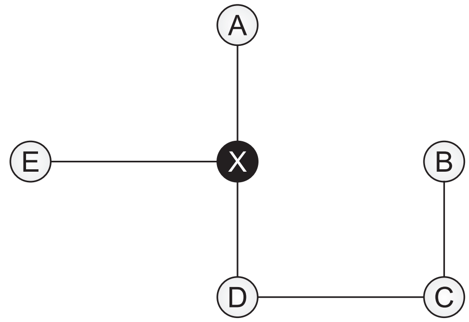

Fig. 4.3 Free-rein Style

The Figure show the leader passing on materials and information to group members on request. There is no attempt to regulate the course of events. Free-rein leadership may be suitable where the organisational goals have been communicated well in advance and are acceptable to subordinates. The subordinates, in turn, must be well-trained and highly knowledgeable concerning their tasks and willing to assume responsibilities. They must be highly motivated, sincere and duty-conscious. When these pre-conditions are met, free-rein style may yield good results.

Advantages or Disadvantages of Free-rein Style

Advantages	Disadvantages
Working independently can be motivational for some people	Activities may suffer owing to lack of coordination
May encourage suggestions, creativity and innovations	Group objectives may be ignored and individual objectives may dominate activities
Group is flexible and can adapt quickly to change	Lack of control may lead to disruptive behaviour
Open and direct communication with opportunity for self-expression	Individuals may go their own ways resulting in confusion and chaos
May increase the 'quality of life' for some group members	

4.4 TRANSFORMATIONAL AND TRANSACTIONAL LEADERS

According to James Burns there are two types of leaders: transformational and transactional. Transformational leaders are those who recognise, exploit and satisfy the needs of followers while elevating them into high levels of motivation and morality.

Features of Transformational Leaders

- Is a model of integrity and fairness.
- Sets clear goals.
- Has high expectations.
- Encourages others.
- Provides support and recognition.
- Stirs the emotions of people.
- Gets people to look beyond their self-interest.
- Inspires people to reach for the improbable.

Precisely stated, transformational leadership is a style of leadership in which the leader identifies the needed, change, creates a vision to guide the change through inspiration, and executes the change with the commitment of the members of the group. Transformational leadership elevates the goals of subordinates and inspires them to give their best to an organisation. Transformational leadership, primarily, consists of three dimensions: charisma, individualised consideration and intellectual stimulation.

Four Components of Transformational/ Transforming Leadership

1. **Idealized Influence (II) –** The leader serves as an ideal role model for followers; the leader "walks the talk," and is admired for this.
2. **Inspirational Motivation (IM) –** Transformational leaders have the ability to inspire and motivate followers. Combined these first two I's are what constitute the transformational leader's charisma.
3. **Individualized Consideration (IC) –** Transformational leaders demonstrate genuine concern for the needs and feelings of followers. This personal attention to each follower is a key element in bringing out their very best efforts.
4. **Intellectual Stimulation (IS) –** The leader challenges followers to be innovative and creative. A common misunderstanding is that transformational leaders are "soft," but the truth is that they constantly challenge followers to higher levels of performance.

(*a*) Charisma literally means divinely conferred gift. Charismatic behaviour is that which instils pride, faith and respect and effectively articulates a sense of vision. Examples include J.F. Kennedy, F.D. Roosevelt, General George Patton and in India Mahatma Gandhi, Jawaharlal Nehru etc. Charismatic behaviour is certainly important for elevating subordinates' goals but does not offer the necessary follow-through for successful goal accomplishment. Individualised consideration and intellectual stimulation are needed to convert expectations into reality. Boss agreed that rather than being a mystical gift rarely seen, charisma may be normally distributed and that all leaders possess varying degrees of it.

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Qualities of Charismatic Leaders

- They are highly confident in their ability and judgement.
- They have a vision and they are able to sell their dreams to their subordinates clearly, emphatically and exhibit willingness to make sacrifices to make it come true
- They are unconventional and do things differently. Their quirky ways, when successful, elicit tremendous following and admiration. Much of the success of Southwest Airlines is attributed to the zany antics of its founder, Herb Kelleher who is known to dress in funny costumes aboard planes. He loved to make jokes and engage in pranks and corporate antics, prompting people to call him the clown prince of the airline industry.(See the case study at the end of chapter.)
- They make things happen. They have extraordinary ability, monumental patience and dogged determination to convert their dreams into a concrete reality. They do not quit and give up easily. They are ready to bring about change, at any cost. As one writer expressed it: they make ordinary people do extraordinary things in the face of adversity. At the same time, they are very much aware of what they can possibly achieve and where and when to say good-bye.

(*b*) Individualised consideration involves delegating tasks to stimulate and create learning, recognising the individual needs of each subordinate and respecting each subordinate as capable of achieving the assigned goals.

(*c*) Intellectual stimulation involves introducing and encouraging new ideas as well as rethinking traditional methods, with emphasis on the many angles in doing a job.

In **Transactional leadership,** the leader exercises influence during daily leader-subordinate exchanges without any special emotional inputs or considerations. The leader offers rewards to subordinates who achieve the tasks assigned to them (or for showing appropriate behaviour). His focus is on achieving results in a practical way, clarifying things to subordinates. He is hard working, tolerant and fair minded. He generally takes pride in keeping things running smoothly and efficiently. He often emphasizes the importance of impersonal aspects of performance such as plans, schedules and budgets. He has a sense of commitment to the organization and conform to organizational norms and values.

Features of Transactional Leaders

- Task Centred
- Short-term Planners
- Practical
- Passive
- Maintain Stability
- Concrete
- Tangible

4.5 CONTINUUM OF LEADER BEHAVIOUR

Tannenbaum and Schmidt have identified the range of possible leadership styles and presented them on a continuum journeying from authoritarian leadership bahaviour at one end to free rein behaviour at the other end as shown in Figure 4.4.

The figure reveals that the manager is presented with a number of leadership behaviour alternatives. On the left side of the continuum are the leaders who enjoy a high degree of control and delegate very little authority. At the extreme right the emphasis is on the subordinates. The subordinates enjoy a greater amount of freedom to exercise initiative in work related matters. Now the question arises as to how a manager moves along this continuum? This depends upon three forces—in the manager, forces in the subordinates and forces in the situation.

(*a*) **Forces in the manager:** These forces include the value system of leader (e.g., the strong feeling that subordinates should participate in decisions that affect them), his confidence in his subordinates, his leadership inclinations and his tolerance of ambiguity.

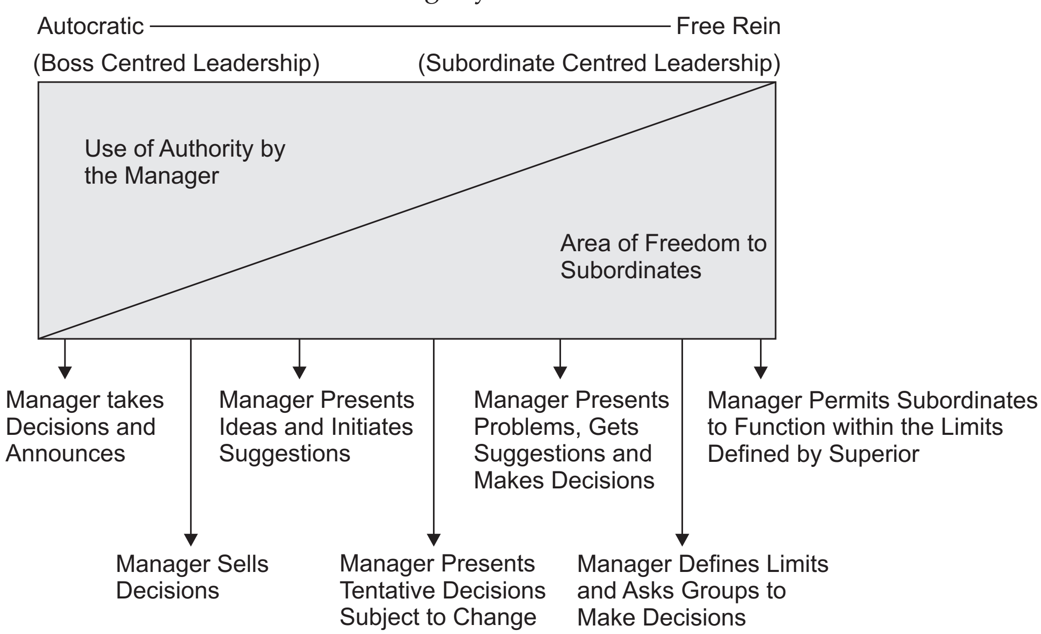

Fig. 4.4 Continuum of Leader Behaviour

(*b*) **Forces in the subordinates:** These include the subordinates' need for independence, their level of tolerance for ambiguity, readiness to assume responsibility for decision-making, their interest in and understanding of problems, understanding and identifying organisational goals, their experience with and expectations of leadership.

(*c*) **Forces in the situation:** These include the type of organisation, problems, group effectiveness, and the pressure of time.

Problems with the Continuum Approach

The leader continuum approach provides a wide range of leader behaviours. It identifies the number of behavioural alternatives available to a manager, and the

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success of the leadership style depends on the modification of the leader lo the needs of the situation.

The basic problem with the continuum approach is that it supports uni-dimensional thinking. A boss-centred leader, as we look at figure, is seen as greatly interested in task-oriented activities, but not very concerned with people. An increase in one type of behaviour is automatically seen as a decrease in the other type. Research evidence, however, brings out that employees-orientation and task-orientation are not opposite ends on a continuum. A manager who becomes more employee-centered does not thereby become less task-oriented. Each orientation has an independent orientation: and a manager may have both orientations in varying degrees. This has been illustrated, among others by the Ohio studies.

4.6 LIKERT'S SYSTEM—4 MODELS OF MANAGEMENT

Rensis Likert has developed four models of management (known as systems of management) after examining important factors that are closely related to the management process (such as motivation, communication, goal setting, controlling, decision making etc.). His models are based on the human resource philosophy of management. Likert felt that personnel are the precious assets and, therefore, must be treated and managed properly. Likert classified management philosophies into four convenient styles:

System 1 – Exploitative – Autocratic

In this style he sets goals and decides the means of achieving them. He decides things unilaterally, issues orders and instructions to subordinates as to how to achieve results. He seeks total compliance from his subordinates. He does not encourage subordinates to participate in any matter. Communication takes a one-way route i.e., top to bottom and is highly formal in nature. The style is marked by unfriendly relations, distrust and ill-will. There are rewards for those who achieve results. Those who fall behind in the race are punished severely (carrots for achievers and stick for those who fail to achieve the goals).

System 2 – Benevolent Autocratic

System 2 managers are autocratic in their approach but not exploitative. They adopt a paternalistic approach towards the subordinates. They grant some freedom to subordinates to carry out their tasks within certain limits. Goal setting is centralised. Decisions flow from top to bottom. Subordinates have to carry out the decisions taken by the manager sincerely. The carrot and stick policy is followed here also. Efficient employees are rewarded and inefficient ones are punished. Communication is one way; the superior – subordinate relations are marked by fear, suspicion and distrust.

System 3 – Consultative

In this system managers set goals and issue orders after discussing them with subordinates. Major decisions are taken at the top. The routine ones are left to subordinates. Subordinates can discuss work-related matters with managers freely. There is, thus, two-way communication. Managers trust subordinates to a great extent and repose confidence in their implementation abilities. Greater emphasis is put on rewards than on penalties to motivate subordinates. The control system is flexible. This system of management, thus, gives due weightage and importance to the human factor.

System 4 – Democratic

In this system managers maintain cordial and friendly relations with subordinates. Subordinates take active part in the process of goal-setting and decision making. The manager acts like a friend, counsellor and memtor. Communication is open and transparent. Greater emphasis is put on self-appraisal and self-control in place of close supervision and "control from above". Subordinates are encouraged to do things on their own, assume responsibility for their actions. There is a high degree of decentralisation of authority. Subordinates get a stimulating chance to exploit their potential and scale greater heights within the organisation.

According to Likert, System 4 is an ideal one which ought to be adopted by organisations so as to improve workers' satisfaction and performance. Likert's research also indicated that System 4 management is far superior to other models. He, therefore, suggested leadership training at all levels of management so that managers can learn the basics of System 4 management.

4.7 THEORIES OF LEADERSHIP

Leadership theories are broadly classified into three types: trait theory, behavioural theory, situational theory. Trait theory views leadership as a combination of a set of personality traits. Behavioural theory attempts to identify the individual behaviour of leaders associated with effective leadership. Situational theory tries to identify certain situational factors that determine how effective a particular leadership style will be.

Trait Theory

The trait theory is based on the great man theory, but it is more systematic in its analysis of leaders. Like the great man theory, this theory assumes that the leader's personal traits are the key to leadership success. However, unlike the greatman theory, trait theorists do not necessarily assume that leaders are born. Leaders, as per trait theorists, differ from their followers with respect to a small number of key traits and these traits remain unchanged across time. Ghiselli has provided a list of generally accepted traits that contribute to leader effectiveness.

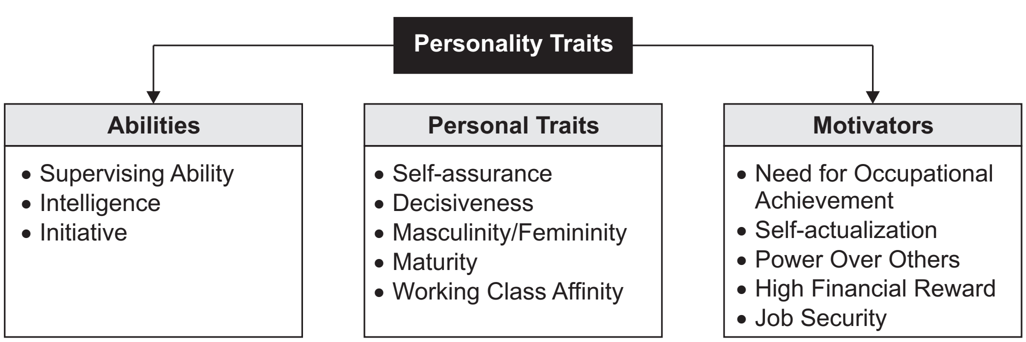

Fig. 4.5 Personality Traits

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Keith Davis had pulled together the following four traits that are shared by most successful leaders:

(*a*) **Intelligence:** Leaders tend to have somewhat higher intelligence than their followers.

(*b*) **Social maturity and breadth:** Leaders tend to be emotionally mature and have a broad interest range. They are neither crushed by defeat nor over-elected by victory. They have high frustration tolerance.

(*c*) **Inner motivation and achievement drive:** Leaders want to achieve things, when they achieve one thing, they seek out another.

(*d*) **Human relations attitudes:** Leaders develop a healthy respect for people and realise that to accomplish tasks, they must be considerate of others.

Criticism

Leaders who fail as leaders and individuals who never achieve leadership positions often possess some of the same traits as successful leaders. For example, although taller people may generally be more successful as leaders, many tall people have neither the inclination nor the capabilities to be the leaders. At the same time many short people have risen to leadership position. Trait theory is severely criticised on the following grounds.

1. The list of personality traits is painfully long and exhaustive. Although over one hundred personality attributes of successful leaders have been identified, no consistent pattern/patterns have been found.
2. Researchers often disagree over which traits are the most important for an effective leader. There is no universal list of traits for successful leaders.
3. Leaders cannot be markedly different from their followers. Extremes in personality are not usually associated with leadership.
4. It is difficult to define traits. When posed with the question of defining a trait, executives often come out with a bewildering variety of explanations, making a mockery of the trait theory.
5. It is often difficult to measure traits. The measurement tools employed to quantify traits (in ways that will make them useful to executives) are open to doubt. For example, some of the psychological attributes (intelligence, initiative) cannot be observed but can only be inferred from the behaviour.
6. How much of a trait a person should have remains a puzzling question. It is not clear how high score a person must achieve on a given trait to make it effective.
7. Effective leadership is not a function of traits alone. Executives often behave in a way they think is appropriate for their job. There is a wealth of scientific evidence pointing the significance of situational factors as determinants of leadership behaviour. Trait theory fell into disfavour because it did not consider the whole leadership environment.
8. Finally, leadership skills vary according to the type of work a person performs in the organisation. A leader may employ three different types of skills at

different levels in the organisation: technical, human and administrative skills. It is ridiculous to assume that traits are uniformly distributed at all managerial levels.

Behavioural Theory

In contrast with trait theory, behavioural theory attempts to describe leadership in terms of what leaders do, while trait theory seeks to explain leadership on the basis of what leaders are. Leadership according to this approach is the result of effective role behaviour. Leadership is shown by a person's acts more than by his traits. This is an appropriate new research strategy adopted by Michigan Researchers in the sense that the emphasis on the traits is replaced by the emphasis on leader behaviour (which could be measured).

(a) The Michigan Studies

After studying numerous industrial situations, the Michigan researchers identified two leadership styles—employee-centred and production-centred—influencing employee performance and productivity.

Employee-centred Leader	Production-centred Leader
Treats subordinates as human beings.	Emphasises technical aspects of job.
Shows concern for their well being.	Focus on work standards close supervision.
Encourages and involves them in goal setting.	Employee seen as a tool in the production process.

They prescribed employee-oriented style of leadership to increase productivity. They contended that supervisory controls and production-centred leadership style will be frustrating to the employees; affects their morale leading to unsatisfactory performance on the job. The Michigan studies were more compatible with the prevailing system in 'post-Hawthorne America' and as such became very popular. Researchers were able to identify specific behaviours that influenced employee behaviour and productivity and advised scrupulously that a people orientation should come before a work orientation. These findings led to the widespread belief in the 1950s that the employee-oriented leadership style was always superior.

(b) The Ohio State University Studies

The Ohio State University studies identified two leadership behaviours—Initiating structure and Consideration—after analysing actual leadership behaviour in a wide variety of situations. Consideration (C) refers to the ability of the leader to establish rapport, mutual respect and two-way communication with employees. The leader is friendly, approachable and listens to the problems of employees and allows them to suggest. Initiating Structure (IS) refers to the extent to which the leaders structure and define the activities of subordinates so that organisational goals are accomplished.

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During research, the Ohio State scholars have developed the Leader Behaviour Description Questionnaire (LBDQ) that contains 15 items regarding the consideration and an equal number referring initiating structure, to describe activities displayed by the leader. Research Staff also developed a Leader Opinion Questionnaire (LOQ) that reflects the self-perceptions that the leaders have about their style of leadership.

The researchers found that IS and C were independent and distinct dimensions. A high score on one dimension does not necessarily a low score on the other. Leader behaviour was plotted for the first time, on two separate axes rather than on a single continuum. Four quadrants were developed to show IS and C in varying combinations.

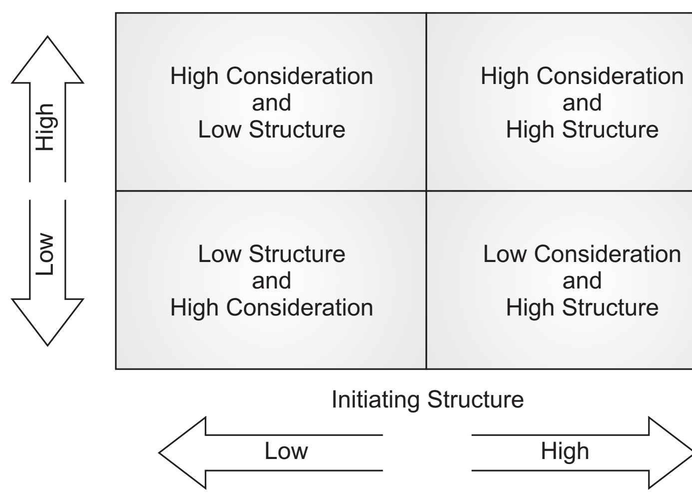

Fig. 4.6 Four Quadrants to Show IS and C in Varying Combinations

Evaluation. The two dimensional model became a 'best seller' overnight and made an epoch-making contribution to leadership studies afterwards. It has caught the imagination of the managers throughout the world due to its simple but powerful reasoning. The influence of the Ohio State studies has been extensive. The concepts of consideration and initiating structure have had a high intuitive appeal to practicing managers so that many training programmes have made use of them. It is easy to understand the intricacies of the model and 'practice' the leader behaviours. The logic behind the model appears quite reasonable and appealing.

(c) The Managerial Grid

The most significant and practical contribution to more effective management principles and organisation development to appear in many years is the Managerial Grid. The concept is created and developed by US Industrial psychologists R.R. Blake and Jane S. Mouton. The managerial grid is based on massive practical research into behavioural sciences in the industrial setting. Managerial grid is more than just a theory in human behaviour. It is a tested science of management theory employing systematic principles which can be taught and which may then be applied in the day-to-day situations. The exciting aspect of the managerial grid is its effectiveness in improving people's attitudes and behaviour throughout an entire organisation to the benefit of the organisation. It promises to turn the 'art' of managing into a 'science'. It has been successfully applied in industry and has contributed greatly to increased profits and union-management relations.

Crux of the Theory

Behavioural scientists have, for a painfully long time, separated, isolated and frequently misconstructed the two concerns; the concern for production and the concern for people. According to Blake and Mouton these concerns are two sides of the same coin and should be utilised with maximum and integrated concern to achieve, the objectives of the organisation. It is Blake and Mouton's assumption that people and production are complementary rather than mutually exclusive.

1. **Concern for production:** This is not limited to things only. Production maybe assessed through the number of creative ideas that applied research turns into useful products, procedures or processes: quality and thoroughness of staff services, work load and efficiency and measurements as well as units of output.
2. **Concern for people:** It is not confined to narrow consideration of interpersonal warmth and friendliness. It covers a variety of concerns which can include concern for degree of personal commitment to complete a job for which one is responsible; accountability based on trust rather than force; self esteem, desire for a sense of security in work; friendships with co-workers leading to a healthy working climate.

The visual aspect of the managerial grid is portrayed in the Figure 4.7.

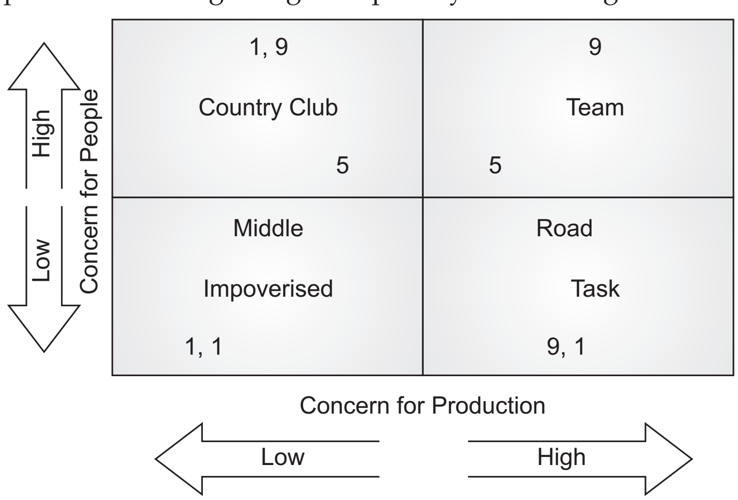

Fig. 4.7 The Visual Aspect of the Managerial Grid

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Figure. 4.7 shows the degrees of concerns for production and people and possible interactions between them. The horizontal axis represents concern for production while the vertical axis indicates concern for people. Each is expressed as a nine-point scale of concern. The number 1 in each instance represents minimum concern. The number 9 represents maximum concern.

(*a*) **Impoverished:** Exertion of minimum effort is required to get work done and sustain organisation morale.

(*b*) **Country club:** Thoughtful attention to needs of people for satisfying relationships leads to a comfortable, friendly organisation atmosphere and work tempo.

(*c*) **Middle road:** Adequate organisation performance is possible through balancing the necessity to get work with maintaining morale of people at satisfactory level.

(*d*) **Task:** Efficiency in organisations result from arranging conditions of work in such a way that human elements interfere to a minimum degree.

(*e*) **Team:** Work accomplishment is from committed people and interdependence through a common stake in organisation that leads to relationships of trust and respect.

Theoretically speaking there are eighty one possible positions on the grid, reflecting as many leadership styles, but the focus usually centres around five basic styles. The 9,1 leader is mainly concerned with production and has little concern for people. This person wants to meet production schedules and get the task done at all costs. The 1,9 style reflects a minimal concern for production coupled with a maximum concern for people. The 1,1 leader has little concern for both people or production. The 5,5 style reflects a moderate concern for both. The 9,9 style is viewed as the ideal leadership style: it exhibits a maximum concern for both production and people. According to the managerial grid, of all, the 9,9 style is the optimum leadership approach, often called 'super leader style' and many organisations have used training programmes to develop 9, 9 managers. Blake and Mouton assert that this is one best style of exercising most effective leadership; what changes with the situation is the tactics of application.

Evaluation. Grid approach is attractive, instructive and has a commonsense appeal. The grid helps managers to identify their own leadership styles. It serves as a useful framework for the leaders to use in assessing their styles before undertaking a rigorous training programme that is created to move them to the 9,9 style. The evidence from other sources such as Fiedler, does not square with the notion that the best leaders invariably tend toward an intense concern for both people and work. In fact, Bernadin and Alvares point out "a 9,9 orientation applied to the organisation as a whole will foster a kind of corporate Darwinism". Though the grid programme is popular among practitioners, it is highly controversial among the theorists and researchers because of its lack of empirical evidence.

Situational Theories

Leadership is a complex social and interpersonal process; and to understand it fully we need to see the situation in which a leader operates. The situational theme of leadership is highly fascinating, but is certainly a challenging orientation to implement. An effective leader must be flexible enough to adapt to the differences among subordinates and situations. Leadership effectiveness depends upon the fit between personality, task, power, attitudes and perceptions. On the lines of this new and sophisticated conception, some elegant theories have been developed. Let us examine two such theories in this section: Fiedler's contingency model and House's path goal model

(a) Fiedler's Contingency Model

Fiedler's contingency model is one of the most serious and elaborate situational theories in leadership literature. Fiedler is probably the first researcher who recognised the need for a broader explanation of leadership phenomena anchored on situational variables. Fiedler's model is called a 'contingency' model because the leader's effectiveness is partially contingent upon three major situational variables.

- **Leader–member relations:** It refers to the degree of confidence, trust and respect followers have in the leader. It indicates the degree to which group members like the leader and are willing to accept the leader's behaviour, as an influence on them. If followers are willing to follow because of charisma, expertise, competence or mutual respect, the leader has little need to depend on task structure or position power. If, on the other hand, the leader is not trusted and is viewed negatively by followers, the situation is considered less favourable.
- **Task structure:** It measures the extent to which the task performed by subordinates is routine or non-routine. Task structure refers to the degree to which the task requirements are clearly defined, (clarity of goals) the correctness of a decision can be easily verified (verifiability of decisions made) and there are alternative solutions to task problems (multiplicity of options to solve problems). In other words, task structure refers to how routine and predictable the work group's task is.
- **Leader position power:** The most obvious manner in which the leader secures power is by accepting and performing the leadership role. Position power in the contingency model refers to the power inherent in the leader's organisational position. It refers to the degree to which the leader has at his disposal various rewards and sanctions, his authority over group's members, and the degree to which this authority is supported by the organisation.
- **Favourableness of the situation:** Thus, depending on the 'high' and low' categories of these situational variables, Fiedler developed eight possible combinations ranging from highly favourable to unfavourable situations.

Fiedler's Classification of Situational Favourableness

Leader-member Relations	Good				Poor			
Task Structure	High		Low		High		Low	
Leader Position Power Situations	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
	I	II	III	IV	V	VI	VII	VIII

Very Favourable → Very Unfavourable

Fig. 4.8 Fiedler's Findings on How Leader Effectiveness Varies with the Situation

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A favourable situation is where the leader-member relations are good, the task is highly structured and the leader has enormous power to exert influence on the subordinates. The first cell in the table is identified with this high degree of favourableness. At the other extreme, an unfavourable situation is where the leader's power is weak, relations with members are poor and the task is unstructured and unpredictable. The last cell represents this situation. Between these two extremes lies the situation of intermediate difficulty. Fiedler states that a permissive, relationship-oriented style is best when the situation is moderately favourable or moderately unfavourable. When the situation is highly favourable or highly unfavourable a task-oriented style produces the desired performance.

Leadership Style

The fundamental question remains as to what type of leadership style is to be exercised by the leader in these situations? To determine the style of leadership (to answer this question) Fiedler has introduced a scale called LPC (esteem for Least Preferred Co-worker.) LPC is a set of sixteen adjective pairs and is quite often referred to as the 'heart' of his research programme. Leaders are asked to think of a person with whom he has worked least well. They are then asked to describe this person on a series of bipolar objective scales as shown below.

Friendly	8	7	6	5	4	3	2	1	Unfriendly
Enthusiastic	8	7	6	5	4	3	2	1	Unenthusiastic
Cooperative	8	7	6	5	4	3	2	1	Uncooperative
Helpful	8	7	6	5	4	3	2	1	Frustrating
Interesting	8	7	6	5	4	3	2	1	Boring
Distant	8	7	6	5	4	3	2	1	Close

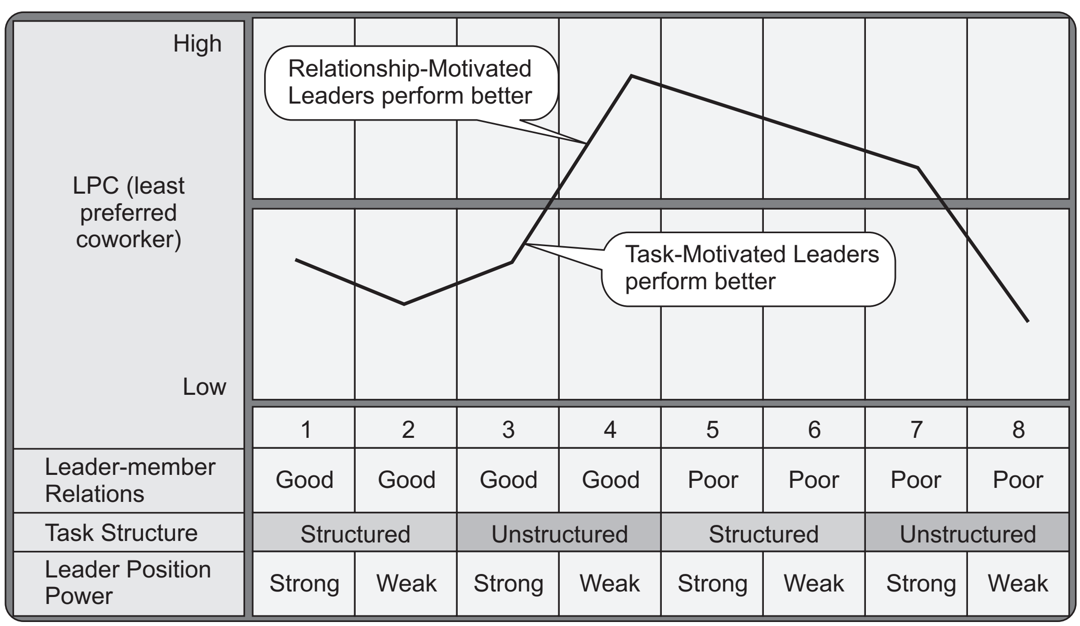

Fig. 4.9 Fiedler's Findings on How Leader Effectiveness Varies with, the Situation

In this bipolar scale '8' represents the most favourable perception of one's least preferred co-worker and '1' the reverse. The leader's responses so measured are then totalled and arranged. Fiedler interprets LPC score to be an index of motivational hierarchy or of behavioural preferences. A leader with high LPC sees good points in the least preferred co-workers and has his preference the desire to be 'related'. The leader seeks to have strong emotional and affective ties with others. According to Fiedler, a high LPC score represents that the leader has human-relations-orientation and low LPC score indicates a task-orientation. What does this ultimately indicate? It means that leaders who rate their least preferred co-worker in a favourable light derive satisfaction through interpersonal relations. On the other hand, the leaders who rate their co-workers in a relatively unfavourable light are bound to get satisfaction out of successful performance. Thus, the functionality of the Fiedler's model hinges on the socio-metric acceptability of the leader and the measurement of perceived psychological distance (how distant do followers feel they are from leader) between leaders and followers.

Situational Factors Determining Leader Effectiveness

Having identified the situational factors and determined LPC score, Fiedler proceeded to see how the situational variables interact with leadership style to determine leader effectiveness. This is presented in a comprehensive diagram (see Figure 4.9).

Horizontal axis in the diagram is represented by situational variables and the vertical axis by the correlation between the leader's LPC score and group performance. A point above the middle line shows that the relationship oriented leaders (high LPC leaders) tended to perform effectively than the task oriented leaders (low LPC leaders). Further, correlation below the line signifies the fact that the task-oriented leaders perform better than the relationship oriented leaders.

1. Task-oriented leaders perform best at the extremes (where the control and influence they can exercise is very low or very high).
2. People centred leaders perform best in situations that are moderate (where the leader's influence and control is neither very high nor very low).

Implications of the Model

What are the implications of Fiedler's model for improving organisational effectiveness? Fiedler and his associates maintain that there is no single successful style of leadership. The most appropriate, leadership style depends upon the situation faced by the leader. Persons performing miserably in one situation may turn out excellent performance in other situations. The situation, in turn, is a function of the leader's relationship with the group, the task structure and the leader's position power. To improve organisational performance, it is highly essential to identify the situation in which specific leadership style would be most appropriate. Leader's performance depends on personality and situational favourableness.

Based on the contingency model, Fiedler developed the 'leader match' training programme to improve leader effectiveness. The basic assumption of the leader match is that the leader's situation is usually much easier to change than the fundamental style. Fiedler believed that it is an extremely difficult task to change leadership styles through training programmes. This is probably due to the fact that leadership style is more than a passing attitude; it is a deeply ingrained and closely held attitude which would respond only to intensive training efforts that are rarely available in the organisation. Moreover, organisations cannot afford expensive selection techniques to find able leaders that fit job specifications.

The question remains as to what is the alternative? The most feasible alternative, in Fiedler's view, is to "engineer the job to fit the manager". This involves a three-step process: Determine whether leaders are task or relationship-oriented; Classify the situational factors of leadership positions; and Select the appropriate strategy to bring about improved effectiveness.

Criticism

Contingency model is not a bed of roses. It is criticised on the following grounds:

1. First of all, LPC as a measuring rod of leadership style is subject to serious criticism. LPC is a confusing concept. According to Fiedler, low score on LPC reflects a task-oriented approach and high score reflects a relationship-oriented approach. But a number of studies in which a leader's style on LPC scale were compared with the 'Consideration and Initiating Structure' scale of the LBDQ do not support this sort of relationship." Moreover, the reliability of the LPC scale is also open to question. For instance, in one study it has been found that the same person may obtain different LPC scores on different days.
2. Fiedler's model is criticised on the ground that it is unidimensional. He suggests that leaders can be either task-oriented or relationship-oriented, as the situation demands. Further, some researchers contend that Fiedler shapes his theory to fit known results.
3. Contingency model lacks a theoretical orientation. Since it has been developed from research data rather than from theoretical framework, it has predictive power, but lacks explanatory power. It thus becomes less of a theory and more of an empirical generalisation. Fiedler could not explain why one particular leadership trait is more desirable than others in a particular situation. Fiedler, further more, could not explain why the same style is appropriate and work equally well in both favourable and unfavourable situation.
4. There are some fundamental deficiencies in the model as pointed out by some researchers, of course, including the Fiedler himself. For example, a situation of high position power in one study might be considered to be one of low position power in another study.
5. The favourableness of a work situation is defined in terms of three variables: the quality of leader-member relations, the extent to which the task is structured, and the extent of leader's position power. Of these three factors, according to Fiedler, leader member relations is the most important variable followed by task structure and position power. But some researchers have found that of all the three, task structure is the only important situational factor.
6. Further, Fiedler considers only some situational variables. However, researchers have pointed out a number of other situational modifiers affecting the leadership

style and subordinate performance. These include subordinates' expectations of leader behaviour, congruence of leadership styles among organisational levels, and the ability of the leader to influence his superior.

7. The model is highly complex and the procedures and statistical analysis that support the validity of the model are both brainstorming and frightening. Further, some behavioural scientists criticised the use of small samples in his research. Of course, Fiedler's colleagues in a follow-up study have made use of large samples and appropriate situational tests.
8. Finally, some criticism is also invited from the application of his model to actual practice of human resource management. Fiedler suggests that management would be better off to engineer positions so that the environment fits the leader instead of the traditional way of selecting the leaders to fit into the existing jobs. He contends that change in the job is preferable to change in the leadership style. But it is very difficult to change the situation to fit the leadership style.

In spite of these criticisms Fiedler's contingency theory has proved to be an important addition to the paradigm of leadership research and literature. Its success may be because of two reasons—(i) it conveniently accommodates a number of personal and situational factors in the study of the leadership, and (ii) it operationalises the model into a set of actions that can be used to improve one's leadership effectiveness.

Contribution

Even critics of contingency theory ungrudgingly accept that Fiedler's theory has made a promising breakthrough in leadership research. In spite of its complexity, there can be little doubt that the contingency model has already had major impact upon the knowledge of leadership and leader effectiveness. The model is and will probably remain a rich source of new ideas, propositions, and hypothesis about leadership style and effectiveness. It has set an important precedent for the mushrooming growth of contingency models, not only for leadership but for management concepts as well.

(b) Path Goal Theory

According to the Path goal theory, proposed by R. J. House, leaders should motivate subordinates by clarifying the path to personal rewards that result from attaining work goals. The path is clarified by eliminating confusion or conflicting ideas that the subordinate may hold. The leader should also increase the number and kinds of rewards available to subordinates. He should provide guidance and counsel to clarify the way in which there rewards can be obtained. In other words, it is the manager's task to provide the subordinate with a better fix on the job, to help clarify realistic expectancies and reduce barriers to the accomplishment of valued goals.

Leaders should, in a nutshell, (i) clear paths, (ii) clarify goals, (iii) provide support, (iv) provide rewards. And (v) analyze the situation, task and employee's needs.

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Path Goal Theory: Brief Description

- It is about how leaders motivate followers to accomplish designated goals
- The stated goal of leadership is to enhance employee performance and employee satisfaction by focusing on employee motivation
- Emphasizes the relationship between the leader's style and characteristics of the followers and the work setting
- The leader must use a style that best meets the followers motivational needs

Styles of Behaviour

Leaders can perform these strategic functions, according to the path goal model, by adopting the following styles of behaviour:

(*a*) **Supportive:** Leader is friendly and approachable to the employees; shows concern for status, well-being and needs of the employees, treats them as his equals. This is similar to what Ohio State researchers labelled 'consideration'.

(*b*) **Directive:** Leader here focuses on planning, organising, and coordinating the activities of subordinates. He defines the standards of performance, lets subordinates know as to what is expected of them. It is similar to the Ohio State researchers' 'initiating structure'.

(*c*) **Participative:** Leader here consults the employees, solicits their suggestions, incorporates the good decisions.

(*d*) **Achievement-oriented:** Leader adopting this style sets challenging goals; expects the employees to perform at their best, he continuously seeks increments in their performance etc.

The Situational Factors

The specific leadership style, according to House, that works unquestionably best, is determined by two types of situational variables:

- **Characteristics of subordinates:** The style selected by the leader should be compatible with the abilities, needs and personalities of the followers. If the followers are high in their ability, a supportive style would suffice; if they have low ability then a highly structured and directive type of style is necessary. Subordinates with high needs for affiliation will be satisfied with a considerate leader. But subordinates with a high need for achievement will probably prefer a task-oriented leader. Again, the personality of the subordinates is an important contingency variable in the path goal model. Internally-oriented employees, (internals) who believe they can control their own behaviour, prefer leaders who demonstrate more supportive behaviour. On the other hand, externally-oriented (externals) employees who believe that fate controls their behaviour prefer the directive leadership.

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Path Goal Theory: Leadership Styles/Situational Factors		
Leadership Style	**Subordinate**	**Environment**
Directive	• Want Authority Leadership • External Locus of control • Low ability	• Complex or ambiguous task • Strong formal authority • Good work group
Supportive	• Do not want Authority Leadership • Internal Locus of control • Internal Locus of control	• Simple or structured task • Weak formal authority • No good work group
Participative	• Want to be involved • Internal locus of control • High ability	• Complex or ambiguous task • Strong or weak formal authority • Good or no good group
Achievement Oriented	• Want authority leadership • External locus of control • High ability	• Simple or structured task • Strong formal authority • Good or no good work group

- **Work environment:** The environmental variables include factors which are not within the control of the subordinate but which are significant to satisfaction or to the ability to perform effectively. These include the subordinates' tasks, formal authority system of the organisation and the primary work group.

Any of the environmental factors can motivate or constrain the subordinate. For example, the subordinate could be motivated by the work group and gain satisfaction from co-worker's acceptance for sitting through the job according to the group norms. House asserts that if the subordinates are working on highly unstructured jobs characterized by high degree of ambiguity in roles, leader directiveness is necessary. In other words, when the task is unstructured, worker feels that his path to satisfaction is bumpy and prefers to be directed. Conversely, if the employees are working on structured and well defined tasks, leader directiveness is redundant and a supportive style will do.

The path goal proposes that leader behaviour will be motivational to the extent that it assists subordinates cope with environmental uncertainties. A leader who is able to reduce the uncertainties of the job is considered to be a motivator because he increases the subordinate's expectations that their efforts will lead to desirable rewards. The degree to which the subordinate sees certain job behaviours as leading to various rewards and the desirability of these rewards to the individual (preference) largely determine job satisfaction and performance. The path goal model compels the leader to consider the individual subordinates as well as the situation.

Evaluation

1. **Complicated:** It is a complicated situational theory. Empirical testing becomes difficult because of methodological complexities.

2. **Negligible support:** The path-goal theory is currently in the state of infancy, backed by a relatively little research (and so is too early to make any substantive assessment). Some researchers report that workers on highly structured tasks have high job satisfaction when their leader uses a supportive style. Conversely, workers on highly unstructured tasks are more productive when the leader uses a directive style but do not necessarily report more satisfaction. Some researchers find the entire theory to be sketchy in nature, requiring further refinement. Research by scientists like Weed, Mitchel etc., do not conform some of the findings of House.
3. **Post Hoc theory:** Another serious limitation is that the Path Goal theory is a Post Hoc theory in the sense that some of the research evidence supporting the theory was also used to construct it.
4. **Incomplete picture:** The Path Goal theory is incomplete, in the sense that it does not explain the effects of leader behaviour on factors other than subordinates' acceptance, satisfaction and expectation. Rather, it provides a tentative explanation of the leadership style. Again the model does not consider the effects of personnel traits that may constrain the selection of leader behaviour. Another limitation is the assumption that leaders can change their behaviours to various leadership situations.

Despite these negative opinions, House's model is appreciated on the ground that it not only attempts to suggest what type of leader may be effective in a given situation but also attempts to explain why the leader is effective. The path-goal theory is somewhat more elaborate than Fiedler's, whose intuitive basis is not entirely clear, in that it takes into account the personality characteristics of subordinates as well as situational factors. It may also be noted that the strength of the path-goal theory is the limitation of Fiedler's contingency model and, vice versa. It is definitely a viable approach when task oriented variables such as role ambiguity, task autonomy and task uncertainty are confronted by followers and leaders. Further the path-goal theory provides a heuristic framework for the new researchers in the field.

4.8 INTRODUCTION

Power is the potential ability to influence the behaviour of others. It is the ability to make things happen or get things done the way you want. **Influence** is a behavioural response to the exercise of power. It is an outcome achieved through the use of power. People are "Influenced" when they act in ways consistent with the desires of someone else. If a person can convince another person to change his or her opinion on some issue (say let us vote for the Union enjoying the support of management) to engage in or refrain from some behaviour (let us award contracts to dependable friends/relatives who promise lucrative commission), or to view circumstances in a certain way, that person has exercised influence—and used power. Influence, it is interesting to note, has a positive connotation, suggesting that the individual who have been influenced have gone along somewhat willingly. Managers use power to achieve influence over the people in the work setting. Control is the ultimate form of influence wherein acceptable behaviour is specified and individuals or groups are prevented from behaving otherwise. For example, internal accounting procedures are designed to control financial transactions and prevent employee theft. Locked gates, hidden cameras, and other physical security devices are designed to control the flow of merchandise and prevent shoplifting.

Concept of Power

'Power' refers to the potential or ability to influence decisions and control resources. Precisely stated, it is "the capacity that A has to influence the behaviour of B, so B does something he would not otherwise do" (Robbins). This definition highlights the following points.

- *Potential:* A potential that need not be actualized to be effective: One can have power without actually using it. For example, a football coach has the power to bench a player who is not performing up to par. The coach seldom has to use this power because players recognize that the power exists and work hard to keep their starting positions.
- *Dependency:* A dependency relationship: The greater B's dependence on A, the greater is A's power in the relationship. A person can have power over you only if he controls something you desire.
- *Discretion:* The assumption that B has some discretion over his own behaviour: Usually job descriptions, group norms, organisational rules and regulations constrain the choices of employees. As a worker, you may be dependent on your supervisor for continued employment. But, in spite of this dependence, you may not join hands with the supervisor in stealing store items or petty cash.
- *Specific:* Another feature of power is that it is specific. It is specific in the sense that it can be exercised by some people, that too, in some circumstances. Power can not be exercised by all people all times. The domain of power, i.e., the extent to which one has power over wide range of issues, however, is different for different people.
- *Reciprocal:* Power relationships, moreover, in an organisation are essentially reciprocal in nature. It is based on the two-way concept of influencing others and getting influenced in the process. Power is somewhat *elastic* in nature. People who are habituated to exercise power, tend to acquire more power and expand it.

Power vs. Authority

Authority is the formal power that a person has because of the position he holds in the organisation. Persons in higher positions have legal authority over subordinates in lower positions. The person at the top, thus, enjoys a legal right to exercise authority over subordinates. Of course, such an officially sanctioned privilege may or may not get the results. One may alternatively possess authority but have no power, possess no authority yet have power, or possess both authority and power. The first situation, authority but no power, occurred toward the very end of the Vietnam war when American soldiers refused to follow their officers into battle. Power but no authority can occur, for example, when employees respond to the wishes of the supervisor's spouse. Finally, a manager who gets employees to work hard on an important project has both authority and power. The essential differences between 'Power' and 'Authority' have been summarized through the table below.

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Differences between Power and Authority

	Power	Authority
1.	*Ability*. Power is the ability of an individual to affect and influence others.	*Right*. Authority is the right to command and extract work from employees.
2.	*Leadership*. Power is generally associated with leadership.	*Managership*. Authority is vested with manager.
3.	*Board*. Power is a broader concept and includes authority also in some sense. Authority is nothing but institutionalised power.	*Narrow*. Authority is a narrow concept. A manager may have considerable authority but still may be powerless.
4.	*Two faces*. Power has two faces. Negative and positive. Personal domination at the expense of others is negative; socialised power is a praiseworthy positive face.	*Congruence*. We cannot make such markedly distinct faces of authority. And such distinction becomes ridiculous with regard to authority.
5.	*Personal*. Power is a personal quality.	*Positional*. Authority is mostly vested in the position. Legitimate power is similar to authority.

Authority, Power and Influence

Influence is an all-inclusive concept that covers both authority and power. It covers any means by which behavioural change is induced in individuals or groups. Influence process is multi directional and includes a spectrum of ways–such as emulation, suggestion, persuasion, and coercion—to affect behaviour. Thus, a manager can influence through authority, power or both. Like power, influence does not rely upon formal position or sanctions in obtaining the agreement. The influence has the power of choice with freedom to accept or reject. A Corporate President may or may not accept the advice of legal advisors while waging a legal battle. But in most cases the commonsense point 'knowledge is power' prevails and he is likely to be influenced. Subordinates can, at times, influence their superiors if they have the 'authority of knowledge'. Location also can have a bearing on the ability to influence behaviour. For example, the personal assistant to Principal in spite of being placed at a low level in the organizational ladder, may be wielding considerable influence due to proximity to an important position in the organization. The relationships between authority, power and influence can be explained through.

One of the fundamental jobs of managers, as pointed our earlier, at all levels is to provide their subordinates with equal authority and power. When authority is exercised by a manager through the act of issuing orders and command, the authority is intended to guide the effort of subordinates toward organizational goals. At times, these commands may not be accepted by the individuals. To exact obedience and secure compliance a manager has to exercise power and use other means (such as persuasion, suggestion, discussion or coercion) as shown in the figure.

Authority and Competence

Authority is frequently used to reveal professional competence. For instance, Peter F. Drucker is an authority on management discipline; Professor Abbot is an authority in orthopaedics; Professor Gopi Nath is an authority in open-heart surgery, etc. Here, authority is used to recognize the prominence and prestige a person has or acquired in a field. It is a special kind of tribute or acknowledgement that a person is professionally competent. Recognition of professional competence encourages us to accept the opinions of experts and 'we accept it as a tribute to eminence rather than as an obeisance to authority.' On the other hand, authority implies issuing of orders as well as the capacity to exact compliance. Submission is voluntary in competence whereas it is expected in authority. In other words, competence exerts influence; authority exacts obedience. The competence theory of authority is an excellent illustration of the acceptance theory.

Authority and Leadership

Authority relationship is one of super-ordination and subordination; whereas leadership relation is that of dominance and submission. Leadership is primarily a function of influence; whereas authority is a function of power. In a leadership relation, the person is basic; in an authority relation the person is merely a symbol. A person who is performing leadership function is basic, whereas a person exercising authority is merely a symbol. With a change in person, leadership changes whereas authority will not change with change in the manager. It is because authority is positional in contrast to leadership which is personal.

Authority and Responsibility

People usually speak of authority and responsibility linking the words in that order (as though authority came first). But the sequence is the other way round i.e. the individual is given a responsibility for achieving certain specified objectives first, and then he is given authority in a right measure to achieve them. In other words, responsibility is the task to be done and authority is the tool needed to perform the task. It should be noted that authority must be carefully tailored to fit the responsibilities involved. Failure to strike a happy balance between the two may be frustrating to superiors and subordinates as well.

Sources of Power

The important sources of Power may be listed thus:

- ***Legitimate Power:*** It refers to the lawful right to make a decision and expect compliance from subordinates. It is the power that a manager enjoys by virtue of his position in an organization. People at the higher levels in the organization have more power than do people below them.
- ***Reward Power:*** The authority to give employees rewards—such as pay raises, bonuses, promotions etc—for compliance is referred to as reward power. If a Divisional Manager can directly reward sales people with cash bonuses for achieving sales targets, this manager will exert considerable power.
- ***Coercive Power:*** It refers to the power to punish for noncompliance. It is based on fear. Coercive power is associated with the ability to assign distasteful tasks, withhold promotions, harass subordinates by not rewarding performance suitably, etc. Managers threaten the employees, when exercising this kind of coercive power, with the job-related punishments such as dismissal, demotion, reprimand, transfer, and discourage low performance, etc. Coercive power, if used properly, can lead to strong leadership. If punishments are inflicted indiscriminately several dysfunctional consequences will automatically follow viz., damaging leader-member relations, frustration of the punished people, irreparable damage to the organisational set up, etc. The punished person may be totally frustrated that he retaliates by aggressive and violent responses which may prove to be very costly for the organisation in the end.
- ***Information Power:*** A manager's access to important information and control over its distribution, often, help him influence the behaviour of subordinates. The greater a manager's access to and control over information, the greater is his or her information power. A sales manager who controls the leads from customer inquiries holds considerable power.
- ***Personal Power:*** All the bases of power referred to above—legitimate power, reward power, coercive power and information power—stem from a person's position in an organization. There are three more sources of power that are associated with the characteristics or behaviours of the power actor. The sources personal power (because they are derived from the person and not the organization) may be discussed thus:
  - ***Expert power:*** It is the ability to influence others through specialized knowledge, skills or abilities. Three conditions are essential to maintain expert power. Firstly, the experts must possess expertise that is perceived as relevant and competent. Those experts who become obsolete lose their expert power as well. Secondly, the organisation continues to need the expert's knowledge and skills. . The expert power of many accountants and lawyers, basically, stems from complex laws and tax regulations. If these laws get simpler or disappear altogether, the expertise of accountants and lawyers would suddenly become unnecessary. Finally, individuals who are exerting expert power must prevent other experts from replacing them. In short, expert power can be maintained only if there is a critical need for the skills and knowledge of the expert that cannot be conveniently obtained elsewhere.

- ***Referent power:*** Many individuals identify with and are influenced by a person because of the latter's personality or behavioural style. The charisma of the person is the basis of referent power. It comes through the identification of a subordinate with a superior who stands apart by virtue of his unique personality characteristics. In this sense, referent power is similar to the concept of charisma in that it often involves trust, similarity, acceptance, affection, willingness to follow and emotional involvement.
- ***Connection power:*** It refers to the user's relationship with influential people. The user here depends upon the use of contacts or friends who can influence the targeted person. The right contacts and connections ensure power to the user or at least the perception of power. If people perceive that you are close to the Chief Minister they are ready to oblige any request from you. Connection power is derived through networking (means developing connections). To enhance your connection power, you need to expand your network of connections with important people who wield power.

Influence Tactics in the Workplace

While there are a multitude of means to influence the recipient they can be classified into the following categories

1. *Consultation.* Seeking someone's participation in a decision or change.
2. *Rational persuasion.* Trying to convince someone by relying on a detailed plan, supporting, information, reasoning, or logic. Much of what a supervisor does day to day involves rational persuasion up, down and across the organization.
3. *Inspirational appeals.* Appealing to someone's emotions, values, or ideals to generate enthusiasm and confidence.
4. *Ingratiating tactics.* Making someone feel important or good before making a request; acting humble or friendly before making a request.
5. *Coalition tactics.* Seeking the aid of others to persuade someone to agree, Coalitions are often built around issues of common interest. To build a coalition, individuals negotiate trade offs (I give you something; you give me something) to arrive at a common position.
6. *Pressure tactics.* Relying on intimidation, demands, or threat to gain compliance or support.
7. *Upward appeals.* Obtaining formal or informal support of higher management.
8. *Exchange tactics.* Offering an exchange of favours; reminding someone of a past favour; offering to make a personal sacrifice.

Kanter after studying twenty-six organisations, concluded that successful managers are able to use all the influence methods. The choice of methods is constrained by the power holder's base of power. Methods based on formal authority are not usable unless the appropriate authority is granted. Giving or withholding information is not possible unless the power holder has control of the information. Indirect influence is difficult if one has no network of contacts or no control over structural aspects concerning the recipient. Moreover, the choice of methods is situationally dependent.

There are numerous means of course, by which a manager may obtain more power. Among the most common are given below.

Strategies to Acquire more Power

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- *Networking:* Networking is the cultivating of relationships with the right people for the purpose of obtaining power. Regular interaction with upper-level managers at the golf club may enhance the personal power of a lower-level manager in the company. Influential peers and competent subordinates can enhance an individual's personal power, thereby facilitating the person's ability to perform.
- *Coalescing:* Coalescing is the process of individuals or groups combining their resources to pursue common objectives. Trade union leaders and members have long recognised the value of coalescing. "If I don't get a raise, I'll quit" will provoke little or no action on the part of management unless all the workers sing in the same tune. By coalescing, the groups have considerably more influence with management.
- *Co-opting:* This is a method of increasing power and creating alliances in which individuals or groups whose support is required are absorbed into another group. It may be a good idea to invite X who has reservations about a project, to be part of the project group. If X accepts the invitation, the resistance, will be neutralized.
- *Accepting (The right projects):* Individuals can obtain power in organisations by engaging in activities that are highly visible, extraordinary and related to accomplishing organisational objectives (Kanter).

In order to maximize their effectiveness, all managers must first obtain a reasonable power base.

Organisational Politics: The Use of Power

Political behaviour is a general way of getting and using power for personal gain. One is able to exhibit political behaviour through the intelligent use of political skills. Political skill refers to the ability to effectively understand others at work and use that knowledge to influence others in ways that enhance personal and/or organizational objectives. **Organizational Politics** may be defined as those activities engaged in by people in order to acquire, enhance and employ power and other resources to achieve preferred outcomes in organisational setting characterized by disagreement or uncertainty about choices (Pfeffer). Broadly speaking, organizational politics can be seen as actions by individuals that are directed toward the goal of furthering their own self interests. Keeping this in the background, let us examine the concept more closely thus:

(*a*) *Not officially blessed:* Political behaviour is usually outside one's specific job requirements. However, there are two dimensions in political behaviour. Legitimate political behaviour which is a part of organisational life such as complaining to your boss, forming coalitions, opposing organisational rules and policies, bypassing the official chain of command, developing professional contacts with outside groups. The other side of political behaviour more dangerously goes beyond the rule book and consists of extreme activities such as sabotage, whistle-blowing, wearing unorthodox dress, etc. Most political actions fall in the first category. The illegitimate forms of political behaviour often put the errant member at the receiving end (loss of organisational membership, or promotions, bonuses, etc.).

(*b*) *Self-serving:* Political behaviour is self-serving in nature. It is designed to benefit an individual or subunit often at the expense of the organisation in general.

(*c*) *Intentional:* Political behaviour is intentional and is designed to acquire and maintain power. Individuals and groups engage in political behaviour knowing fully well that such behaviour is meant to further their respective goals.

(*d*) *Not rational:* Politics is also concerned with the distribution of advantages and disadvantages within the organisation in an irrational way. Decisions are not made in a rational or formal way but rather through compromise, accommodation and bargaining. In the race to get ahead of others, people indulge in several irrational acts such as withhold information, restrict output, build empires, politicise their success, hide their failures, distort performance figures, leak secrets to outsiders, exchange favours with others in the organization for mutual benefit etc.

Reasons for Political Behaviour

Politics is a fact of life in organisations. The reasons are fairly obvious (Robbins):

Scarce Resources: To improve efficiency, organisations have to effect reductions in resources, from time to time. Competitive pressures may also force organisations to tighten the belt every now and then. As a result, the scarce resources have to be reallocated on a priority basis carefully. Threatened with loss of resources, people engage in political actions to safeguard what they have.

Limited Opportunities: Not many opportunities for vertical growth exist in every organisation. Promotional avenues are very limited especially in an environment characterised by change and uncertainty. Everyone wants to get ahead leaving others behind in the race. Such unhealthy competitive situations result in increased politicking.

Lack of Trust: Where the organisational climate is marked by mistrust and suspicion, people tend to rush ahead of the pack. They feel that honesty does not pay and sincerity will not work. They do not believe in equity, justice and fair play and hence try their level best to push others to a corner in an unfair manner.

Role Ambiguity: Where role descriptions are not clear, people overstep their authority, jurisdictional limits, and come in the way of others. The greater the role ambiguity, the more one can engage in subtle political activity.

Performance Evaluation: Performance appraisals often put employees in a spot. The subjective criteria set by the manager may defy logic and lead to greater ambiguity. If performance is evaluated on a single outcome measure, everyone would do whatever is required to look good on that measure often causing serious heart burn to others.

Delay in Feedback: There is, generally, time lag in the feedback. The lag is so long that by the time an individual's actions are compared with outcomes, he is likely to move to different positions in the organization. People are moved, frequently, to another position or other positions before their contribution in the current job is actually assessed and fully appraised. By this they are sometimes forced to emphasize only visible actions, i.e. psuedo-performance, and get promotions by eye-wash tactics.

Pressure to Perform well: Tight schedules, strict deadlines and ambitious targets often compel people to give their best and stay ahead in the race. The more pressure that employees feel to perform well, the more likely they rush to politicking. Also, accountability for results compels people to do everything and anything to look good.

Employee's Participation in Decision-making: Decentralization has made the present day organization autocratic. Power-hungry managers find it hard to share their power with employees and in order to retain their power and establish their supremacy, they constantly try to engage in maneuvering and manipulating. Sometimes, an employee outclasses the manager by rendering valuable suggestions in decision making and an intolerable manager resorts to politics and might discard the decision by saying that it is at the cost of company's welfare.

Politicking by Top Management: Politically active people often grab attention and get rewarded too. Unable to control such politically active people, top management may offer carrots temporarily (to put an end to the nuisance). This has an unhealthy influence on others' thinking. Subordinates try to adopt such tactics in an attempt to grab a superior position quickly.

Individual Factors: Individuals who are high self monitors (sensitive to social cues and demands) possess an internal locus of control (they believe that they can control their own destiny) and have a high need for power, are more likely to engage in political behaviour.

Political Strategies and Tactics to Acquire Power

Various political strategies are pursued by individuals with a view to enhance their image and gain respect from others. Successful political behaviour involves keeping people happy, cultivating contacts and wheeling and dealing. Some commonly employed political strategies are given below: (Dubrin)

- *Forming Alliances:* Maintain alliances with powerful people, especially those who are close to the most powerful person in the organisation.
- *Selective use of Information:* Control the flow of important pieces of information to suit personal ends. Includes withholding unfavourable information from superiors, keeping useful information from competitors, interpreting information in a way that is favourable to oneself.
- *Scapegoating:* Ensuring that someone else is blamed for a failure. Skillful politicians make sure that they will not be blamed when something goes wrong and they will get credit when something goes right.
- *Image Building:* Skilled politicians know the importance of being viewed positively and go out of their way to create positive images of themselves. Includes dressing appropriately, highlighting one's successes, being enthusiastic about the organisation, adhering to group norms, etc. Also, they always try to present a conservative image of themselves. It can be disadvantageous to be seen as too radical an agent of change.

- *Networking:* Ensuring that one has many friends in positions of influence. Skillful politicians extend favours to cultivate rewarding relationships with others. They praise people and avoid critical, negative remarks about others. They are generally very cordial in their interpersonal dealings.
- *Compromise:* Giving in on an important issue in order to gain an ally who will be on your side when an issue of importance to you arises at a later date.
- *Rule Manipulation:* Refusing an opponent's request on the grounds that it is against company policy but granting an identical request from an ally on grounds that it is a 'special occasion.'
- *Fabianism:* Avoiding decisive engagement. This means going slow and easy—an evolutionary rather than a revolutionary approach to change. By not 'ruffling feathers', the power seeker can slowly but steadily become entrenched and gain the cooperation and trust of others.
- *One Step at a Time:* Skillful politicians take one step at a time instead of pushing whole project or reorganisation attempt at a time. One small step can be a foothold that the power seeker can use as a basis to get other, more important things accomplished.
- *Persuasion:* Another tactic is persuasion which relies on both emotion and logic. An operations manager wanting to construct a new plant on a certain site might persuade others to support his goal on grounds that are subjective and logical (land is cheap, tax concessions are great) as well as subjective and personal.

Managing Political Behaviour

Political behaviour, by its very nature, defies logical thinking and systematic handling. But managers can prevent excessive damage to organisational performance by initiating certain steps:

- *Define Job Duties Clearly:* It is better to define job duties to recognise individual contributions. This helps employees know what they are expected to do and provides a criterion for evaluation. As a result, they are less prone to use politics as a means to gain recognition.
- *Design Jobs Properly:* For another thing, design jobs to stimulate excitement and enthusiasm. If employees are busy and focus attention on getting things done, they may not have time for gossip and office politics.
- *Demonstrate Proper Behaviours:* The leader should set an example by not encouraging gossip. Better not to rely on reports from 'Yes-men' alone, and act hurriedly on inaccurate and one-sided information. Managers should avoid covert activities. Behind the scene activities give the impression of political intent even if none really exists.
- *Promote Understanding:* Discuss issues clearly, encourage divergent views, clarify doubts and present various options before the subordinates, every time an assignment is made. There is no use putting units and managers against each other, thus compelling people to engage in a permanent game of mutual recrimination and shifting of blame. The leader must encourage informal meets as well so as to gain a clear insight into what people feel about organisational activities. He should get disagreements out in the open so that subordinates will have less opportunity for political behaviour, using conflict for their own purposes.

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- *Allocate Resources Judiciously:* Set a justifiable criterion for allocation of scarce inputs, giving no room for political battles later on. 'Firmly established policies and guidelines are mandatory, but managers must be careful to apply them consistently.' Competitive approaches always encourage empire-building tendencies at the sub-unit level, leading to street battles if things go out of hand. In such a scenario, teamwork and cooperation among units will not develop. For example, 'manufacturing might be acquiring resources that could be better utilised to enhance a firm's marketing network. Ultimately, the overall effectiveness of the firm is likely to suffer.'

Manager's Rules for Winning at Office Politics

1. Find out what the boss expects.
2. Build an information network. Knowledge is power. Identity the people who have power and the extent and direction of it. Title doesn't necessarily reflect actual influence. Find out how the grapevine works. Develop good internal public relations for yourself.
3. Find a mentor. This is a trusted counsellor who can be honest with you and help train and guide you to improve your ability and effectiveness as a manager.
4. Do not make enemies without a very good reason.
5. Avoid cliques. Keep circulating in the office.
6. If you must fight, fight over something that is really worth it. Don't lose ground over minor matters or petty differences.
7. Gain power through allies. Build ties that bind. Create IOUs, obligations, and loyalties. Do not be afraid to enlist help from above.
8. Maintain control. Don't misuse your cohorts. Maintain the status and integrity of your allies.
9. Mobilize your forces when necessary. Don't commit your friends without their approval. Be a gracious winner when you do win.
10. Never hire a family member or a close friend.

Source: Adapted from David E. Hall, "Winning at Office Politics," *Credit & Financial Management*, 86 (April 1984)

4.9 IMPRESSION MANAGEMENT

Impression management is a direct, intentional effort by someone to enhance his or her image in the eyes of others. As research has indicated, a significant portion of our behaviour in organizations is motivated by the desire to be perceived by others in certain ways. Everyone routinely indulges in impression management to create a desirable impression. People make use of a variety of mechanisms in order to showcase their personality. Appearance is one of the first things people think of. A person motivated by impression management generally pays close attention to choice of attire, selection of language, and the use of manners and body posture. He may use flowery language and indulge in flattering others. Behind the extremely courteous, jovial and easy going face you never know, there might be a devil trying to conceal everything in order to achieve desired outcomes. The political influence tactics discussed above represent attempts at impression management only. For example consultation is used to project an image of X as being very democratic and participative. Ingratiation, likewise, may be used to project X as a nice, thoughtful and friendly individual. People indulge in impression management for a variety of reasons, apart from boosting their own self image. When you leave a good impression over others, you may receive praise, recognition and acquire a distinctive identity. You may receive rewards, challenging job assignments and even achieve vertical growth when you stand very tall in comparison to others. Impression management, again, may be a means to acquire more power and hence more control. Of course, there is nothing wrong with impression management as long as the intent is to project an honest picture of oneself in front of others. However, serious problems could arise when the person in question turns out to be a fake and is trying to make use of unethical, illegal and immoral means to gain superiority over others through impression management. For example a superior might try to steal the credit away from competent subordinates who might have come out with brilliant ideas—in order to grab media attention and secure organisational rewards. To enhance self image, people may exaggerate or falsify their own personal accomplishments. Therefore some people raise questions about the ethics of impression management, since it can be seen as unscrupulous or being done in bad faith. Those who use a purely tactical self-presentation are especially at risk for being seen as manipulative, since it's very hard to keep up a purely tactical persona all the time. If the person makes a slip and a very different "real" persona shows through, he can appear to be untrustworthy. The same is true of a company that says one thing to consumers, but is found to act differently out of the public eye. Some people may also feel uncomfortable withholding information from others or saying things that aren't true as part of their self-presentation. (for more details on this topic visit the site www.wisegeek.org). Despite this, almost everyone uses some type of impression management, so the process itself is generally seen as neutral, with the potential to be used positively or negatively. Many people pick certain methods that they feel comfortable with, and leave the others. For instance, a woman might wear make-up as part of her self-presentation, but wouldn't feel comfortable not telling the whole truth about why she was fired from a previous job.

Ethics, Power and Political Behaviour

To be effective, leaders need to present a positive image of themselves in front of others and conduct the show in an ethical and socially acceptable manner. The ethical means adopted by leaders in this regard may be broadly put into three categories: those strategies aimed at gaining power, those aimed at building positive relationships with others and those aimed at avoiding costly mistakes that could put a question mark over the fate of an organisation (A.J. Dubrin, *Leadership*, Biztantra, New Delhi, 2005)

- ***Strategies and tactics aimed at gaining power:*** As rightly pointed out by Tom Peters power is often abused, but it can be put to good use in order to benefit many people. For example cultivating friendly cooperative relationships with

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powerful organisational members and outsiders can make the leader's cause much easier in advance. Leaders need to be well informed about everything right from the word go. Successful leaders develop a pipeline to help them keep abreast, or ahead of development within the firm. Apart from controlling information, leaders need to keep track of communication lines as well. He must keep the lines of communication open so as to get to the root of problems and resolve knotty issues quickly, especially through key aides. To help legitimize their positions, at times, leaders may have to go that extra mile and bring in outside experts and seek an objective and candid assessment of where and when things have gone wrong and how performance improvements can take place. Quite often, delivering dramatic results would put leaders in the driver's seat and they begin to establish their credentials beyond doubt in the minds of internal as well as external groups. Another good tactic is to acknowledge help and support received from people who offered expert advice and lent support at various points of time.

- ***Strategies and tactics aimed at building relationships:*** To gain credibility and even popularity leaders need to develop nurturing relationships with people who matter most in an organization – such as superiors, subordinates, co-workers, customers and suppliers. Pleasant manners, courteous behaviours, quick remedial actions would go a long way in boosting the image of leaders – apart from impression management tactics (flattery, sending thank you note, pleasing behaviours, etc.) outlined above. They should not hesitate to seek advice and support from almost everyone in order to run the show in a decent way.
- ***Strategies and tactics aimed at avoiding political blunders:*** A good way of retaining power is to refrain from making power-eroding blunders. One should avoid the tendency to criticize anyone on public platforms. There should be respect for protocol. Hence, bypassing the boss is always a risky preposition. In the rush to get ahead of others, one should not lose sight of hierarchical boundaries set up in an organization. Turning down top management could prove to be disastrous especially when one shows rigidness in accepting assignments in certain locations. You need to put your foot in your mouth when dealing with influential people. If you happen to undertake anything with reckless ease — for various reasons — then do not hesitate to drop the apology letter to the boss.

Certain prohibitive tactics that come in the way of ethical and socially responsible behaviour have been well documents in books, journals and articles. For someone who wants to put up a good show, these are things that are certainly avoidable. The list of devious tactics is pretty long but the important ones may be catalogued thus:

- ***Backstabbing:*** Initiating a dialogue with a rival about the weaknesses of your boss is a backstabbing tactic. You pretend to be nice by opening a candid discussion, but the intent is to kill the image of the other person. Certainly avoidable at all costs.
- ***Embrace or demolish:*** Wounded rivals who pocketed your insults silently might retaliate at an opportune moment. So cut them short and show them the door. People who oppose a hostile takeover, for instance, are the ones who are made to lick the shoes of the bosses and subsequently thrown out of the organisation.

- ***Setting a person up for failure:*** Here the intent is to trap the other fellow to either fail outright or look ineffective and miserable.
- ***Divide and rule:*** The old military rule builds walls among people so that they fight among themselves and pave the way for the other person to gain control over the situation.
- ***Playing territorial games:*** Jurisdictional fights for space, resources, etc are self destructive and encourage people to have a 'tunnel vision'. In a collaborative setting, especially in an organization, such territorial animals turn greedy and compel others to join the bandwagon —often with disastrous consequences.
- ***Creating and then resolving a false catastrophe:*** The political player tries to present a bleak picture, says that everything is in a mess and starts the cleaning up process with a clear intent to become the super-hero.

When carried to an extreme level, organizational politics can hurt every member, result in wasted time and effort – thereby lowering productivity. Dysfunctional political behaviour is something that needs to be nipped in the bud. Being aware of the causes and types of political behaviour — as listed above — can help leaders deal with the problem. Setting good examples of nonpolitical behaviour is helpful, as is achieving goal congruence and threatening to publicly expose devious politicking. Hiring people with integrity and with a positive bent of mind and values is certainly a step in the right direction to put an end to unproductive political behaviour.

4.10 NATURE OF CONFLICT

Conflict arises from disagreement over the goals to attend all the method to use to accomplish them. In organisations conflict among different interest is inevitable and sometimes the amount of conflict is substantial.

Writer **D.H.Stamatis** in his book describe the nature of conflict: Conflict occurs when two or more parties in an organization have to interact to accomplish a task, make a decision, meet an objective, or solve a problem and the party's interest class. Secondly one party's actions cause negative reaction of the others and also parties who are unable to resolve controversy among themselves.

Productivity suffers as long as conflict remains unsolved. The party's in conflict influence co-workers, who begin to take sides or withdraw with the situations. In the end conflict adversely affects not only productivity but also working relationship.

These two definitions are different from each other and share a common buyer: That conflict is an able and has a negative impact on individuals and organisations. On the other hand there are two kinds of conflicts. Conflict that cost very little and that which cost a great deal. Both cause disruption in an organisation and loss of productivity. Low cost conflict in contrast may be considered constructive controversy and out of such controversy new ideas and improvement arise.

Fred luthans describe the nature of conflict as interactive behaviour that can occur and the individual, personal, group or organizational labour. It often results in conflict at each of this levels. Although such conflict as intra individual conflict is very closely related to stress.

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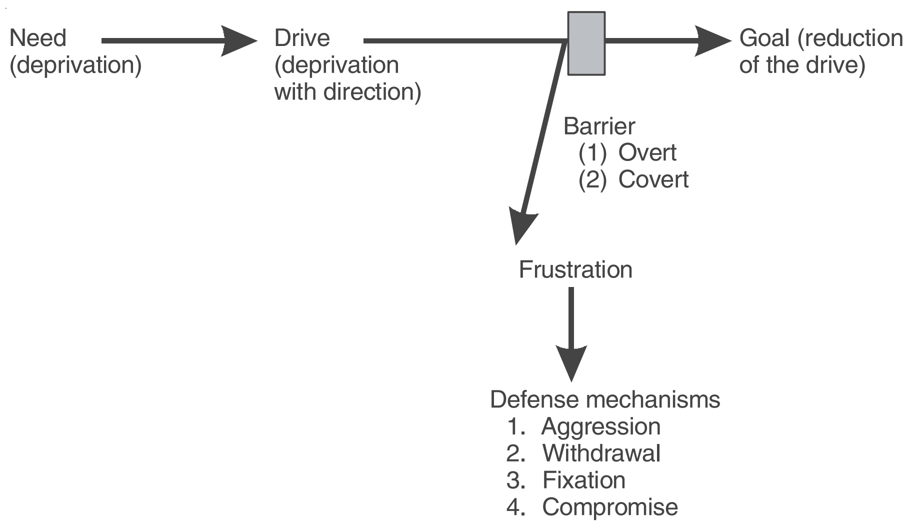
According to him conflict has been defined as the condition of inconsistencies between values or goals. Because deliberate behaviour coming in the way of goal achievement and in terms of hostility. Further conflict behaviour in terms of objective conflict of interest, personals styles, reaction to threats and cognitive distortions.

These intra individual conflicts steams from frustration, goal displacement and roles ambiguity. These conflicts are examining from the prospective of transitional analysis and the Johari Window.

4.11 CONFLICT DUE TO FRUSTRATION

Frustration occurs when a motivated drive is blocked before reaching a desired goal. The following figure illustrates what happened. The barriers may be either overt (outward or physical) or covert (inward or mental socio psychological). Frustration normally triggers defence mechanism in the person.

Aggression has come to be viewed as only one possible reaction.



Simple model of frustration

There are four broad category of mechanism: Aggression, withdrawal, fixation and compromise. One example reveals that a frustrated person from the low educational background has intense need for pride and dignity might have frustration, if his needs are not fulfilled the drive set up to alleviate the need and accomplish the goal would throw a person in a feet of frustration.

In most of the cases frustration leave a positive impact on individual performance and organisational goal.

Goal Conflict—Another common source of conflict for an individual is a goal which has both positive and negative feature or two or more competing the goal. But in frustration a single motive is brought before the goal is reached. In goal conflict two or more motives brought one another. There are three separate types of goal conflict:

1. *Approach-approach Conflict.* Where the individuals are motivated to approach two or more positive but mutually exclusive goals.

2. *Approach-avoidance Conflict.* Where the individual is motivated to approach a goal and at the same time is motivated to avoid it. The single goal contains both positive and negative characteristics for the individual.
3. *Avoidance-avoidance Conflict.* Where the individual is motivated to avoid two or more negative but mutually exclusive goals.

To varying degrees, each of these forms of goal conflict exists in the modern organization.

4.12 ROLE CONFLICT AND AMBIGUITY

Role Conflict and Ambiguity is closely related to the concept of norms. Role is defined as a position that has expectation evolving from establish norm. Most of the Role Conflict in an organization steam from expectation and demands of the person in the position. Generally we come across Role Conflict and Ambiguity in the position of a supervisor. His role is both a part of the management and one set of expectation of the role. This set of expectation is exclusively based on his values and attitude but as a supervisor, he is to keep link between management and workforce. Conflict arises because of this dual position, he holds in the organizational setting.

Role Conflict: The LESSER of Two Evils

Filly and **House** conclude after an extensive review of the research on organisational role conflict that it has undesirable consequences but may be the lesser of two evils. This conflict could easily be resolved by granting the final decision making authority. Filly and House also report that research indicates the extent of the undesirable effects from role conflict depends upon four measure variables:

1. Awareness of role conflicts
2. Awareness of conflicting job pressures
3. Ability to tolerate stress
4. General personality make up.

Conflict Resolution

Robert Blake and **Jane Mouton** have defined five methods of handling conflicts: avoidance, accommodation, competition, compromise, and collaboration.

- Avoidance is withdrawal from the conflict or failure to take a position on it. The employees involved make no attempt to understand or correct the cause of the conflict. The human resources manager, when asked to help resolve it, denies its existence.
- In accommodation, employees overlook their own concerns and allow the other employees involved in the conflict to obtain what is important to them. Differences are downplayed in the attempt to reach an agreement. The accommodating HR manager, concerned with a quick fix for the problem, rolls the issues together and decides what will be the best, most quickly achievable solution.

- In the competitive mode, a simple "win-lose" mentality prevails. Each employee strives to obtain his or her objectives, to win even at the expense of the other employee(s). The competitive HR manager called in to resolve a conflict, chosen an employee he or she believes should win and works to achieve a "victory" for that employee.
- Employees using the compromise method are willing to give up part of their own objectives in order to resolve the conflict. Compromising HR managers obtain concessions from each employee and guide the negotiations until a settlement is reached. This settlement may not fully satisfy either employee, but both agree that it is the best resolution for the conflict.
- During collaboration, a mutual problem is resolved. Each employee accepts the others' objectives and they work together to achieve the best outcome for both. During the collaboration process, trust and openness are required because attempts are made to identify and resolve concerns underlying the conflict. Trust and openness, in turn, are increased through the process. The HR manager involved in a collaboration works along with the employees to find the best possible solution.
- Before selecting a method of resolving a particular conflict, the HR manager must consider the nature of the conflict and the likely consequences of the solution.
- Again, keep in mind that successful conflict resolution always benefits the organization. In general, collaboration and accommodation are desirable methods because they promote employee cooperation and harmony.

But because such methods may be time-consuming and may produce results that are not entirely satisfying to any of the employees involved, these methods are inappropriate in some cases.

Like "confrontation" is a word with a bad reputation. It conjures up image of one person shouting at another telling another person that "this is the last straw" and stomping away. But confrontation is also a learned, step-by-step process or sequence of events that is used by two parties who are in conflict and who are trying to resolve their differences. Certain conditions contribute to the success of a confrontation:

- At least one of the parties (or third party) is aware that a conflict exists.
- One of the parties is willing to start the confrontation process.
- Both parties are willing to use a clearly defined confrontation process and problem-solving framework (*i.e.,* collaboration, compromise, *etc.*).
- Both parties expect, or at least hope, that this process will resolve their differences.

The process of confronting a conflict involves six major steps.

Step 1: Awareness. During the awareness step an individual or group (Party 'A') recognizes that a conflict exists between that individual or group and another party (Party "B"). (Party "A" recognizes a conflict with Party "B").

Step 2: The Decision to Confront. Party "A" decides the conflict is important enough to warrant a confrontation with Party "B" and that such a confrontation is preferable to avoid the concern.

Step 3: The Confrontation. Party "A" decides to use the collaboration or comprise model and confronts Party "B". At this point, Party "B" may indicate a willingness to accept the confrontation, or may attempt to deny the existence of the conflict or reduce its seriousness. Often, the conflict is resolved in this step. If not, both parties must proceed to Step 4.

Step 4: Determining the Cause of the Conflict. The confrontation is most likely to succeed if parties "A" and "B" are specific about their grievances. The parties should try to describe their own feelings, opinions, reactions, and fears in relation to the conflict. A key objective of this step is determining the cause of the conflict. If the two parties cannot agree on the cause of the conflict, then the confrontation has failed.

Step 5: Determining the Outcome and Further Steps. Upto this point, both parties have been involved in defining the problem and sharing information. In Step 5 the parties attempt to devise specific means of reducing or eliminating the cause of the conflict. If both parties agree on a solution, then the confrontation has been successful.

Step 6: Follow-through. After the solution has been implemented, both parties should plan regular checks at specific times in the future to ensure that their agreements are being kept.

A successful confrontation can have many positive outcomes for the parties involved and the larger organization: a good solution to a problem, increased work productivity, a raised level of commitment to decisions by both parties, a willingness to take greater risks in the future, and a more open and trusting relationship between the parties.

The collaboration process as well as the methods of conflict resolution described above, is primarily for use in solving conflicts between individuals or small groups. But conflicts also arise between much larger organizations; such conflicts, in fact, are quite common in today's economy. (Labour disputes are a typical example.)

There are two basic strategies for resolving conflicts between large organizations. In both approaches a neutral third party acts as a mediator for the parties in conflict. In the first approach, an "interpersonal facilitator" plays this role. He or she meets not with the conflicting groups, but with an individual representative from each. These representatives do not deal directly with each other, but communicate through the facilitator. The facilitator plays an active role in the resolution process by identifying areas of agreement as well as disagreement between the groups and guiding the representatives toward an acceptable solution. The interpersonal facilitator's functions include:

- *Building Anticipation.* Before holding any meetings with both representatives, the facilitator meets with each individually to prepare him or her to meet the opponent. Each representative is encouraged to be open-minded, positive, and constructive.
- *Controlling Discussions.* During meetings, the facilitator controls and directs the discussions and maintains order.
- *Reversing Antagonists' Roles.* The facilitator helps each group's representatives to express their anger and frustration in a constructive way, so tensions and tempers are defused.

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- *Transmitting Information.* Often the facilitator acts as the "go-between" for the two representatives, passing information between them to prevent the resolution process from breaking down.
- *Formulating Proposals.* With the information obtained from the two representatives, the facilitator drafts possible solutions and presents them to the representatives.

The second strategy is called the "interface conflict-solving" approach. In this approach, the group members attend meetings and are actively involved in the process, and disputants deal with each other directly. In this strategy, as in the first a neutral person helps the groups through a programme of steps that help them identify and resolve their differences. In this approach, however, this neutral third party plays a less active role. Instead, it is the representatives of the conflicting groups, called the facilitators, who lead the meetings and guide the groups toward as resolution. The functions of these facilitators include:

Exhibit 1: Selecting a Conflict-Resolution Approach

Use the Interpersonal Facilitator Approach When	Use the Interface Conflict-Solving Approach When
Only representatives of the organizations, and not organization members, are meeting.	Presence of group members at meeting will strengthen implementation of any change
Personal chemistry blocks direct discussions between the principals.	Personal chemistry problems are not sufficient to prevent cooperation between group leaders.
Group members will not reject their representatives for agreeing to change or compromise.	Group members will not allow their leaders to agree to change or compromise without their say-so.
The representatives understand the depth and scope of the problem.	The leaders do not understand the depth and scope of the problem.
The change can be implemented successfully without group member's agreement about its soundness.	Successful implementation of the change requires that the group agree to its soundness.
A deadline is near and quick decisions, even though imperfect, necessary to prevent a total breakdown.	Sufficient time is available to develop the best possible solutions.
A multiplicity of views exists within each group and members are not unfilled.	Each group's members are united in their stances.

- *Setting Expectations.* The facilitators describe the objectives and activities involved in each step of the programme to their respective groups' members.
- *Establishing Round Rules for the General Sessions.*

- *Determining Sequence.* The facilitators establish the sequence of speakers within their groups to maintain order during meetings.
- *Monitoring for Candor.* They encourage openness and participation by group members.
- *Curbing Open Expression of Hostile Attitudes between Groups.* The facilitators sometimes have to intervene to let their own groups' participants know they are breaking the ground rules.
- *Avoiding Evaluation.* The facilitators direct but do not evaluate the progress or quality of the groups' efforts by resolving the conflict.
- *Introducing Procedures to Reduce Disagreements.* When the groups reach an impasse, the facilitators should suggest way to break the deadlock.
- *Ensuring Understanding.* When members of a group have finished speaking, its facilitator should make sure the other group's questions have been answered satisfactorily.
- *Following Up.* After a solution has been achieved, the facilitator should arrange follow-up meetings to ensure that the changes have been implemented.

Exhibit 1 contrasts the circumstances when the interpersonal facilitator approach and the interface conflict-solving approach are most appropriate.

Conflicts, an inevitable part of life in the workplace, are generally regarded as a negative force that creates tension, lowers productivity, and disrupts employee relationships. As a result, human resources managers, who are frequently called upon to resolve employee conflicts, often regard them with dread. But for the human resources manager who learns to resolve them skillfully, conflicts can become, instead, welcome opportunities to improve and benefit the workplace.

Transactional Analysis

Eric Berne and Games People Play

Following Alfred Adler in several ways, **Eric Berne,** a psychiatrist from San Francisco, also was rejected by traditional psychoanalysts; when he applied for membership in a psychoanalytical society he was not accepted. His revenge was inventing transactional analysis, or TA. Berne had his own weekly meeting (on Tuesday) or TA analysists which began at 8:30 in the evening (if you rang the bell at 8:20 according to one of his colleagues, the door remained shut) and finished at 10:00.

The experience of psychoanalysts seems to suggest that people function best in small groups of dedicated individuals. When the group members, who usually go through some form of baptism to gain admission, know enough, they go elsewhere to spread the word. This is good for the populace, who get a choice in terms of therapies, but bad for prophets and psychoanalysts.

Transactional analysis is a system of individual and social psychiatry which is concerned with the psychology of human relationships. In Games People play Berne describes 36 scripts people have devised to govern their transactions—the rules they play by. A typical game is "Courtroom", in which the husband says to a third person something like, "What do you think she has done now? She did......" And the innocent bystander pleads neutrality as the wife opens up with "This is the way it really was....."

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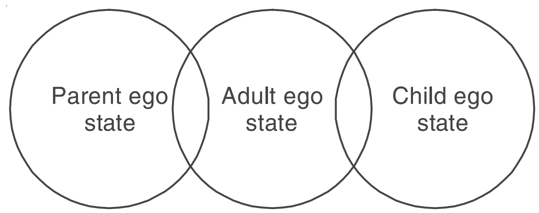
In presenting the idea that people tend to spin out their lives by engaging in certain games, Berne strips the surface innocence of conventional relations and reveals what is simmering just below the surface in most human encounters. His penetrating and stimulating analysis takes as its starting point the idea of stimulus hunger—which he summarizes by noting, "If you are not stroked, your spinal cord will shrivel up," He uses this term , stroke, to describe a social stimulus such as "Hello," and defines a transaction as an exchange of strokes.

The repertoire of ego states: The parent, the adult, the child

To explain games, Berne makes use of the idea that each individual has a limited repertoire of ego states. There are three kinds of principal:

1. Ego states similar to those of the parental figure.
2. Ego states which are concerned with the objective appraisal of reality.
3. Ego states which are fixated in early childhood.



Berne's repertoire of ego states

In talking about the Child ego state, Berne is careful to avoid the words childish and immature. In the Child are to be found intuition, creativity, and spontaneous drive and enjoyment. The Adult is essential for survival because of its reality-testing function, which enables it to process and analyze data and compute probabilities. The Parent has two functions: It enables an individual to assume the role of parent, and it automates many decisions. According to Berne, these three aspects of personality are necessary for survival.

Sales people are professional games players, as the following example provided by Berne illustrates:

Salesman: This one is better, but you cannot afford it.

Housewife: That is the one I'll take.

Analysis of this transaction is shown in figure. At the conscious, ostensible, social level, the salesman (Adult ego) is stating two objective facts: "This one is better" and "You cannot afford it." At the Adult level, the housewife should reply, "Right, both times." However, an ulterior or psychological vector was aimed at the housewife's Child. The validity of the salesman's judgement is vindicated by the Child's response, which in effects is "Irrespective of cost, I'll show you that I'm as good as anybody."

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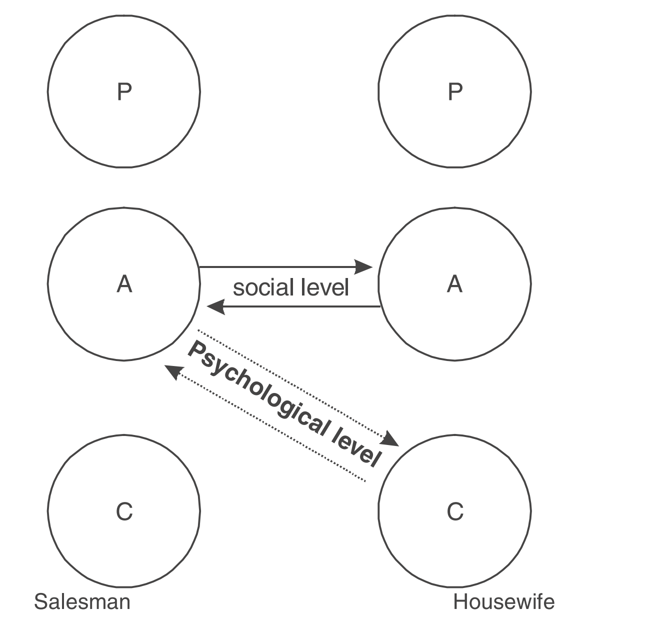

An angular transaction

Berne's theory of games has considerable relevance for the student of organisational behaviour. For a start, Berne's idea of stroking certainly has relevance to the way in which salutations are exchanged by executives.

Although Berne's theory lacks theoretical consistency and has no considerable body of empirical data to lend it's validity, it has considerable pragmatic relevance. A psychiatrist who refers a troubled patient to the works of Freud, Jung, or Adler runs the risk of adding mental confusion to the patient's other problems, but a copy of Games People Play may give the patient a valuable insight into her or his own personality dynamics. As a tool for analyzing organizational behaviour, it has considerable potential, to say nothing of the fun it is to use.

Thomas Harrs and I'm OK-You're OK

Dr. Thomas A. Harris, a psychiatrist, developed Berne's ideas into a teaching and learning device which is of great interest to executives because of its simplicity and ease of understanding and the extent of its application to organizational problems. The device is transactional analysis (TA), the central thesis of which is that most people suffer from a vague sense of inferiority (they feel that they're "not OK").

Differing balances among these ego states result in four basic life positions:

1. I'm not OK—you're OK (the anxious, dependent position).
2. I'm not OK—you're not OK (the "give-up position).
3. I'm OK—you're not OK (the thug position).
4. I'm OK—you're OK (the balanced, Adult position).

Transactional analysis can be taught to executives and other employees—and in spite of its simplifications, it is useful. For example, in the American Airlines training school for flight attendants, trainees spend a fair amount of time learning about ego states. On the basis of the Berne gospel that people are divided into three types—the Parent, domineering and scolding; the Adult, reasoning and reasonable with; and the Child, creative and innovative but also likely to throw a tantrum or to sulk—the trainees are encouraged to covertly categorize their passengers and react accordingly. Having been introduced to the mysteries of Berne and Harris, they move on to learn TACT—transactional analysis and customer treatment.

4.10 SUMMARY

- Leadership is the process of influencing group activities towards the accomplishment of goals in a given situation. A leader performs several important functions while getting things done. He acts as a 'linking pin', counsels people, uses power properly, managers his time will and strives to achieve goals effectively.
- According to the Greatman theory, leaders are born not made. Successful leaders have certain great qualities that separate them from the 'Crowd'. The theory has lost most of its appeal ever since people began to realize that all are born equal in this world.
- The behaviour exhibited by a leader during the supervision of subordinates is known as leadership style. An autocratic leader takes all decisions himself without consulting subordinates. He permits very little freedom of action. The participative leader encourages his subordinates to participate in the decisions making process. He does not dominate and encourages subordinates to communicate openly. A free-rein leader turns an entire problem or project over to subordinates. He does not direct at all and acts like a passive observer.
- Transformational leaders are those who recognise, exploit and satisfy the needs of followers while elevating them to higher levels of motivation and morality. Transactional leaders focus attention on achieving results in a practical way, clarifying things to subordinates.
- An effective leader must be flexible enough to adapt to the differences among subordinates and situations. The ability to understand the demands of the situation and act in an appropriate manner determines the success of a leader.
- Leadership theories may be broadly put into three types: Trait theory views leadership as a combination of a set of personality traits. It tries to explain leadership on the basis of what leaders are. According to the behavioural theory, leadership is shown by a person's acts rather than by his traits. According to situational theory the qualities, characteristics and skill required in a leader are determined to a large extent by the demands of the situation in which he is to function as a leader. An effective leader must be flexible enough to adapt to the differences among subordinates and situations. The ability to understand the demands of the situation and act in an appropriate manner determines the success of a leader.
- Power is the ability to make things happen or get things done the way you want. Influence, on the other hand, is an out come achieved through the use of power.

- Managers employ various influence tactics to exercise their power over subordinates (e.g., Consultation, persuasion, appeals, pressure, rewards etc.). They also try to enhance their power through networking, coalescing, co-opting, etc.
- The important bases of power include: expert power, charismatic power, reward power, information power, legitimate power, coercive power, etc.
- Organisational politics is the use of behaviours that enhance or protect a person's self interest. Politics is a fact of life in organisations due to fairly obvious reasons including scarcity of resources, limited opportunities, ambiguous roles, unclear performance evaluations, tight schedules, etc.
- People generally employ certain tactics to enhance their political power in organisations. Managers have to define job duties clearly, design jobs properly, demonstrate friendly attitudes and allocate resources carefully with a view to avoid the formation of political groups in organisations.
- Avoidance is withdrawal from the conflict or failure to take a position on it. The employees involved make no attempt to understand or correct the cause of the conflict.
- A successful confrontation can have many positive outcomes for the parties involved and the larger organization: a good solution to a problem, increased work productivity, a raised level of commitment to decisions by both parties, a willingness to take greater risks in the future, and a more open and trusting relationship between the parties.
- The facilitator plays an active role in the resolution process by identifying areas of agreement as well as disagreement between the groups and guiding the representatives toward an acceptable solution.

TEST QUESTIONS

1. "Perhaps the foggiest idea in the field of management is leadership. Yet, despite the fog that obscures its outline and hinders an understanding of leadership, all sorts of organisations are busy trying to develop it". Discuss it.
2. What do you mean by leadership? How is it different from managership?
3. What do you understand by 'leadership style'? Can you explain leadership styles on a continuum? If so, how?
4. What are the major differences between autocratic, democratic, and abdicratic styles of leadership?
5. Explain trait theory of leadership. The results of thousands of studies exploring leadership traits were mildly successful. Do you agree with this statement?
6. Some people have stated that the trait approach is dead and buried. Is it true?
7. What are the major limitations of the trait theory of leadership effectiveness?
8. What are the two critical leader behaviours identified at Ohio State studies of leadership? Do you notice any similarity between Ohio studies and Michigan studies?

9. Explain in detail the managerial grid. Do you advocate grid training for modern managers?
10. Outline the basic theory of the Managerial Grid. Which leadership Style in the grid is most effective according to Blake and Mouton?
11. Critically examine the Fiedler's contingency theory of leadership effectiveness.
12. What background motivational, or personal factors do you think would make a leader high LPC or low LPC?
13. What do you mean by LPC scale? Critically examine this scale in relation to the leadership style.
14. How is the House's path-goal model is related to Vroom's expectancy theory of motivation? What are the basic propositions of the path-goal theory?
15. Path goal model allows for incorporation of many subordinates' and environmental factors in establishing a leader-situation match. Explain these factors.
16. Discuss elaborately the situational theory of leadership as propagated by Hersey and Blanchard.
17. What do you mean by the life cycle theory? Explain the concept of maturity in relation to the theory?
18. "Leadership is situational." Verify the truth in this statement.
19. Is there a single best style of leadership?
20. Present a summarised view of situational theories of leadership. Also, state how leadership potential and effectiveness could be improved?
21. Could someone be a manager but not a leader? A leader but not a manager? Both a leader and a manager? Explain.
22. How is it possible for a leader to be both task-oriented and relationship-oriented at the same time? Can you think of other forms of leader behaviour that are important of a manager?
23. Do you think leadership styles is fixed and unchangeable for a leader or flexible and adaptable? Discuss.
24. Suggest some personal traits that you believe would be useful to a leader. Are these traits more valuable in some situations than in others?
25. What can you do to learn how to be a more effective leader?
26. Describe how organizations develop effective leaders.
27. Which of the many approaches to leadership do you think is the best? Defend your reasoning.
28. Leadership experts cite the following reasons why leaders fail: arrogant, distant, eccentric, impulsive, interpersonal insensitivity, perfectionist, volatile, argumentative, arrogant and cautious. Why do you think these factors might lead to leadership failure? What could leaders do to avoid these?
29. Assess yourself as a leader based on what you have read in this chapter. What are your strengths and weaknesses?
30. Identify the developmental experiences you have had that may have strengthened your ability to lead. What did those experiences each you? Also, identify some

developmental experiences you need to acquire, and how you will seek them. Be specific.

31. Define authority. Draw the distinctions between authority, power and influence.
32. Identify the major types of individual power in organisations.
33. Write Short notes on:
    - Bases of Power
    - Empowerment
    - Strategies to Acquire Power
34. State the various types of power, giving relevant examples in support of your answer.
35. 'The political power game is very real in today's organisations'. Discuss
36. Identify three or four of the political strategies that are discussed in the chapter. Explain how these might actually help someone acquire power in a modern organisation.
37. Define political behaviour. Why is politics a fact of life in organisations?
38. 'Organisation is a political battle field'. Discuss.
39. Can you imagine some dysfunctional political behaviours in organisations?
40. Examine the various behaviours that are common in organisational politics. Which of these could be used effectively in the class room? Why not the others?
41. "More powerful managers are good for an organisation. It is the powerless, not the powerful, who are ineffective managers; do you agree or disagree with statement? Discuss.
42. You are a sales representative for an international software company. After six excellent years, sales in your region are off 35 per cent this year. Describe three defensive responses you might use to reduce the potential negative consequences of this decrease in sales.
43. As an increasing number of organisations empower their employees, what will happen to the job of manager? How will it change? Will these changes make it more desirable or less desirable than it is today?
44. Do you believe that organisational politics is inevitable or that it can be curtailed? Explain your position.
45. In your opinion, how much empowerment is too much in today's workplace?
46. Many people have asked the question " Isn't office politics just for incompetents?" What is your answer to this question?
47. Sometimes playing politics is a very effective way to achieve objectives. Why is this the case? Should organisations be concerned about it?
48. Give a brief description about conflict.
49. How to handle conflicts? Explain.
50. What are the conditions which contribute to the success of confrontation?

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5. ORGANISATIONAL CULTURE, ORGANISATIONAL DEVELOPMENT AND STRESS MANAGEMENT

STRUCTURE

5.1 INTRODUCTION

Simply stated, *it is the shared values, principles and traditions and ways of doing things that influence the way organisational members act.* It is all about the set of important assumptions, often unstated, that members of an organisation share in common. It speaks about the personality a company has and the style in which it does things. Celebrations are one way, for example, Southwest Airlines differentiates itself from the competition and provides a family-like environment that cares for its people; its customers, and its communities in a fun, loving way.

Dimensions of Organisational Culture

Research suggests that the following dimensions of organisational culture separate companies from one another:

- Routine ways of communicating, such as organisational rituals and ceremonies and language commonly used
- The norms shared by individuals and teams throughout the organisation; like 'do not do too much; do not do too little'
- The dominant values help by the organisation such as high product quality, low absenteeism, high efficiency etc.
- The philosophy that guides management's policies and decision making
- The rules of the game for getting along in the organisation; or the ropes that a new recruit must learn in order to be accepted as a full-fledged member of the group
- The feeling or climate conveyed in an organisation by the physical layout and the way in which managers and employees interact with customers, suppliers and other outsiders.

(J. Martin, *Culture in Organizations*, New York, Oxford University Press, 1996)

Important elements of the above definition may be stated thus

- **Shared values and practices:** established by the founders, nurtured over time and perpetuated through repeated practice, these shared principles and values have actually stood the test of times. Members are well aware of what their organisation stands for, and how they should behave. The more clearly an organisation's shared perceptions and values are defined the more strongly people can associate with their organisation's mission and feel ain important part of it.

  FedEx stands for overnight delivery of packages entrusted to it. One of the folktales at FedEx is about a deliveryman who had been given the wrong key to a FedEx drop box. Instead of leaving the packages in the drop box until the next day when the right key was available, the deliveryman unbolted the drop box from its base, loaded it into the truck, and took it back to the station. There, the box was pried open and the content removed and sped on their way for on time arrival. (Thompson et al)

- **Perceived meaning:** Organisational culture is the set of important assumptions, values, beliefs and norms that members of an organisation share in common. The common understanding of what to do or not to do has developed over time,

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based on what they have seen, observed or experienced. There are no rule books explaining appropriate employee behaviours in black and white. The values that make up an organisation's culture are often taken for granted. Everything has come through an implicit understanding of what the organisation stands for—in terms of a set of shared, enduring beliefs—and how the employee should act in a situation. Organisational culture captures the subtle, elusive and largely unconscious forces that shape a workforce.

> Here is the story of what an employee at **Ritz-Carlton** did to live up to the reputation of delivering unmatched service to customers – based on his own interpretation of the situation and instantaneously acting on his own, unmindful of consequences. a family arrived at the Bali Ritz-Carlton with special eggs and milk because of their son's allergies, but the food had spoiled. The manager and dining staff couldn't find replacements in town, so the executive chef called his mother-in-law in Singapore and asked her to buy the necessary products and fly with them to Bali! (Carmine Gallo, "How Ritz-Carlton maintains its Mystique." Business week, February 13, 2007

- **It's the way we do things around here:** The key themes and dominant values of an organisation surface themselves in more than one way. The culture of an organisation manifests itself, over the years, to one and all without much of a difficulty. Thus McDonald's stands for QSCV—quality, service, cleanliness and value; Procter & Gamble stands for outstanding product quality; Sony Corporation "lives and breathes' new product development; 3M stands for innovation, Infosys Technologies stands for ethics etc. The organisation leader, of course, is primarily responsible for developing, sustaining and changing organisational culture.

> Some companies use unique ways to express themselves E*Trade Group, Inc the online stock and mutual fund trading company exhibits its lust for being different in a bit bizarre manner. CEO, Christos M. Cotsakos while trying to build an edgy, offensive and predatory culture once asked his newly hired vice president of international business development to **stand on a chair** and reveal something about himself to forty strangers in the company! To make people move faster, he organized a day of racing in Formula One cars at speeds of around 150 miles per hour. To create a looser atmosphere around the office, he has employees carry around rubber chickens or wear propeller beanies. To bond the employees together, he organized gourmet-cooking classes. To convey the feeling "I care a damn for what others think" of E*Trade and to show that" this is the way we do business" (Louise Lee, "Tricks of E*Trade", Business Week E Biz, February 7, 2000)

- **Cultural products**: Cultural products include values, beliefs, rites, rituals, ceremonies, myths, stories, legends, sagas, language, symbols, heroes and heroines. Managers often make use of these products to shape the thinking and guide the actions of employees directly or indirectly.

- **Descriptive**: Organisational culture is descriptive. It's concerned with how members perceive the organization, not with whether they like it. It describes rather than evaluates.
- **Organisational Culture is different from Organisational Climate:** Organisational culture is the means through which members in an organisation learn and communicate what is acceptable or unacceptable; what is appropriate or inappropriate. It is based on the history and traditions of the organisation. The focus is on values and norms about employee behaviour. Organisational climate, on the other hand, refers to current situations in an organisation and the linkages among work groups, employees and work performance. Managers can easily manipulate organisational climate to bring about changes in the behaviour of employees.
- **Culture has an important role in organisations:** It separates one organisation from the other.. Working for Southwest Airlines, for instance, is a unique experience, because the company is entirely different from other carriers. It gives members an identity. At Southwest Airlines top executives constantly reinforce the company's message that workers should be treated like customers and they continually celebrate employees whose contributions go beyond the call of duty. The funny, jovial atmosphere makes employees feel part of a large happy family and remain committed to their jobs. Culture has a mesmerizing impact on employee commitment. Consider 3M, one of whose corporate values is to be a 'company that employees are proud to be part of" As one executive puts it: "I'm a 27-year 3Mer because, quite frankly there's no reason to leave. I've had great opportunities to do different jobs and to grow a career. It's just a great company". It promotes social system stability. The more effectively conflict and change are managed within an organisation and the more that employees perceive the work environment to be positive and reinforcing, the more stable the social system within the organisation. At 3M, social stability is encouraged by promoting from within, by hiring capable college graduates in a timely manner and by offering displaced workers six months to find new jobs. Further, it shapes behaviour by helping employees make sense of their surroundings. The culture helps employees understand why the organisation does what it does and how it intends to accomplish its long term goals. Culture, in fact, clarifies and reinforces standards of behaviour. From an employee's standpoint, culture is highly useful because it reduces ambiguity. It clears the fog, puts the employee at ease – especially the new recruit—learn the tricks of the trade slowly and get going.
- **Multiple cultures:** Organisations contain not one but several cultures. An organisation may have one dominant culture and several distinct cultures. A dominant culture is a set of core values shared by a majority of the organisation's members. Most employees of Southwest Airlines seem to subscribe to such values as hard work, company loyalty and delivering unmatched service to customers. At Hewlett-Packard, most of the employees seem to share a concern for innovation, product quality and responsiveness to customer needs. Such strong values guide the efforts of members on a day to day basis. On the other hand, subcultures, typically, are a result of problems or experiences that are shared by members of a particular department or unit. The marketing department, for

example, can have a subculture that is uniquely shared by members belonging to that department. It will include the core values of the dominant culture plus additional values unique to members of the marketing department. Subcultures that come about as a result of the demographic characteristics of employees include those based on age, gender and ethnicity. Sometimes, units separated by distance develop subcultures of their own, based on distinct characteristics of the region and members working therein. Again, when two organisations merge, the subcultures of the original firms may become subcultures within the new organisation. The presence of numerous subcultures would make it difficult to members to draw the curtain between appropriate and inappropriate behaviour. Many companies that have merged with or acquired foreign companies have to deal with language and custom-based cultural differences. Generally speaking, subcultures can weaken and undermine an organisation they are in conflict with the dominant culture (known as countercultures) and/or the overall objectives. Of course, they will keep the dominant culture going overboard and help whistle-blowers keep a healthy balance between diametrically opposite views advanced by numerous cultures prevailing within an organisation. A strong organisational culture can be a dangerous thing in the hands of owners or managers who do not behave ethically or legally. Subcultures would also encourage constructive conflict and more creative thinking about how the organisation should conduct itself, keeping societal interests in mind.

5.2 STRONG VERSUS WEAK CULTURES

Not all cultures have an equal influence on employees' behaviours and actions. In strong cultures, employees are passionate about key values and exhibit tremendous zeal to uphold them. The Walt Disney culture, for example, encourages employees to show extraordinary devotion to customer service; the culture at Apple Inc encourages innovation. Employees in these companies don't need rule books to specify how they act, because these behaviours are conveyed as 'the way we do things around here'; they are rooted in their company's cultures. In strong culture companies, often, the values and behavioural norms are so deeply rooted that they don't change much when a new CEO takes over. Of course, they can erode over time if the CEO ceases to nurture them. Three factors are generally responsible for the development of strong cultures.

- A founder or other strong leader who establishes values, principles and practices that are in sync with changing customer needs, competitive conditions and strategic requirements.
- A passionate commitment to long held norms and practices that guide member behaviour and shape organisational actions time and again.
- A genuine concern for customers, employees and shareholders. (Kotter and Heskett)

Strong Versus Weak Organisation Cultures

Elements of strong cultures	Elements of weak cultures
1. Values widely shared 2. Members know what is important 3. Most employees can tell stories about company history/heroes 4. Employees strongly identify with culture 5. Strong linkage between shared values and behaviour	1. Values shared by a few, usually top management 2. Members not very clear about what is important 3. Employees possess little knowledge of company history or heroes 4. Employees have little identification with culture 5. Little connection between shared values and behaviours

(S.P. Robbins and M. Coulter, *Management*, New Delhi, Pearson, 2008)

In weak-culture companies, members do not have any set of enduring values to rely upon, simply because they have never been preached or shared widely. Top management does not espouse these values nor show any commitment to a particular philosophy. A company, in the absence of any definable character of its own, simply becomes a place to work and make money. Members do not exhibit interest nor show commitment to the work and look at their jobs with scant respect. "There is neither passion about the company nor emotional commitment to what it is trying to accomplish". (Thompson et al) Some cultures turn unhealthy because of the presence of certain counterproductive traits that could impact the work climate and company performance quite significantly. The following three traits are particularly unhealthy:

- A highly charged political environment where issues get resolved on the basis of which group has got the maximum political clout
- Hostility to change and a general weariness of people who champion new ways of doing things
- Members becoming averse to looking outside the company for best practices, new managerial approaches or innovative ideas.

In a fast changing environment, change-resistant cultures have no place. Every company, necessarily, must be open to new ideas and ways of doing things.

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Building an Excellent Customer Service Culture: The Case of Nordstrom

Nordstrom Inc. (NYSE: JWN) is a Seattle-based department store rivaling the likes of Saks Fifth Avenue, Neiman Marcus, and Bloomingdale's. Nordstrom is a Hall of Fame member of *Fortune* magazine's. "100 Best Companies to Work For" list, including being ranked 34th in 2008. Nordstrom is known for its quality apparel, upscale environment, and generous employee rewards. However, what Nordstrom is most famous for is its delivery of customer service above and beyond the norms of the retail industry. Stories about Nordstrom service abound. For example, according to one story the company confirms, in 1975 Nordstrom moved into a new location that had formerly been a tire store. A customer brought a set of tires into the store to return them. Without a word about the mix-up, the tires were accepted, and the customer was fully refunded the purchase price. In a different story, a customer tried on several pairs of shoes but failed to find the right combination of size and color. As she was about to leave, the clerk called other Nordstrom stores but could only locate the right pair at Macy's, a nearby competitor. The clerk had Macy's ship the shoes to the customer's home at Nordstrom's expense. In a third story, a customer describes wandering into a Portland, Oregon, Nordstrom looking for an Armani tuxedo for his daughter's wedding. The sales associate took his measurements just in case one was found. The next day, the customer got a phone call, informing him that the tux was available. When pressed, she revealed that using her connections she found one in New York, had it put on a truck destined to Chicago, and dispatched someone to meet the truck in Chicago at a rest stop. The next day she shipped the tux to the customer's address, and the customer found that the tux had already been altered for his measurements and was ready to wear. What is even more impressive about this story is that Nordstrom does not sell Armani tuxedos. How does Nordstrom persist in creating these stories? If you guessed that they have a large number of rules and regulations designed to emphasize quality in customer service, you'd be wrong. In fact, the company gives employees a 5½-inch by 7½-inch card as the employee handbook. On one side of the card, the company welcomes employees to Nordstrom and states that their number one goal is to provide outstanding customer service, and for this they have only one rule. On the other side of the card, the single rule is stated: "Use good judgment in all situations." By leaving it in the hands of Nordstrom associates, the company seems to have empowered employees who deliver customer service heroics every day. (*http://2012books.lardbucket.org/books/an-introduction-to-organisational-behavior-v1.1/s19-01-building-a-customer-service-cu.html/)*

5.3 HOW EMPLOYEES LEARN CULTURE?

Culture is passed on to employees in numerous ways. The most significant ones may be listed thus:

Cultural Products

- *Rites*: Relatively elaborate, dramatic planned sets of activities that consolidate various forms of cultural expressions into one event carried out through social interactions, usually for the benefit of audience
- *Ceremonial*: a system of several rites connected with a single occasion or event
- *Ritual:* a standardized detailed set of techniques and behaviours that manage anxieties but seldom produce intended technical consequences of practical importance
- *Myth*: a dramatic narrative of imagined events usually used to explain origins or transformations of something
- *Saga*: a historical narrative describing the unique accomplishments of a group and its leaders, usually in heroic terms
- *Legend*: a handed down narrative of some wonderful event that I based on history but has been embellished with fictional details
- *Story*: a narrative based on rare events, sometimes a combination of truth and fiction

- *Symbol*: any object and event, quality or relation tat serves as a vehicle for conveying meaning usually by representing another thing
- *Language*: a particular form or manner in which members of a group use sounds and written signs to convey meanings to each other
- *Values*: life directing attitudes that serve as behavioural guidelines
- *Metaphors*: shorthand of words used to capture a vision or to reinforce old and new values
- *Belief*: an understanding of a particular phenomenon
- *Heroes/Heroines:* individuals whom the organisation has legitimized to model behaviour for others

(H.W. Trice and J.M. Beyer, "Studying Organisational Culture through Rites and Ceremonials," Academy of Management Review 9, October 1984)

5.4 STORIES

Every company has its own share of myths, legends and true stories about important past decisions and actions that convey the company's main values. The stories typically cover company's heroes who possessed the admirable qualities that have helped the company grow from strength to strength. Then there are stories of those who invented new ways of doing things at amazing speed, of those who ran that extra mile to meet customer expectations etc. As they are told and retold, members in an organisation get a fairly vivid picture of what they must do when confronted with novel problems. They inspire people to give their best. Companies with strong cultures are enthusiastic collectors of stories, anecdotes and legends in support of basic beliefs.

- An example is the one told at Home Depot about the irate customer who called the Tampa store a couple of days before Christmas to complain that they had delivered a carpet that was way too small. The store delivered the right size of carpet via air freight the next day – which happened to be December 24th – and the installation was completed by midday, just in time for Christmas Eve. *(R. Jacob, 'Corporate Reputations' Fortune, March 6, 1995)*
- The story of Art Fry, a 3M employee, is quite popular. According to the story, Fry became frustrated when the bits of paper he used to mark pages in a hymnal kept falling out. To solve the problem he needed an adhesive that would stick long enough to keep his pages marked without leaving a residue on the hymnal. When such an adhesive was found in one of 3M's labs, he suggested the idea of marketing the product that eventually became Post-It Notes. Subsequent market surveys yielded negative results and failed to capture the true potential of the product. Undaunted, Fry gave out samples to 3m secretaries and executives. Eventually, everyone – at 3M and elsewhere – was hooked on Fry's new product. Fry was elevated to the highest technical position later on. The moral of the story is that as an employee one should look for new ideas and when the idea is great, one must show monumental patience to turn it successful. *(D. Hellriegel and J.W.Slocum, Organisational Behaviour, Bangalore, Thomson, 2006)*
- Reinforcing organisational folklore signifies many things to employees. For example, at Procter & Gamble there is a story about the outstanding brand manager who was shown the door for overstating the features of a product. The moral of the story is that ethical claims are important than making money.

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- New employees at Nike are told stories that reflect and transmit the company's core values. New employees are told that the founder Phil Knight was a middle distance runner, who started the business by selling shoes out of his car. Knight's running coach and company co-founder Bill Bowerman, developed the famous 'waffle sole' by pouring rubber into the family waffle iron. The late Steve Prefontaine, coached by Bowerman, battled to make running a professional sport and was committed to helping athletes. To ensure that these inspiring tales of Nike's Heritage are kept alive, the company takes new hires to the track where Bowerman coached and the site of Prefontaine's fatal car crash. The company requires sales people to tell the Nike story to pass on the message to employees at various retail stores that sell its products.

- Again, at AT & T there are numerous stories about field employees who made sacrifices to keep the phones working and operators who stayed on the line when people called in and asked for emergency help because they had suffered a physical calamity. The moral of such stories is that these types of sacrifices are all in the line of duty for telephone employees, who must view their primary responsibility as that of helping the customer (Luthans).

5.5 RITES, CEREMONIES OR RITUALS

Rituals are repetitive sequences of activities that express and reinforce the endearing values of an organisation. Rites and ceremonies that sustain organisational culture include rites of passage (basic training, Indian Army), rites of degradation (firing an employee); rites of enhancement (company ceremonies) and rites of integration (such as office party). In many organisations, ceremonies are used to recognise special achievements and honour the retiring employee(s).

- Mary Kay, Inc., for instance, annually hosts five back-to-back conventions attended by 50,000 independent Beauty Consultants to recognize and reward its top producers for outstanding achievements in sales and recruiting. The founder, the late, Mary Kay would personally present the best sales people with jewelry, trips and pink Cadillacs – items still awarded today. *(R. Farnham,'Mary Kay's Lessons in Leadership', Fortune, Sep. 20,1993)*
- Wal-Mart's annual meeting is usually an important cultural ceremony. Thousands of shareholders along with company associates (employees) and analysts attend the annual meeting. The meeting would commence by 10 am but most people start arriving by 7 am in order to be part of the extravaganza. The whole scene reminds one of a big family reunion. Associates who go the extra mile for customers are recognized and rewarded in a big way.

5.6 SYMBOLS

Symbols are the most basic observable way of expressing the culture of a company. They may take the form of logos, architecture, uniforms, awards and many other tangible expressions. Nike's trademark 'swoosh' is proudly tattooed above the ankles of some Nike employees. Southwest Airlines uses symbols to convey its core values in more than one way. During its early years the airlines stressed its customer service value by using the heart symbol (the low fare airline) and love bites (peanuts). Another theme, fun, is also conveyed in many ways. Flight attendants wear sports clothes in corporate colours. Low fares are fun fares and weekend getaways are fun packs. The aircraft is painted to resemble Shamu – the whale – to convey its fun image. Some companies use impressive buildings to convey their strength and importance, indicating that they are large and stable places. The way the company is furnished also provides useful insight into its culture. Offices where there are lots of plants and flower arrangement convey a friendly, person oriented culture; whereas those in which waiting areas are adorned with awards and trophies are indirectly revealing their passion for achievement. Sometimes, the very design of the building itself is a symbol of an organisation's values.

- For example, Walt Disney hired famed Japanese architect Arata Isozaki to design the Team Disney Building, which houses Disney's "Imagineering unit", in Orlando, Florida. This building's contemporary and unusual design featuring unusual shapes and bright colours conveys the importance of imagination and creativity to the Walt Disney Company and to the people working in it.
- In GM, the executive suite on the top floor of their Detroit headquarters is isolated from the rest of the building and open only to top GM executives. Material symbols, thus, often reveal to employees who matters most, the degree of equality desired by top management and the kinds of behaviour that are expected and desirable.

Cultural Symbols of McDonald's
• Located in rectangular buildings with large windows to let the sun in and with neatly kept surroundings
• Large parking lots
• Rarely any visible litter
• Drive in window to facilitate speedy service
• Golden arch sign that towers over the building
• Bright colours and plants creating a homely atmosphere

5.7 LANGUAGE

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Organisations often develop special terms to describe key personnel, customers, suppliers, equipment, processes or products related to its business. The acronyms and jargon that get exchanged between members often mesmerize new recruits and compel them to listen carefully, go beyond the obvious and catch the real meaning. After a while, everything becomes part of their language. Once learned, everyone becomes part of a well-knit group exchanging notes, opinions, feelings, sentiments through the unique, special language.

- At Cranium, a Seattle board game company, 'Chiff' is used to remind employees of the need to be incessantly innovative in everything they carry out. 'Chiff' stands for 'clever, high-quality, innovative, friendly, fun".
- Employees at the Container Store compliment each other about 'being Gumby' meaning that they are being as flexible as the once-popular green toy – going outside their regular job to help a customer or another employee. In fact a human sized Gumby is displayed at the retailer's headquarters, Coppell, Texas
- Home Depot maintains a 'stack it high and watch it fly' slogan, which reflects its approach to sales. Yum Brands Inc, which owns Pizza Hut, Taco Bell, KFC and other fast food restaurants, expects employees to be 'customer maniacs' – language that conveys its culture for customer interaction.

5.8 VALUES

Values such as freedom, honesty, self-respect, equality etc are perceptions about what is good or bad; right or wrong. They tend to be broad views of life and are influenced by parents, teachers, peer groups and associates. A firm's values and how it promotes and publicizes those values can also affect how workers feel about their jobs and themselves. While a vision articulates a firm's purpose, values offer a set of guidelines on the behaviours and mindsets needed to achieve that vision. Wal-Mart founder Sam Walton summarized the core of the retailer's culture in three simple words: respect for the individual, service to customers, and striving for excellence. McKinsey & Company, for example, has a clearly articulated set of values that are prominently communicated to all employees and involve the way that firm vows to serve clients, treat colleagues, and uphold professional standards. In a way, values are important building blocks of company culture. They are deep-seated and enduring. They motivate behaviour and emotional responses. They underpin the very way people approach their work, make choices and decisions and deal with each other.

5.9 ASSUMPTIONS

Assumptions are the deeply held beliefs that guide behaviour and tell members of an organisation how to perceive and think about things. Such beliefs are so ingrained that employees simply act on them almost blindly. They represent the deepest and least observable part of a culture and may not be consciously apparent, even to organisational veterans. Talking about the safety aspect in an engineering firm, Edgar Schein, one of the prominent scholars on the topic of organisational culture, states: " in an occupation such as engineering, it would be unconceivable to deliberately design something that is unsafe; it is taken for granted assumption that things should be safe". Whatever a company's underlying assumptions are, its hidden beliefs are, those that are the most likely to dictate employee behaviour and affect employee attitudes. They are also the aspects of an organisational culture that are the most long-lasting and difficult to change.

5.10 PRACTICES

Values and assumptions do not serve any purpose unless they are enshrined in a company's practices. If the company claims 'people are our greatest assets' it must be ready to invest in people in visible ways. If a company heralds values like 'caring', 'respect' and 'fairness' and promises new hires a 'job they'll love' – it needs to follow this up through admirable human resource practices. If a company values 'flat' hierarchy, it must encourage junior team members to express themselves freely without any fear of punishment. And whatever an organisation's values, they must be reinforced in review criteria and promotion policies, and baked into the operating principles of daily life in the firm.

Infosys Technologies Ltd Stands by its Employees Irrespective of the Costs!

- Take Sembi's own experience. In September 2001, he was working as a project manager at a client's site in Brighton, U.K. Two days after 9/11, while walking to office, he was heckled by four construction workers. "One of them told his American friend that I was from the same community as the terrorists who destroyed the Twin Towers. It was frightening," he recalls. Immediately, Sembi spoke to his HR people in Bangalore and a strong message went to the client that Infosys was "sensitive about racial discrimination". The catcalling subsided but Sembi was still scared, since his wife was pregnant and Asians were being routinely targeted. So in November, Infosys transferred Sembi to Bangalore, no questions asked. And this was no routine transfer. Remember, this was the time when people in his field were being sacked or "benched" (asked to hang around because there was not enough work to go around) without notice or warning.

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- Many others have had similar epiphanic moments. Sonu Joseph, who was working at a telecom client's site in the US in 2001, would see people being sacked every day . "People were being handed pink slips and asked to leave the same evening. Obviously, I thought it'll happen to me sooner or later," she recalls. It didn't. She was brought back to Bangalore and continued working for the same client. Neither did it happen to her colleagues, even though telecom was the worst-hit sector, where IT spends were drastically slashed and getting new business was virtually impossible.
- The story is the same even when infosys was forced to dismantle large divisions. Geetha Kannan, an Infoscion since 1993, was part of an "elite" group that worked for e-business and dotcom clients and was 369-strong by 2000, when the New Economy was in full cry. These engineers were among the highest-paid in Infosys. Then came the tech crash in April 2000, and the dotcom dream died. Infosoys decided to shut down Kannan's hot-shot department. But everyone was absorbed elsewhere. Kannan herself was transferred to HR but, according to her, "This was the first indication that jobs are not going to be lost in this company." Literally thousands of such stories kept morale and loyality as high as ever. Mahesh Kamath, a civil engineer who joined Infy in May 2000, recalls how his two roommates were on the bench for months. "But they never looked frightened or scared."

(Business Today, Business Standard, Business World 2000-2008)

5.11 TYPES OF CULTURES

Each organisation culture is unique. However, four general types of organisational culture that are useful for comparing organisations are bureaucratic, clan, entrepreneurial and market cultures. They are basically characterized by differences in formal control and focus of attention.

- ***Bureaucratic Culture:*** In a bureaucratic culture, the behaviour of employees is governed by formal rules and standard operating procedures and coordination is achieved through hierarchical reporting relationships. To secure compliance, ensure discipline and obtain performance, the duties, responsibilities of all employees are clearly spelled out. Employees are made to follow the rule book, operating procedures and established practices. Bureaucratic cultures often are found in organisations that produce standardized products and/or services. Most government organisations find bureaucratic structure very useful because one can conveniently take shelter behind a mountain of rules and regulations, in case something goes wrong.
- ***Clan Culture:*** In a clan culture, the behaviour of employees are guided by tradition, loyalty, personal commitment, extensive socialization, and self-management. New hires are guided by experienced mentors and role models readily available within an organisation. Members understand the company's unique history and have a shared image of its style and functioning. They understand the importance of working together to produce results. There is lot of peer pressure to adhere to important norms of the company. Members share feelings of pride in membership and subscribe to the view that without teamwork, participation and consensus decision making, it is difficult to produce excellent results.

- ***Entrepreneurial Culture:*** In an entrepreneurial culture, risk taking, dynamism and creativity are given lot of importance. There is commitment to experimentation, innovation and being on the leading edge. It suits a company very well in the formative years. Small and medium sized outfits also find it very supportive
- ***Market Culture:*** It is a culture characterized by hard-driving competitiveness and a profit orientation. The achievement of measurable and demanding goals such as sales growth, profitability, market share etc is given topmost priority. You have to push yourself to the limits-utilizing scarce corporate resources to best advantage. The relationship between individual and organisation is contractual. What you are supposed to deliver is agreed upon initially. Rewards follow performance, as per the agreement. The organisation expects performance (at the same time, does not guarantee job security) and the individual seeks rewards (at the same time does not promise loyalty). "Rather than promoting a feeling of membership in a social system, the market culture values independence and individuality and encourages members to pursue their own financial goals"

5.12 CREATING AND SUSTAINING CULTURE

The Role of Founder

The founders of an organisation have a major influence on the organisation's initial culture because of their values and beliefs. They usually pick up people who think and feel the same way they do; those who believe in the dream of the founders and are willing to follow their footsteps scrupulously and religiously. People, who turn out to be misfits, tend to leave the organisation. Those who stay on become more and more similar and tend to have values and interest similar to the founder's. With the passage of time, members buy into the founder's vision and perpetuate the founder's values in the organisation. The founder himself educates members as to how to get ahead to achieve his dreams. Through indoctrination and socialisation, members begin to embrace the values held in his esteem by the promoter and develop behaviours espoused by the promoter time and again. In fact, the founders' own behaviour acts as a role model that inspires employees to get along, internalizing their beliefs, values and assumptions. When the founder achieves success, his vision turns into a concrete reality and others try to emulate the same with passion and devotion. The promoter acquires a kind of cult status and becomes a powerful role model for others to follow.

Ray Kroc built McDonald's on four basic concepts: quality, cleanliness, service and price. He believed that McDonald's fast food concept would sweep the nation (United States) and pay rich dividends, and with this dream in view he bought the rights to franchise McDonald's units from Dick and Maurice McDonald brothers. To ensure that customers get the best product at the best price, Kroc required franchisees to attend McDonald's university where they are taught how to manage their business. The cultural values of McDonald's and the way to run the business are also taught to ensure that franchisees run the show in the same manner. Kroc's videotaped messages are passed on to new employees so as to make them learn and follow McDonald's

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philosophy. These included messages on cleanliness: "If you've got time to lean, you've got time to clean"; on competition: "If they are drowning to death, I would put a hose in their mouth" and on market expansion, "when you're green, you grow; when you're ripe, you rot". Kroc died several years ago, but the indelible impact that he left behind is still very much alive in McDonald's restaurants in every part of the globe till date.

The Man behind Microsoft's Culture

Microsoft's founder Bill Gates is a workaholic who still often works 18 hours a day. He wanted Microsoft to stand for excellence, innovation and high quality. Exhibiting hard work, creativity and commitment, employees must put Microsoft ahead of competition. Gates expects his employees to put in long workdays because he demands this level of commitment from himself, and he expects them to do everything they can to promote innovation and quality because this is what he does. He used a product team structure to reinforce the team atmosphere and norms of "team spirit". Employees who do not subscribe to these values leave Microsoft and those who stay on are pressured to go that extra mile and complete their tasks to the best of their ability – creatively. Gates also established a culture for innovation by rewarding successful risk-taking and creativity with strong property rights. Many key employees receive stock options based on company performances, and all employees are eligible to get bonuses. The company does not believe in layoffs. And it is known to move closer to the hearts of employees as well as customers through excellent ethical standards. Microsoft's people, its structure, its property rights, and its ethics interact and fit together to make up Microsoft's culture

(E.H.Schein, "The Role of the Founder in Creating Organisational Culture" Organisational Dynamics, 12, 1983; Schein, Organisational Culture and Leadership, SanFrancisco: Jossey-Boss, 1992; G.R.Jones, 2007)

Keeping a Culture Alive

The founder, as the above examples show, sets the tone and keeps the spirit of an organisation alive through his own outstanding effort and innovative ways of thinking – while trying to position the organisation ahead of competition. To ensure success and to reinforce culturally acceptable behaviour, he has to establish policies and procedures – such as hiring those who believe in his dream, encouraging the new hires to give their best by offering requisite training, rewarding excellent performance, showing the door to those who lag behind or those who are declared as 'misfits', promoting a fun-oriented, family atmosphere to make everyone feel at home; empowering people to take actions independently, sharing the gains of success with employees etc. every attempt must be made to make people buy into the founder's vision and perpetuate the founder's values in the organisation. Consequently, the people inside the organisation become more and more similar, the values of the organisation become more and more parochial, and the culture becomes more and more distinct from that of similar outfits. Ultimately, it's the people – with strong work values and tremendous commitment to the ideals for which they work – who convert ordinary organisations into extraordinary institutions delivering value for money to customers all over the globe.

Role of Founder in Creating and Sustaining an Organisation's Culture

- Establish enduring values
- Create vision
- Reward performance
- Select people who fit in with culture
- Set excellent standards based on exemplary personal character and conduct
- Reinforce appropriate behaviour
- Inspire people to give their best
- Indoctrinate and Socialize so that new hires comfortably adapt to culture, internalize its core values, put the learned behaviours to good effect and produce results

5.13 SOCIALIZATION

Socialization is a process through which a new recruit begins to understand and accept the values, norms and beliefs held by others in the organisation. HR department representatives help new recruits to "internalize the way things are done in the organisation". Orientation helps the newcomers to interact freely with employees working at various levels and learn behaviours that are acceptable. Through such formal and informal interaction and discussion, newcomers begin to understand how the department/company is run, who holds power and who does not, who is politically active within the department, how to behave in the company, what is expected of them, etc. In short, if the new recruits wish to survive and prosper in their new work home, they must soon come to 'know the ropes'.

Orientation Programmes as Effective Socialization Tools

Orientation programmes are effective socialization tools because they help the employees to learn about the job and perform things in a desired way. **Orientation** is the task of introducing the new employees to the organisation and its policies, procedures and rules. A typical formal orientation programme may last a day or less in most organisations. During this time, the new employee is provided with information about the company, its history, its current position, the benefits for which he is eligible, leave rules, rest periods, etc. Also covered are the more routine things a newcomer must learn, such as the location of the rest rooms, break rooms, parking spaces, cafeteria, etc. In some organisations, all this is done informally by attaching new employees to their seniors, who provide guidance on the above matters. Lectures, handbooks, films, groups, seminars are also provided to new employees so that they can settle down quickly and resume the work.

Socialization, in fact, is a three-step process

- ***Pre-arrival stage:*** The pre-arrival stage explicitly recognizes that each individual arrives with a particular set of values, expectations and attitudes. The employees undergo some kind of training wherein they will be taught how to behave in different situations, in work organisations.
- ***Encounter stage:*** in the second stage, individual encounters the possible dichotomy between his expectations about the job, his co-workers and the organisation in general. If the

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expectations prove to be compatible with the needs of organisation, the individual is able to handle the job well and get along with his co workers smoothly. But where expectations and reality differ, the new hire must undergo socialization that will detach him from his previous assumptions and replace them with another set that the organisation deems desirable. **Reality shock** occurs when new hires perceive discrepancies between their pre-employment expectations and on the job reality. The larger the gap, the stronger the reality shock. Reality shock, of course, is quite common in many organisations. The employer might fail to put the new hire on a challenging assignment, as promised. Resources and information required to do the job satisfactorily may not be forthcoming. Of course, at the extreme, a new recruit may become totally unconvinced and disillusioned with the realities of his job and eventually resign. Proper selection would greatly reduce the chance of occurrence of the latter type.

- ***Metamorphosis stage:*** Finally every new hire has to undergo the metamorphosis stage. If the new members work out problems during the encounter stage, then they have to go through changes in due course of time. When everything is complete, that is, when new hires internalize the learned behaviours – making them feel at home, understand how to handle the jobs and get along with people well – then socialization process is said to have come to an end. Successful metamorphosis will have a positive impact on employee productivity and commitment.

Socialization Process at the Disney World

Disney annually hires thousands of people and employs over 30,000 at Disney World. Employees who cannot afford housing are housed in a separate Disney gated complex. Initial applications from potential members are carefully screened. Those with a criminal record are lopped off from the list. All employees must follow Disney rules strictly(such as no mustaches, visible tattoos, dangling body piercing items and no hair colour outside of the normal colours) and observe norms scrupulously(such as taking the extra step to make sure guests have a good experiences) and behave in a certain way. To learn these rules, norms and behaviours, new recruits receive formal training at Disney University in groups of 45 and follow a tight schedule. During this training programme (Lasting a day and a half) new hires learn the Disney language and four Disney values namely safety, courtesy, show or entertainment and efficiency. They also receive training in how to answer guests' questions no matter how simple or difficult the question. One the new recruits understand what their new roles are and how to enact these in line with what has been taught, they are given on the job training by an experienced member. This part of socialization process can take up two and a half weeks to complete during which the new cast members (that's how the new hires are addressed) wear a costume, learn to sing a song and begin to mix up with other cast members and guests. When are get along with this process smoothly, they are moved on to further socialization in other attraction areas such as Adventureland, Fantasyland and so on, depending on their competencies. (Hellriegel and Slocum)

Organisational socialization is thus, a process of learning and adjustment, where new hires get to know each other, understand policies and procedures, learn the tricks of the trade, move closer to other members of the organisation, adjust to the new environs and carry out work without violating norms or rubbing people on the wrong side. For some people, as research evidence indicates, the adjustment process is fairly rapid. In any case, new hires with diverse work experiences seem to adjust better than those with limited previous experience, because they seem to possess a larger toolkit of knowledge and skills to make the adjustment possible.

Perpetuating the Culture

Once established, company cultures may be perpetuated:

- By screening and selecting new employees that mesh well with the culture
- By systematic indoctrination of new hires in the culture's fundamentals
- By the efforts of senior management to reiterate core values in daily conversations and pronouncements
- By the telling and retelling of company legends and stories
- By regular ceremonies honouring members who display desired cultural behaviours and
- By visibly rewarding those who display cultural norms and penalizing those who don't.

(J.P. Kotter and J.L. Heskett, Corporate Culture and Performance, New York, Free Press, 1992)

5.14 CHANGING ORGANISATIONAL STRUCTURE

Organisational Culture, as stated previously, is generally stable. However, it is not immutable. Culture is something which evolves over a period of time – in response to changes in environment, particularly changes in composition of workforce, changes in top management, changes brought about by mergers and acquisitions, deliberate attempts to change the structure of an organisation, changes brought about by a crisis etc. In any case, there is growing evidence suggesting likely change in organisational culture due to the occurrence of any of the following *(Kilmann et al and P.J. Frost et al).*

- ***A dramatic crisis:*** This is the shock that weakens the status quo and makes people start thinking about the relevance of the current culture. Examples include unexpected financial loss, the loss of a major customer or a dramatic technological innovation by a competitor
- ***Leadership changes hands:*** Senior managers working at the top level with an alternative set of key values may be perceived as being more capable of responding to the crisis than the old leaders were.
- ***Young and small organisations:*** The younger the organisation, the less entrenched its culture. Likewise, it's easier for managers to pass on new values in a small outfit than in a large one.
- ***Mergers and acquisitions:*** Another dramatic source of culture change is mergers and acquisitions –events in which one organisation purchases or otherwise absorbs another. Life in companies with incompatible cultures tends to be conflict-ridden and highly disruptive often resulting in arguments and considerable uncertainty about what to do. Culture clashes have led to the premature death of many companies in the past and unless such fires are put out quickly, even sound companies may begin to feel the pinch.
- ***Weak culture:*** The more widely held the values and the higher the agreement among members on those values, the more difficult it will be to change. Conversely, weak cultures are more receptive to change than are strong ones.
- ***Responding to the revolution brought about by Internet:*** Thanks to the revolution brought about by Internet, companies are compelled to be agile, fast paced and receptive to new solutions. The traditional brick and mortar models may have to

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be converted into click and mortar businesses. When structural changes occur, culture changes will have to follow suit.

Moving Closer to the Customer: Influence of the Leader

A leader can affect organisational culture in numerous ways. He can change the selection criteria for people. He can raise the bar considerably where merit becomes the only basis for hiring people. Only people with superior educational qualifications and experience could gain entry into a knowledge-based organisation. He can thereby put an end to extraneous considerations creeping into the selection process such as case, age, gender, ethnicity, regionalism etc. Likewise, a leader can change the socialization of organisational members including reformulating training programmes and introducing new managerial philosophies and values. Leaders can also change the meaning of work in an organisational culture. The dark three piece business suits that were the hallmarks of employee efficiency were to be discarded in favour of more casual dress when IBM failed to deliver results. To reiterate the point that IBM is not inflexible and is willing to shed clothes to change its image. Leaders can change other artifacts (surface manifestations of organisational culture) such as logos, symbols, buildings apart from dress codes in order to influence employee thinking and actions. In order to survive and flourish in a competitive world, leaders have to necessarily move closer to the hearts of employees and customers. Creating ***a customer-responsive culture*** is not easy but not impossible. Certain guidelines in this regard, advanced by research studies, may be listed thus: *(Hoecklin; A.M.Francesco, Robbins et al)*

- Selection of employees who are outgoing and friendly; who are willing to go that extra mile and serve customers to the best of their abilities.
- Not putting rules, procedures and regulations ahead of customer needs.
- Empowerment of employees at every level so that they can do anything to please the customer—without fear of criticism or penalty for violation of rules.
- Taking note of grievances of customers, paying critical attention to their suggestions, welcoming their suggestions and using such feedback to improve service.
- Clarifying what the employee should do and should not do will put an end to employee anxiety and confusion—often over trivial matters. Show them the right way to carry out assigned tasks and encourage employees to think out of the box, especially in moving closer to the hearts of customers. If such behaviours are encouraged, even when the employee has crossed his limits, then the organisation need not worry about who does what. Everyone will rise to the occasion and deliver results, surpassing expectations.
- Create a feeling that every employee is the real owner of the company. Do whatever is necessary to bring about a radical change in the mindset of people—through stock options, excellent rewards, novel benefit plans, extra concessions. Make them feel that they are also entitled to share the fruits of organisational success. In such a scenario, employees may really be proud to initiate novel, often customer-friendly actions that may eventually take ordinary organisations to extraordinary heights.

5.15 ETHICAL BEHAVIOUR AND INFLUENCE OF THE LEADER

It is usually the top managers who uphold the shared values and set the ethical tone. If they pursue and encourage a culture of "the end justifies the means," then you are virtually sending an open invitation to trouble. If managers at lower levels were to observe top level people sexually harassing others, falsifying expense reports, diverting shipments to preferred customers, misrepresenting financial health and other forms of unethical behaviour, they tend to take it lightly and perpetrate similar crimes without any fear. What the top managers do is far more important than what they do. If they begin to offer rewards to their friends, use company facilities for personal use and inflate their travel and medical bills—it conveys many things to many people. Likewise, if they do not punish the guilty and reward the efficient, the wrong signals catch the attention of many inside and outside the company.

The fall of mighty Enron Corp—once one of the most valuable companies in America—was a collapse of mind boggling proportions. Everything, in the end, traceable to unethical behaviour of people at the top. Managers who have espoused values such as growth at any cost, personal ambitions above team objectives, aggressive territorial invasion in place of doing what you know best have paid a heavy price in the end. At Enron, former chief financial officer Andrew Fastow and his wife pleaded guilty to falsifying the company's books so that they could siphon off tens of millions of Enron's money for their own use. Even though they knew Enron was collapsing, in the days before, its top managers decided to award themselves over $80 million in compensation for their "work". In 2002 a judge in Houston opened the way for representatives of its shareholders to go after this money and other money its top executives had extracted from the company. Enron, remember; too had an extremely detailed 60-page ethics code!

To be fair, the code of ethics must be prepared taking inputs from relevant stakeholders. It should not be a product of top management thinking. top managers should stand by what they say and serve as visible role models—in terms of exemplary character and conduct—for others to emulate. They must always communicate ways and means that are in sync with what has been stated in black and white. Seminars, workshops and other training programmes must be conducted frequently to encourage ethical behaviour on the part of employees. There is, of course, the debate whether ethics and ethical behaviour could be passed on to employees through formal teaching methods, since most people come to the workplace with their own set of ethical values and behaviours learnt and groomed since childhood. As research studies have indicated, repeated reinforcements (rewards for correct ethical conduct) and constant threatening postures (punishing the guilty for violating the ethical codes) would certainly help employees to put their behaviours on the paths espoused by top management. Ethics training certainly increases awareness of ethical issues in an organisation and makes each one realise what practices are and are not acceptable. In fact, top managers should encourage people working at all levels to report illegal, immoral or illegitimate organisational practices without any *fear*. Remember the famous memo sent by Sherron Watkins to her boss, Kenneth Lay of Enron: "I am incredibly nervous that we will implode in a wave of accounting scandals"? Watkins seven page memo has become the smoking gun in an unfolding investigation of alleged financial misdealing at Enron and Arthur Anderson.

5.16 BUILDING A POSITIVE ORGANIZATIONAL CULTURE

Building a positive organisational culture is not an easy task. It requires determined, conscious effort to make things happen. The leader should be willing to give competent employees a free hand and allow them to run the show – putting their strengths to effective us. Part of creating a positive organisational culture is 'catching employees

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doing something right'. He should recognize meritorious performance and reward the same promptly. The whole exercise, according to Kate McFarlin, may involve the following steps: (www.chron.com)

- ***Articulate the vision:*** Create a clear vision statement for your company. Employees like to know that the job they are doing is making a difference. By creating a vision statement about where you want your company to be in the future and how you want it to make the world a better place creates an air of striving for betterment in the workplace. This lays the foundation for a positive work culture.
- ***Hire people with positive attitudes:*** Look for positive attitudes while hiring. Negative people can quickly sour an entire workplace. When hiring employees, look for a friendly smile and an upbeat disposition. Ask questions of new hires to determine how they handle conflict and interactions with others. If you already have negative employees on staff, take them aside to discuss their attitudes and make it clear that you are creating a positive work culture and negativity will not be tolerated.
- ***Mingle with people and allow them to express freely:*** Make an open-door policy. When the boss is inaccessible and distant to employees, they may not feel as though their opinions matter. Establish an open-door policy and encourage interaction with employees. Ask their opinions, listen to what they have to say and remember to be positive in your dealings with them.
- ***Involve and engage employees:*** Engage your employees in daily operations of the company. Employees may not realize the good that the company is doing behind closed doors. Keeping them informed about exciting new changes or new horizons will help them stay engaged in the company and feel more positive about the future. Be honest and open with your employees.

Why Marriott Hotels India Pvt. Ltd. is India's Best Companies to Work for in 2012

At Mariott Hotels India, for example, employees are encouraged to call the boss anonymously and ventilate their grievances. Says Rajeev Menon, AVP – India Subcontinent, Maldives and Australia, Marriott International Inc," The well being and growth of our employees has always been at the heart of all that Marriott strives to do. We believe our associates are our greatest strength; it is a principal that is lived and practiced by the Marriott Hotels across the world. Our core value comes from none other than J Willard Marriott who believed that "if you take care of your associates, they will take care of the guest and they would want to keep coming back." Gurmeet Singh, Area Director of Human Resource – India, Maldives – Marriott International Inc. further adds, "In the hospitality industry, we tend to work while everyone is having fun, but we try and make sure working at the Marriott is just as enjoyable. At the Marriott we constantly work at creating and inculcating a culture where there is a level of confidence, empowerment and growth among each and every associate." Marriott Hotels India Pvt. Ltd., was judged the best place to work at in Hospitality in 2012 because the employees trust the people they work for, have pride in what they do and enjoy the company of people they work with. The company's policy is based on the strong foundation of 3 pillars: an open-door policy, empowerment and fairness. The Marriott employees enjoy and have pride in being a part of the group. This was revealed by the study, as two thirds of the weightage of the survey.

(http://www.ibrnews.biz/2012/07/marriott-hotels-india-pvt-ltd-is-indias.html)

- ***Appreciate and reward:*** Let your employees know they are appreciated. Employees who are not recognized for the work they do can feel as though their work is unappreciated. Establish reward systems for excellent performance and never forget to thank an employee for a job well done.

5.17 WORKPLACE SPIRITUALITY AND ORGANISATIONAL CULTURE

Employees have a genuine desire to find meaning and purpose in their work. As human beings they are imbued with an inner soul that continually seeks fulfillment in the workplace. They want to grow, help others and be part of a community. In fact, many would seek to integrate their personal life values with their professional lives. They want to come out of the emptiness that surrounds the modern work organisations. Organisations that promote a spiritual culture recognize that employees have both a mind and a spirit, seek to find meaning and purpose in their work, and desire to connect with other employees and be part of a community. The concept of workplace spirituality assumes that employees are exposed to a stressful life in the workplace. They seek to come out of the emptiness created by the contemporary lifestyles—single parent families, geographic mobility, temporary jobs, technologies that create a divide between people and the mechanical pacing of life. They want involvement and connection and want to be part of community. The concept, thus, is built around three basic assumptions: (i) Employees have an inner life related to their soul which seeks fulfillment. Spirituality is a state or experience that can provide individuals with direction or meaning, or provide feelings of understanding, support, inner wholeness or connectedness. Connectedness can be to themselves, other people, nature, the universe, a God, or some other supernatural power. (ii) Employees seek to find meaning and purpose in their work. They have a desire to transcend the individual ego and personal self. They want to explore their inner strength and wisdom through meditation, spending time with nature in a quiet way, and take time off for purification of inner soul. (the vertical component) (iii) Employees have a strong desire to be part of service to other humans(the horizontal component) and they believe that the organisation provides the context or community in which spiritual expression can take place. Spirituality in the workplace is about individuals and organisations following a spiritual path aimed at individual fulfillment, organisational growth and community development.

Features of Spiritual Organizations

The concept of spirituality draws on the ethics, values, motivation, work-/life balance, and leadership elements of an organisation. Spiritual organisations recognize the worth and value of individuals. They seek to create cultures that help employees grow continually and learn. Spiritual organizations, according to researchers, seem to possess the following characteristics: *(E.H.Burack, 'Spirituality in the Workplace," Journal of Organisational Change and Management, 1999)*

- ***Strong sense of purpose:*** Organisational members know why the organization exists and what it values. Profits do matter but they are not the dominant values.

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Employees get inspired by a higher sense of purpose they believe is important and worthwhile.

- ***Focus on individual development:*** Employers are valuable and need to be nurtured to help them grow.
- ***Trust and openness:*** Spiritual organisations are characterized by mutual trust, honesty and openness. Managers do not hesitate to admit their mistakes. In fact they tend to be upfront with employees, customers and suppliers.
- ***Employee empowerment:*** Employees are allowed to a make work related decisions that affect them. They are encouraged to do everything possible in order to deliver value to customers—sometimes, going against rules and established traditions.
- ***Toleration of employee expression:*** The organization culture encourages employees to be themselves and to express their moods and feelings without guilt or fear of reprimand.

Workplace spirituality looks like a great movement but it is not without its critics. Although workplace spirituality has generated some interest in many organizations, it is not without its critics. Those who argue against spirituality in organizations typically focus on three issues.

1. **Validity:** First, people question the scientific validity of the findings endorsed by a limited set of research studies. Critics question the vagueness that surrounds the whole concept. When questioned, most employees may find it difficult to answer whether they are working in a spiritual organization or not – howsoever good the work environment might be.
2. **Legitimacy:** Second is the question of legitimacy. Are spiritual organisations legitimate? Do they have the right to impose certain spiritual values over employees? Can organisations be turned into religious spots trying to preach values that are confusing and at time contradictory? Of course, as long as the purpose of this kind of coaching is to help employees find meaning in their work – there is no issue. The real problem comes only when spirituality is defined as bringing religion and God into the workplace.
3. **Economics:** Third is the question of economics. Can spirituality and profits go hand in hand? The limited research that is being carried out till date testifies this in more than one way. One study found spirituality based techniques leading to improved productivity and lower turnover. Another study found organizations that offered their employees with opportunities for spiritual development outperformed those that didn't. yet another study found a positive relationship between spiritual organisations and employee creativity, job satisfaction and commitment. The shining example of South West Airlines is quoted in support of this argument.

5.18 ORGANISATION DEVELOPMENT

Organisation Development (OD) refers to a collection of planned change efforts based on democratic values that aim at improving employee well-being and organisational effectiveness. According to Beckhard, OD can be defined as "an organisation-wide change effort that is (1) planned, (2) managed from top, (3) aimed at improving organisational effectiveness, and (4) initiated through a change agent who is well versed in the behavioural sciences." Let's examine the features of OD based on these definitions.

1. ***Long-range effort:*** OD is not designed to solve short term, temporary or isolated problems. It is a long-term approach meant to elevate the organisation to a higher level of functioning by improving the performance and satisfaction of organisation members. OD programmes generally cover a period of three-to-five years.
2. ***Broad-based:*** OD is used broadly to describe a variety of change programmes. It essentially deals with big picture, i.e., organisation. It is a sophisticated attempt to bring about a comprehensive change in the entire organisation. In other words, it is concerned not only with changes in organisational design but also with changes in organisational philosophies, skills of individuals and groups.
3. ***Dynamic process:*** OD includes the effort to guide and direct change as well as to cope with or adapt to imposed change. OD recognises the fact that the goals of the organisation change and hence, the methods of attaining them should also change. OD is thus, a dynamic process involving a considerable investment of time and energies. It is not merely a one-shot deal; it is rather an ongoing and interactive process.
4. ***Planned and proactive:*** The change effort is planned and proactive, rather than reactive.
5. ***Systems view:*** OD utilises systems thinking. It is based on open, adaptive systems concept. It recognises that organisation structure and managerial performance are mutually interdependent. The organisation is treated as an interrelated whole and no part of the organisation can be changed without affecting other parts.
6. ***Research-based:*** Most of the OD interventions are research-based. Change agents do not just interview the employees and introduce changes, rather, they conduct surveys, collect data, evaluate and then take decisions. OD programmes are generally conducted by a special task force and involve the utilisation of outside behavioural consultant's faculties.
7. ***Goal-setting and planning:*** Since OD is concerned with the entire organisation. The change agent defines the goals of the group and ensures that together all people work to achieve them. Beckhard contends that healthy organisations tend to have goal-setting at all levels.
8. ***Educative Strategy:*** OD draws heavily from other disciplines such as psychology, sociology and anthropology. It is based on theoretical inputs from all these disciplines and the research data developed by the change agent. The primary goal is to bring about a fundamental change in an organisation's culture. "It is concerned with changing attitudes, perceptions, behaviours and expectations" (Griffin).
9. ***Interventions:*** OD relies on the use of interventions that aim at facilitating organisational change and enhance personal and organisational effectiveness.

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10. ***Change agent:*** OD efforts are initiated through a change agent. The change agent possesses sound knowledge of behavioural sciences and acts as a catalyst in helping the organisation approach old problems in new or innovative ways.

Advantages and Disadvantages of Internal and External Change Agents

Internal Agents	External Agents
Advantages • Possess better knowledge of the organisation • Are more quickly available • Require lower out-of-pocket costs • Are a known quantity • Have more control and authority.	*Advantages* • Have more objective views of the organisation • Have more experience in dealing with diverse problems • Can call on more individuals with diverse expertise • Have more technical knowledge, competence, and skills available.
Disadvantages • May be too close to the problem • May hold biased views • May create additional resistance if viewed as part of the problem • Must be reassigned; not available for other work.	*Disadvantages* • Have less knowledge of the organisation • Require higher out-of-pocket costs • Are an unknown quantity • Have longer start-up-time • Reflect unfavourably on the image of management.

Source: Judith R. Gordon, A Diagnostic Approach to Organisational Behaviour, Allyn and Bacon, Boston, 1987, p. 695.

Objectives

According to W. French, the typical OD program tries to achieve the following objectives:

- Deepen the sense of organisational purpose (or vision) and align individuals with that purpose.

- Strengthen interpersonal trust, communication, cooperation, and support.
- Encourage a problem-solving rather than problem-avoiding approach to organisational problems.
- Develop a satisfying work experience capable of building enthusiasm.
- Supplement formal authority with authority based on personal knowledge and skill.
- Increase personal responsibility for planning and implementing.
- Encourage personal willingness to change.

OD Values

OD change efforts place a premium on humanistic values and goals consistent with these values. In fact, OD is a way of looking at the whole human side of organisational life. The emphasis of OD on human dimensions of organisation is reflected in the following cardinal list of humanistic values. (Robbins).

1. ***Respect for people:*** Individuals are viewed as being responsible, conscientious, and caring. They should, therefore, be treated with dignity and respect.
2. ***Trust and support:*** The effective and healthy organisation is characterised by trust, authenticity, openness, and a supportive climate.
3. ***Power equalisation:*** Effective organisations deemphasise hierarchical authority and control.
4. ***Confrontation:*** Problems shouldn't be swept under the rug. They should be openly confronted.
5. ***Participation:*** The more people, who will be affected by a change, are involved in the decisions surrounding that change, the more they will be committed to implementing those decisions.

Thus, OD develops a view of people in organisation that is radically different from the traditional approaches about organisations. (R. Tannenbaum and S.A. Davis)

The Transition of Employee Values through OD

Away from	**Towards**
A view of people as essentially bad.	A view of people as basically good.
Negative valuation of people.	Confirming as human resources.
Resisting individual differences.	Accepting and utilising individual differences.
Walking off personal feelings.	Expressing feelings
Maskmanship and game playing.	Authentic behaviour.
Distrust.	Trust.
Avoiding facing others with relevant data.	Making appropriate confrontation.
Avoiding risk taking.	Willingness to take risk.
Emphasis on competition.	Emphasis on collaboration.

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The OD Process

The OD process involves the following steps:

1. ***Problem identification:*** Understanding and identification of the problem in the organisation is the first step in OD process. The awareness of the problem includes knowledge of the possible organisational problems of growth, of human satisfaction and use of human resources, and the problems of organisational effectiveness. Having understood exactly what the problem is, the OD practitioner can proceed to collect the necessary data to solve the problem.
2. ***Collection of data:*** Data gathering is perhaps the most important activity in the process of OD. Personal interviews, personal observations and questionnaires are the most common ways through which data is collected.
3. ***Diagnosis:*** OD efforts begin with a diagnosis of the current situation. Usually, diagnosis should not be limited to a single problem. Often, important factors like attitudes, assumptions, available resources, etc., must be taken into account in the diagnostic phase. For this purpose, attitude surveys can be undertaken. Such surveys will help identify the problem clearly as perceived by the organisation members.

Organisational Diagnosis

Organisational diagnosis is an attempt to analyse an organisation, its structure, sub-systems and processes in order to find out the strengths and weaknesses of its structural parts and processes and use it as a basis for developing plans to improve its effectiveness. Diagnosis involves the following steps:

1. ***Organisation Analysis (Structure):*** The organisation initially, should be analysed in terms of how its parts are moving, whether they are moving toward a proper direction with a view to achieve stated goals or not.
2. ***Processes Analysis (Processes):*** According to Beckhard, the second area of diagnosis is the organisation processes that are occurring. These include decision-making processes, communication pattern and styles, relationships between interacting groups, the management of conflict, the setting of goals and planning method. Process here implies the manner in which events take place in a sequence.
3. ***Function Analysis:*** This includes strategic variables, performance variables, results, achievements and final outcomes.
4. ***Domain Analysis:*** A diagnostician may be asked to find out the relationship between a single episode, say a strike/lockout, and the affected parties within a given section. He may also be called in to investigate a series of episodes pertaining to an organisation during a specified period. In addition to such singularity or plurality of coverage, the organisation may be subjected to an overall coverage—covering all aspects of its functioning. Domain, thus, refers to the area of the organisation for organisational diagnosis.

5. ***Environmental Analysis:*** Since the organisation is struck with its environment, the diagnosis focuses attention on various aspects of organisational functioning having a direct or indirect relationship with the environment.

Planning a Diagnostic Study

Some of the questions to be answered before carrying out a diagnostic study may be outlined thus:

- How to carry out the study
- The procedure to be followed
- The strategy to be adopted
- The resources to be committed for this purpose (time, manpower, money, etc.)
- The requirements of the client
- The skills of the change agent
- The methods to be followed to achieve the best 'fit'.

Methods

- Questionnaires
- Interviews
- Observation
- Past and present records
- Workshops, seminars, symposia
- Examining critical events, incidents, etc.

4. ***Planning and implementation:*** After diagnosing the problem, the OD expert turns his attention to the planning of change and implementing it. OD interventions come into picture here. Intervention is considered to be the action phase in OD processes. Intervention is a set of planned, programmed activities and techniques by which organisations and their clients collaborate in OD Programme.
5. ***Evaluation and Feedback:*** Evaluation is helpful to know as to what has been done, whether correctly done or not, and show whether further work is needed before proceeding to the next stage. While evaluating, the change agent carefully observes the decisions taken, and their consequences in the organisation. Any OD activity is incomplete without proper feedback. Feedback is the process of relaying evaluations to appropriate employees and groups by means of special sessions or reports.

OD Interventions

An intervention, in OD terms, is a systematic attempt to correct an organisational deficiency uncovered through diagnosis. Some of the important OD interventions may be stated thus:

Sensitivity or T Group Training

1. ***Sensitivity or T-Group Training:*** This is a method of changing behaviour through unstructured group interaction. Sensitivity training is sought to help individuals toward better relations with others. The primary focus is on reducing interpersonal friction. In sensitivity training, the actual technique employed is T-group (T stands for training). It is a small group of 10-12 people assisted by a professional behavioural scientist who acts as a catalyst and trainer for the group. There is no specified agenda. He merely creates the opportunity for

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group members to express their ideas and feelings freely. Since the trainer has no leadership role to play, the group must work out its own methods of proceeding. A leaderless and agendum-free group session is on. They can discuss anything they like. Individuals are allowed to focus on behaviour rather than on duties. As members engage in the dialogue, they are encouraged to learn about themselves as they interact with others.

Features of T-Group Training

- T-Group consists of 10–12 persons
- A leader acts as a catalyst and provides a free and open environment for discussion
- There is no specified agenda
- Members express their ideas, feelings and thoughts freely and openly
- The focus is on behaviour rather than on duties
- The aim is to achieve behaviour effectiveness in transactions with one›s environment

Merits and Demerits of Sensitivity Training

Merits	Demerits
1. Participants gain confidence and learn how to present themselves before a group. The experience is uniquely beneficial in developing their personality.	1. T group training may prove to be a time waster if dominating individuals take the group for a ride.
2. Healthy interaction allows participants to learn from others. They also learn the ways and means to get along with people. Once they get to know each other better, participants tend to overlook even the blind spots and personality weaknesses and move ahead.	2. T-group leaders may bulldoze dissent, block honest opinions and frustrate the attempts of those who want to ventilate their views in front of others.
	3. The T-group experience is an immoral and unjustified invasion of privacy, based on false assumptions about the nature of human relationship at work.

3. Participants learn unique ways and means to put out fires, resolve things smoothly and put emotional objections to rest. They begin to look at issues from a 360 degree perspective. The overall emotional sensitivity of the group improves 4. Open communication helps participants to be honest in their interactions. Research on sensitivity training reveals significant changes in attitudes, behaviour and personal growth of participants.	4. Agenda-less and direction-less discussions may produce anxiety and stress among participants. Participants may lose interest in the proceedings mid-way. Open sharing of thoughts might go against the personal interests of a trainee—especially when the leaders tend to take it as a personal attack. The process of sensitivity training involves an emotional blood bath; it can shatter personal defences and damage future capabilities. 5. Immature trainees and intolerant bosses could spoil the show. Teamwork and team spirit might get impacted negatively.

Where T-group Training is Suitable?

T-group is an excellent learning and change intervention, particularly for the personal growth and development of the individual. It is particularly suitable and appropriate: In organic organisations (i) where openness, trust and willingness to work cooperatively are the essential features. (ii) Where a climate of psychological safety is there in the organisation. For instance, the person would feel safe to revel himself in the group, to expose his feelings, drop defences, and try to find new ways of interacting and (iii) Where the group's feedback is articulate and meaningful in the organisation. (Since it focuses on group's behaviour, it needs proper feedback).

Prerequisites for T-group Training

According to Katz, the followings things are necessary for the success of T-group Training: (i) The trainee must sincerely want to improve the human relation skills. (ii) He must be willing to look into his blind spots and mend his ways. (iii) There must be a permissive atmosphere where a member, exposing himself, is not ridiculed or criticised and (iv) The leader must be genuinely interested in helping people improve their interpersonal effectiveness.

Team Building

Organisations are made up of people working together to achieve some common goals. Since people are frequently required to work in groups, considerable attention has been focussed on the Team Building technique in recent times. A team is developed wherever people have to work together to get results. A team is capable of accomplishing much more than the sum total of what the members are capable of accomplishing individually. Teamwork is stimulating; it encourages members to put in their best. Teamwork has a *synergistic effect* in that the individuals working together achieve more than they could alone. Members share a common purpose which is clear to each team member. Teamwork, in any case, does not just happen; it needs continuous effort. The effort should also be enjoyable, funny and should result in a feeling of personal satisfaction for every team member. Much of this job is done

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by the team leader who makes them realise that team interests are above personal aspirations. Another feature of the team is that it has a 'feel' about it, a sort of tameness. Members exchange feelings, opinions, ideas freely, discuss openly and try to learn from each other. There is pride and a sense of belonging to the team, which members find motivating. Team Building is an attempt to assist the work group in becoming more adept by learning how (with the help of a leader) to identify, diagnose and solve its own problems. The basic purpose is to help group members examine their own behaviours and develop action plans which will improve task accomplishment.

Process

The following steps serve as a workable plan for team building:

1. Most team building meetings involve getting the workgroup together, away from the workplace, for an extended period of time, such as one to three days.
2. The group identifies the important problems, usually with the help of a consultant. Members contribute information concerning their individual perceptions of issues, problems, etc.
3. Having agreed on the key problems, discussion now shifts to specific tactics for overcoming these problems.
4. A schedule for future meetings is decided now (team building, remember, is not a one-shot deal). Assessments regarding the impact of the action plans agreed upon are done in subsequent sittings.

Advantages and Disadvantages of Team Building

Advantages	Disadvantages
1. Improves problem solving skills: Team building improves the organisation's problem-solving ability and decision-making skills. 2. Paves the way for effective interpersonal relationships: It results in effective interpersonal relationships. 3. Helps overcome intergroup barriers: It helps in understanding inter-group communication and removing the barriers, if any, in the organisational communication pattern. 4. Contributes to collaborative behaviour: It provides a useful way for the group to examine interpersonal issues. It increases the probability of occurrence of collaborative behaviour	1. Key Organisational variables put aside: Team building focuses only on workgroups. It fails to consider the other organisational variables such as technology and structure. 2. Complicated exercise: Team building becomes a complicated exercise especially when new groups are formed. When new groups emerge: (i) Confusion arises in the roles and relationships among the group members when new members join. (ii) The technical competence of the new members may be distinctly different and they (new members) may find it very difficult to get along with the existing members. (iii) New members may often pay more attention to the tasks of the team rather than to the relationship among the team members.

Prerequisites for Success

Team building activities would succeed when the following conditions are met:

- There is interdependence among the members of the group.
- The group members understand the goals clearly.
- The group members unanimously agree with the objectives.
- Frequent communication is there between members. This, in turn, results in commitment of the members.
- Quick and direct control information is made available to members. Feedback on performance is necessary to take corrective steps.
- The group should be capable of taking corrective action on the identified problems.
- Reinforcement is necessary for good performance. Not only monetary benefits but incentives in terms of praise and recognition result in better performance.

Survey Feedback

Survey feedback consists of (1) collecting information (usually through an anonymous questionnaire) from members of an organisation or work group; (2) organising the data into an understandable and useful form; and (3) feeding it back to the employees who generated the data. The basic purpose of survey feedback is to assist the organisation in diagnosing problems and developing action plans for problem-solving. It also assists the group members to improve the relationships through discussion of common problem.

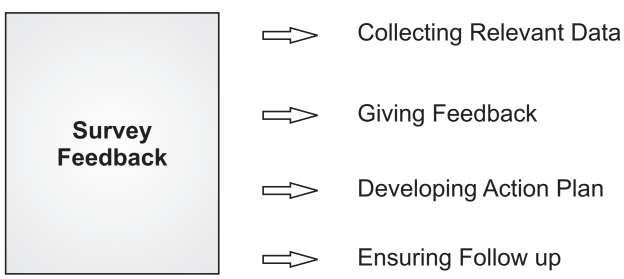

Fig. 5.4 Survey Feedback—Essential Steps

The survey feedback starts by obtaining the commitment and endorsement of top management. The survey may be conducted with or without the help of an outside consultant. Participants, during the first phase of the programme complete a standardised questionnaire. The survey feedback questionnaire includes standardised items relating to the members' perceptions and attitudes about a wide range of areas—including communication process, motivational conditions, decision-making practices, etc.

The questionnaire is then distributed to the respondents. The respondents may consist of all the members of the organisation or only a sample of

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the membership. The data will be analysed and a report of the data is prepared. All respondents receive the report of data which usually summarises the responses for each organisational unit, department on workgroup, as well as their own responses. Then group-discussions and problem-solving meetings are held. In these meetings, the data of feedback is discussed. Normally, these group sessions discuss the tabulated perceptions and attitudes of employees and identify various action steps for any problems and then implement the same in the organisation.

Prerequisites of Effective Feedback (Kreitner)

- ***Relevant:*** Only information that is meaningful to the recipients should be fed back.
- ***Understandable:*** To ensure clear communication, language and symbols should be familiar to the recipients.
- ***Descriptive:*** Data should be in the form of real-life examples with which the recipients can identify.
- ***Verifiable:*** The form of presentation should allow recipients to test the validity and accuracy of the data fed back to them.
- ***Limited:*** Too much feedback causes an information overload, so only significant highlights should be presented.
- ***Controllable:*** Recipients should be given information on situations that they can directly control.
- ***Comparative:*** Comparative data let recipients know where they stand in relation to others.
- ***Inspiring:*** Recipients must see feedback information as a beginning and a stimulus for action rather than as a final statement.

For survey feedback to be successful, management should ensure that:

1. The questionnaire it employs must be valid and reliable.
2. Employees must be willing to report their views and reactions honestly.
3. The OD consultant conducting the programme must be skilled at interpreting the survey data.
4. Top management must be willing to use the information it gathers.
5. The sessions are conducted in a factual, task-oriented environment.
6. Each group has enough discretion to consider and act upon its findings and analysis.
7. Organisational members trust each other (it is because distrust leads to response bias).
8. Participants do not feel deceived, manipulated or misrepresented.

Evaluation

Survey feedback, as OD technique, is appreciated on many accounts:

1. It can yield a great amount of information and data efficiently and quickly.
2. Decision-making and problem-solving abilities of the organisation can be improved tremendously because this approach applies the competence and knowledge throughout the organisation to the organisation-related issues.
3. It emphasises and promotes two-way communication in the organisation.

4. It can increase the influence of the lower-level managers.
5. It has a broad coverage and includes all the members of the organisation.
6. The information it provides often serves as the basis for concrete plans to enhance organisational effectiveness.
7. It is flexible and can be applied to many different organisations and many different problems.
8. Finally, although it does not bring fundamental change in structure, task design, or technology of organisation, it may highlight the problems regarding these and clarify them.

Survey feedback is indeed an effective approach because it can meet both individual needs and organisational goals. However, this approach may be counterproductive, if the group can only discuss problems and perceptions without actually determining or strongly influencing corrective actions. Further, the effectiveness of survey feedback depends largely on the reliability of the questionnaire and the information the members provide. If there is any information bias, then all the attempts to diagnose and solve the problems will be abortive and futile.

Process Consultation

According to Schein, process consultation includes a set of activities on the part of the consultant which help the client to perceive, understand, and act upon the process events which occur in the client's environment. Process consultation concentrates on certain specified process events such as communication, functional roles of members, group problem-solving and decision-making, group norms and growth, leadership and authority, and intergroup cooperation and competition.

Steps in Process Consultation

According to Schein, the process consultation normally proceeds along the following lines:

1. ***Initial contact:*** Here the client comes into contact with the consultant and specifies the problem that cannot be solved by normal organisational procedures or resources.
2. ***Define the relationship:*** After identifying the specific problem areas, the consultant and the client enter into a formal contract. The formal contract spells out the services, time and fee of the consultant. Actually, this is also a psychological contract because both parties are involved in the satisfaction of certain expectations.
3. ***Select the method of work:*** It involves the clear-cut understanding of where and how the consultant will perform the job. Each individual employee in the organisation is made aware of who the consultant is, so that they can help the consultant by furnishing the required information.
4. ***Collection of data and diagnosis:*** The consultant invests a great deal of time in collecting the relevant information. Normally, he gathers data through

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questionnaires, observation and personal interviews, etc., and then makes an in-depth diagnosis of the problems.

5. ***Intervention:*** Various interventions by the consultant such as agenda-setting, feedback, coaching, and structural suggestions are made in process consultation approach. During this phase, the solutions designed by the consultant will be translated into action in the organisation.
6. ***Reducing involvement and termination:*** When the goals of OD intervention have been successfully achieved, the consultant leaves the organisation by closing the formal contract with the client.

Evaluation

Process consultation is designed to change attitudes, values, interpersonal skills, group norms and cohesiveness, and other process variables. Evidence shows that it is often effective in facilitating the changes. As against this, there is also evidence stating that there is no correlation between the outcome variables such as task performance, and satisfaction of the employees and the process consultation. There is conspicuous absence of evidence. It should, however, be noted that process consultation is seldom the sole component of organisational change programme; it is generally combined with other OD interventions. Process consultation is, however, a traditional approach to OD. An important advantage of this technique is that it focuses attention on the interpersonal and intergroup problems faced by the organisations in a direct way. The professional consultant assists the organisational members in facing the problems squarely and resolving the conflicts in a dispassionate way. However, the success of this technique, to a large extent, depends on the diagnostic skills of the consultant. If the consultant is lacking the requisite experience and skills, the whole exercise may be self-defeating. Again, it is always not possible to ascertain how effectively the consultant works.

Management By Objectives (MBO)

MBO(Management By Objectives) is based on the assumption that people perform better when they know what is expected of them and can relate their personal goals to organisational objectives. It also assumes that people are interested in the goal-setting process and in evaluating their performances against the target. In the words of Odiorne, MBO is "*a process whereby superiors and subordinates of an organisation jointly identify the common goals, define each individual's major areas of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.*" MBO focuses attention on jointly set goals that are tangible, verifiable and measurable. There is a clear focus on what must be accomplished (goals) rather than how it is to be accomplished (methods). Both superiors and subordinates actively participate in setting goals and in accomplishing them. Subordinates enjoy considerable freedom in making things happen. Superiors are willing to offer coaching and guidance when required. The whole focus is on getting results through mutual support, help and cooperation. The key steps in MBO process may be listed thus:

MBO: Features

- **Superior-subordinate participation:** MBO requires the superior and the subordinate to recognize that the development of objectives is a joint effort. They must be jointly agree and write out their duties and areas of responsibility in their respective jobs.
- **Quantifiable goals:** MBO is all about goals that are tangible, verifiable and measurable. The subordinate in consultation with his superior sets his own short-term goals—that are realistic and attainable.
- **Focus on what must be accomplished:** MBO focuses special attention on what must be accomplished (goals) rather than how it is to be accomplished (methods). The superior and the subordinate mutually find out ways and means to achieve the goals that are mutually agreed upon. They mutually set the standards to be followed and decide the norms for evaluating performance.
- **Effective results:** MBO paves the way for the attainment of goals by putting resources to best use.—with a single minded focus on attainable goals. Subordinates are allowed to think creatively and meet targets. When everyone is aware of what needs to achieved and how the performances is going to be evaluated and rewarded—the end result is superior performance
- **Consistent support and continued blessings from superior:** Superiors extend their help whenever and wherever needed. They offer necessary coaching and guidance from time to time. They keep all communication lines open. The whole focus is on getting results, through mutual support, help and cooperation.

Steps in MBO

1. ***Establishing goals:*** The first step in an MBO programme is the establishment of clear and concise goals of performance which are understood and accepted by both superior and subordinate. Initially, the superior determines his objectives and general programme. Then, he meets his immediate subordinates and explains his objectives and plans for the group. There is little emphasis on specific goals at this stage. The focus is on transmitting the information. Once a second-level subordinate knows what his objectives are, i.e., what is expected of him by the superior, he schedules a meeting with his operating and staff personnel. He informs the group the goals and the action plans that he has agreed to with his superior. In all these goals-setting sessions, the emphasis is on setting measurable goals. For example, goals might be defined in terms of specific increase in sales volume, production, output or quality improvement. According to George Odiorne, successful MBO programme must establish two types of goals: *performance goals* converting overall organisational objectives into specific objectives for organisational units and individual members (production quotas, sales volume); and *personal development goals*

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allowing the individuals to develop their knowledge, skills potential, etc. and prepare them for future.

The goals which are fixed ultimately should have certain important characteristics: (i) Clear, concise and unambiguous; (ii) Accurate in terms of the true end-state or condition sought; (iii) Consistent with policies, procedures and plans as they apply to the unit; (iv) Within the competence of the personnel; and (v) Interesting, motivating or challenging, wherever possible. Setting objective is a difficult task. "It requires intelligent coaching by the superior and extensive practice by the subordinate." Superiors must avoid the temptation of setting 'blue-sky' objectives for subordinates and avoid the practice of imposing goals on subordinates by dominating the goal-setting sessions. As far as possible, they must listen to, and help subordinates develop clear and mutually agreed-upon goals. The key to success is the ability to walk the fine line; allowing meaningful participation to subordinates. To avoid ambiguity, it is necessary to spell out areas in which subordinates have some latitude, so that they understand what their decision limits are.

2. ***Action plan:*** The action plan is the means by which an objective is achieved. The action plan will set out in detail exactly what is to be done, how the subordinate will proceed, what steps will be taken, and what activities will be engaged in, as the subordinate progresses. There are two ways of developing specific action plans: they may be developed by both manager and subordinate or by the subordinate alone. To ensure success, the superior must be willing to sit with each subordinate and review action plan, once it has been developed. The periodic review process helps the superior to monitor progress toward goals achievement. It helps in searching for better and more efficient methods of accomplishing goals, finding out the feasibility of implementing the earlier objectives, uncovering barriers to accomplishment, etc. If the subordinate does not appear to be on the right course, the performance objective can be modified or the subordinate can be redirected to display more productive behaviour.

3. ***Performance Review:*** MBO explicitly incorporates periodic and quantitative appraisal within its framework. According to *Levinson*, such an appraisal can (i) Provide feedback to personnel regarding their actual performance; (ii) Provide the basis for identifying more effective job behaviour; and (iii) Offer vital information to managers relevant to future job assignments and to compensation decisions. In MBO process, performance appraisal involves short-range and long-range evaluation in which superiors discuss with subordinates and find out problems encountered in efforts to achieve predetermined goals. In actual practice, this type of give-and-take session is extremely difficult to achieve and rarely reaches its potential value, unless managers are gifted with necessary interpersonal skills. Performance appraisals must be based on mutual trust and confidence between managers and subordinates. In actual practice, however, appraisal takes place for the purpose of determining rewards and punishment; judging the personal worth of subordinates and not the job performance. As a result, appraisal sessions become awkward and uncomfortable to the participants and intensify the pressure on subordinates while giving them a limited choice of objectives. Insecure subordinates may come to 'dread' the sessions and they may not feel free to communicate honestly and openly without fear of retaliation. Often, as pointed out by *McGregor*, managers do not like to assume the evaluator's role and have face-to-face confrontations with subordinates.

Merits and Demerits of MBO

Merits	Demerits
1. *MBO helps and increases employee motivation* because it relates overall goals to the individual's goals; and helps to increase an employee's understanding of where the organization is and where it is heading.	1. It takes a great deal of the manager's time and energy form. An individual becomes so enmeshed in performing assigned functions that he often loses sight of the goal, the reason for performance. It has been called "the activity trap" by Odiorne. It requires a great deal of investment of the top management's time and effort before it arrives at realistic targets and reviews the performance.
2. *Managers are more likely to compete with themselves than with other managers.* This kind of evaluation can reduce internal conflicts that often arise when managers compete with each other to obtain scarce resources.	2. MBO is not a panacea for all organizational ills. Those executives who have been involved very often find it difficult to apply MBO concepts to their own work habits. They find it hard to think about the results of work rather than the work itself. They tend to overemphasize goals that are easy to quantify, sometimes forgetting that workers often behave almost like children at play — when the game no longer challenges, interest is soon lost.
3. *MBO results in a 'means ends' chain.* Management at succeeding lower levels in an organization established targets which are integrated with those at the next higher level. Thus, it can help insure that everyone's activity is ultimately aimed toward organization's goals.	3. In some areas, such as cutting costs or increasing sales, measuring performance is a straight forward and more or less objective matter. But in many other areas, such as subordinate development, appraising performance can be an acute problem.
4. *MBO reduces role conflict and ambiguity.* Role conflict exists when a person is faced with conflicting demands from two or more supervisors; and role ambiguity exists when a person is uncertain as to how he will be evaluated, or what he has to achieve. Since MBO aims at providing clear targets and their order or priority, it reduces both these situations.	4. Many times neither the managers know the rationale and value of MBO, nor the subordinates are clear about the goals. This unnecessarily becomes more exasperating.
5. *MBO provides more objective appraisal criteria.* The targets that emerge from the MBO process provide a sound set of criteria for evaluating the manager's performance.	5. There is sometimes a "tug of war" in which the subordinate tries to set the lowest targets possible and the supervisor the highest.

6. *MBO forces and aids in planning.* By forcing top management to establish a strategy and goals for the entire organization; and by requiring other managers to set their targets and plan how to reach them. 7. *MBO identifies problems better and early.* Frequent performance review sessions make this possible. 8. *MBO identifies performance deficiencies and* enables the management and the employees to set individualized self-improvement goals and thus proves effective in training and development of people. 9. *MBO helps the individual manager to develop personal leadership,* especially the skills of listening, planning, counselling, motivating and evaluating. This approach to managing instills a personal commitment to respond positively to the organization's major concerns as well as to the development of human assets. Such a manager has a far greater chance to move ahead within the management hierarchy than the non-MBO type.	6. MBO can lead to unrealistic expectations about what can and cannot be reasonably accomplished. Supervisors and subordinates must have very good "reality checking" skills to use MBO appraisal methods. They will need these skills during the initial stage of objective setting, and for the purposes of self-auditing and self-monitoring. Unfortunately, research studies have shown repeatedly that human beings tend to lack the skills needed to do their own "reality checking". Nor are these skills easily conveyed by training. Reality itself is an intensely personal experience, prone to all forms of perceptual bias

Suggestions for Improving the Effectiveness of MBO

The following factors can help make use of MBO programmes properly.

- ***Organizational commitment:*** The most effective way to implement MBO is to allow the top level managers to explain, coordinate and guide the programme. Without top management support and commitment, MBO cannot be implemented properly.
- ***Training:*** MBO is not a superfluous ritual which should be finished off, as quickly as possible. It calls for precise, concrete thinking. Managers should be given adequate training in MBO philosophy and procedures before the system is installed. They must be in a position to integrate the technique with the basic company philosophy.
- ***Adequate time and resources:*** A well-conceived MBO programme cannot be installed overnight. It may take 3-5 years of operation before the MBO programme

yields fruitful results. Implementing an MBO programme is quite often a time consuming process and manager must have the necessary time and resources to utilize it.

- ***Take care of the necessary mechanics:*** Setting goals is only a part of the story, goals must be supported by control activities, also. It is important to assign authority, responsibility for initiating and overseeing the MBO programme. The persons who administer the programme must be endowed with sufficient power not only to punish but also to reward people promptly. It is always better to clarify responsibility and authority relationships, so that everyone in the organization understands what is expected in the MBO system.
- ***Timely feedback:*** The superior must offer timely feedback to subordinates while monitoring performance. He must indicate the areas where things have gone wrong and where performance improvements can take place. There should be no attempt to put the subordinate down. Periodic reviews, proper counselling and allowing subordinates to commit mistakes and learn from the same would help a subordinate to learn slowly and steadily.
- ***Politics:*** Be sensitive to the policies of implementing MBO. MBO redistributes power, and not all managers welcome this. If MBO is seen as a significant change, it will generate hostile reaction in the form of jokes, infighting and overt conflict. MBO can also alter the status of an organization, influence decisions, affect budgets and promote the creation of coalitions to fight with it. MBO, as Odiorne pointed out, has failed in many organizations because managers quite often ignored these political considerations in the process of implementation.

Grid Training and Development

The Blake and Mouton Managerial Grid, also known as the Leadership Grid (1985) uses two axis: “Concern for people” is plotted using the vertical axis and the “Concern for task or results” is plotted along the horizontal axis. They both have a range of 0 to 9. These two dimensions can be drawn as a graph or grid: Most people fall somewhere near the middle of the two axis — Middle of the Road. But, by going to the extremes, that is, people who score on the far end of the scales, we are greeted with four types of leaders:

- Authoritarian — strong on tasks, weak on people skills
- Country Club — strong on people skills, weak on tasks
- Impoverished — weak on tasks, weak on people skills
- Team Leader — strong on tasks, strong on people skills

The goal is to be at least in the Middle of the Road but preferably a Team Leader — that is, to score at least between a 5,5 to 9,9. In addition, a good leader operates at the extreme ends of the two scales, depending upon the situation.

- ***Authoritarian Leader (high task, low relationship):*** Leaders who get this rating are task oriented and behave in an autocratic manner. They want results at any cost. They schedule work and expect people to carry it out without any questions. Subordinates must concentrate on the assigned duties and deliver results. .

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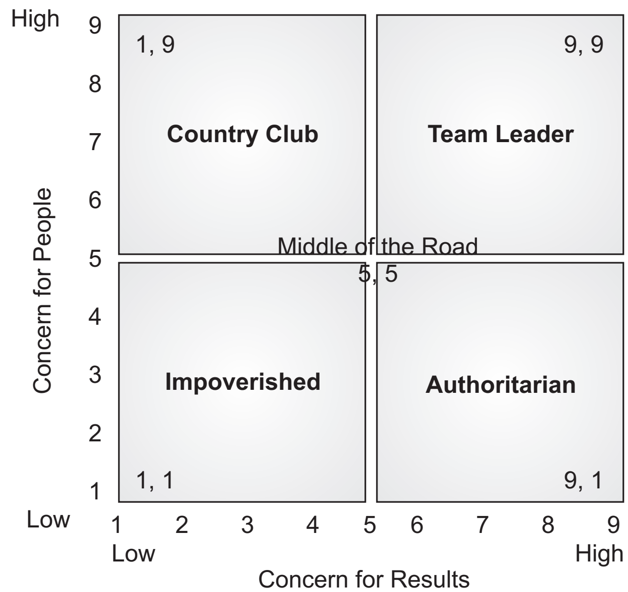

Fig. 5.5 Leadership Grid

- ***Team Leader (high task, high relationship):*** These leaders lead by positive example and endeavor to foster a team environment in that all team members can reach their highest potential, both as team members and as people. They encourage the team to reach team goals as effectively as possible, while also working tirelessly to strengthen the bonds among the various members. They normally form and lead some of the most productive teams.
- ***Country Club Leader (low task, high relationship):*** These leaders predominantly use reward power to maintain discipline and to encourage the team to accomplish its goals. Conversely, they are almost incapable of employing the more punitive coercive and legitimate powers. This inability results from fear that using such powers could jeopardize relationships with the other team members.
- ***Impoverished Leader (low task, low relationship):*** These leaders use a "delegate and disappear" management style. Since they are not committed to either task accomplishment or maintenance; they essentially allow their team to do whatever it wishes and prefer to detach themselves from the team process by allowing the team to suffer from a series of power struggles.

The most desirable place for a leader to be along the two axes at most times would be a 9 on task and a 9 on people — the Team Leader. However, other approaches might also work at times. Certain situations might call for one of the other three to be used at times. One can play the role of an impoverished leader to instill confidence in subordinates. Authoritarian leaders, likewise, can force subordinates to be more disciplined. To deliver effective results, leaders should carefully study the situation and the forces affecting it.

Evaluation: Grid approach is attractive, instructive and has a commonsense appeal. The grid helps managers to identify their own leadership styles. It serves as a useful framework for the leaders to use in assessing their styles before undertaking a rigorous training programme that is created to move them to the 9,9 style. The evidence from other sources such as Fiedler, does not square with the notion that the best leaders invariably tend toward an intense concern for both people and work. In fact, Bernadin and Alvares point out "a 9,9 orientation applied to the organisation as a whole will foster a kind of corporate Darwinism". Though the grid programme is popular among practitioners, it is highly controversial among the theorists and researchers because of its lack of empirical evidence.

Other Techniques

1. ***Changes in Organisational Structure:*** Various models of organisational structure, particularly matrix organisation, improves inter-group interaction and relations. Further, changes may be introduced in organisational structure to provide the scope for teamwork, group interaction and increased interpersonal relations.
2. ***Work Redesign:*** Work redesign may be defined as "altering jobs to increase both the quality of employees' work experience and their productivity." This can be achieved by diagnosing jobs and improving them along five core dimensions:
   - *Skill variety:* The degree to which the job requires that workers use a variety of different activities, talents and skills in order to successfully complete the job requirements.
   - *Task identity:* The degree to which the job allows workers to complete whole tasks from start to finish, rather than disjointed portions of the job.
   - *Task significance:* The degree to which the job significantly impacts the lives of others both within and outside the workplace.
   - *Autonomy:* The degree to which the job allows workers freedom in planning and scheduling and the methods used to complete the job.
   - *Feedback:* The degree to which the job itself provides workers with clear, direct and understandable knowledge of their performance. The higher a job rates on these dimensions the better will be employees' motivation and performance.
3. ***Life and Career Planning:*** Life and Career planning helps employees formulate their personal goals and evaluate strategies for integrating their goals with organisational objectives. These activities might include identification of training needs and plotting a career development plan.
4. ***Participative Management and Quality Circles:*** Participative management and quality circles are an extension to teamwork. They provide for voluntary formation of group/teams, association, interaction, etc. They encourage open discussion on various problems and arriving at a commonly agreed solutions and execution of the agreements by the members themselves.

5.19 MEANING AND DEFINITION OF STRESS

The concept of stress is borrowed from the natural sciences. It was first introduced in the life sciences by Hans Selye in 1936. What is stress? Different people have different views

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about stress as different people experience it from a variety of sources. For example, the businessman views stress as frustration or emotional tension; the air traffic controller sees it as a problem of alertness and concentration; and the biochemist thinks of it as a purely chemical event. Not only that, the term stress is used variously by scholars of different disciplines and professions. To quote, in physics, stress is a force which acts on a body to produce strain. In physiology, the various changes in the physiological function in response to evocative agents denote stress (rather than strain). In psychology, stress refers to a particular kind of state of the organization resulting from some interaction between him/her and the environment.

> ***"An adoptive response to the external situation that results in physical, psychological, and/or behavioural deviation for organizational participants".***
>
> ***— Hans Selye***

However, individual differences account for a wide range of reactions to situations and, in turn, to stress. For example, a task viewed as challenging by one person may produce high level of anxiety, or say, stress in another.

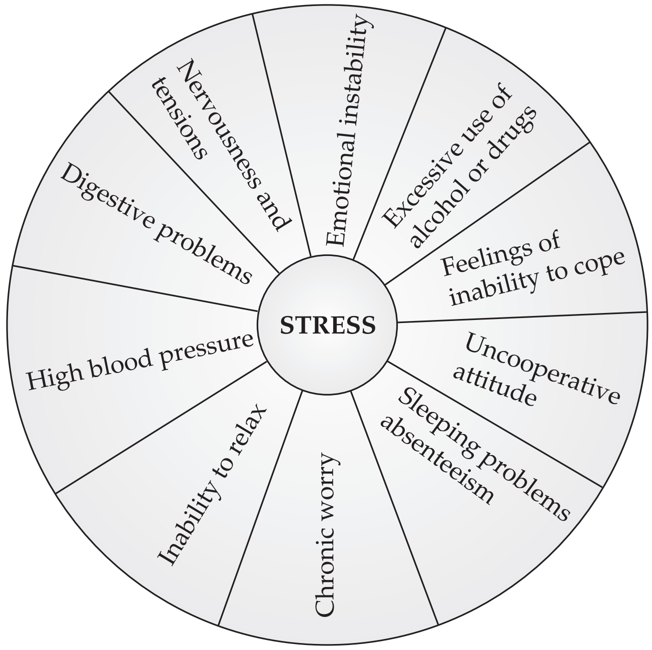
According to Beehr and Newman, "stress is a condition arising from the interaction of people and their jobs and characterized by change within people that force them to deviate from their normal functioning. This side of stress is called *distress.* There is also a positive side of stress, called *eustress.* Eustress refers to the healthy, positive, constructive outcome of stressful events and the stress response. Eustress is the stress experience that activates and motivates people to achieve their goals and succeed in their life's challenges. This means people need some stress to survive. That is why Hans Selye views stress as the spice of life and absence of stress is death. However, the negative side of stress, *i.e.,* distress has attracted much attention and concern as it adversely affects the employees mental and physical health and, in turn, their performance. Consequently our subsequent discussion will focus on the distress side of stress.

5.20 SYMPTOMS OF STRESS

Stress is a pressure people feel in life. When stress persists and becomes excessive, it culminates to strain and, in turn, adversely affects a person's physique, psychology and behaviour. The body prepares itself for "fight' or 'flight'". The excessive stress develops various symptoms that harm the employee's job performance and health, and threaten their ability to cope with the environment. The various symptoms of stress are diagrammatically presented in the following Figure.

For the convenience of the study, the various symptoms of stress can be classified into three broad categories, viz,

- ➢ ***Psychosomatic,***
- ➢ ***Psychological, and***
- ➢ ***Behavioural.***



Symptoms of Stress

5.20.1 Psychosomatic Stress

The word "Psychosomatic" combines the two words, namely, 'psyche' which means mind and 'soma' which means body. The psychosomatic symptoms of stress are bodily or physical for which the causes are mental. Research studies report that a number of physical complaints like ulcer, headaches, chest pains, constipation, bronchial asthma, etc., are emotionally induced. Here, it is important to mention that the casual effect between mind and physique will be unique for each individual. For example, one person may suppress anger and may eventually develop depression, whereas another may suppress anger and eventually develop migraine headaches.

5.20.2 Psychological Stress

Stress also manifests in various forms of emotional disorders. Researches have found that stress gets its reflection in the form of anxiety, depression, helplessness, hopelessness, and anger. The stressful people with the slightest provocation are easily induced to anger and anxiety and become unable to relax. In his study, Dua reports that, the employees suffering from occupational stress generally tend to have low psychological commitment to the organization.

5.20.3 Behavioural Stress

Job stress also bears behavioural symptoms which are easily observable also. There is general agreement that a high degree of job stress drives people to adopt certain easily visible behavioural symptoms such as sleeplessness, excessive drinking, smoking, absenteeism, obesity, and gluttony. Job stress can also lead to less visible behavioural symptoms in the form of bad decision-making, negative internal politics, reduced creativity, apathy, and so on. According to a recent survey, about 25% of Indian executives and 44% of middle level executives report that job stress drives them to high level of alcohol consumption.

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5.21 MEASUREMENT OF STRESS

Just as a doctor needs first to measure the intensity of the health problem of his/her patient to prescribe the right treatment for its cure, so does the level of stress also need to be measured before applying the right kind of strategy for coping with stress. Hence, the researchers have felt the need for measuring stress and have developed some instruments for its measurement. Though various instruments have been developed in the West to measure stress, in India, there are so far mainly two techniques developed which have been extensively used to measure stress. These are:

- ➢ ***Organizational Role Stress (ORS)***
- ➢ ***Occupational Stress Index***

5.21.1 Organizational Role Stress (ORS)

Organizational Role Stress, popularly known as ORS, is developed by Udai Pareek to measure stress in the Indian context. Pareek's ORS instrument is based on integration of an employee's job role with overall organizational structure within which he/she works. In other words, in his instrument, Pareek assumes that the role assigned to an employee is linked with different parts and persons of an organization and it is through this role that the employee interacts and integrates himself with the entire organizational structure. Here, it is important to mention that the type of organizational structure within which an employee works influences the role he/she plays at times, producing strain and stress for the role performer/employee. This is because different significant persons of the organization, even including the employee, have different expectations from the job role assigned to an employee. In course of role performance, the expectations of different persons may clash and, in turn, produce stress for the employee. Pareek explains this stressful experience with the help of two closely related concepts of "role space" and "role set".

Role space: In practice, each individual occupies and plays several different roles simulta-neously. For example, a person can be and play the roles of an executive, a son, a father, a husband, a club member, and so on at the same time. All these roles assumed and played by the individual constitute 'role space'. But, self stands at the centre of the role space. Thus, role space can be defined as "the dynamic interrelationship between the self and the various roles an individual occupies."

Role set: What role an individual plays is influenced by the expectations of other significant roles and those of the individuals himself/herself. In this sense, role set can be defined as "the pattern of relationship between the role being occupied and other roles related to an individual."

Pareek developed his ORS scale based on 50 items measuring ten types of organizational role stresses. The ten different types of organizational role stresses are:

- ➢ ***Inter - Role Distance (lRO):*** It emerges when there is a conflict between organizational and non-organizational roles.

- ***Role Stagnation (RS)***: It is the feeling of being stuck to a specific role.
- ***Role Erosion (RE):*** It is the feeling of the role occupant that some roles which should belong to his/her role are assigned to some one else.
- ***Role Expectation Conflict (REC):*** Stress is caused by varying expectations of significant persons like superiors, subordinates, peers, family members and role performer's dilemma as to whom to please.
- ***Role Overload:*** The feeling of the role occupant that there are too many expectations from his /her role.
- ***Role Isolation (RI):*** This refers to the felt distance between the occupied role and other roles in the same role set.
- ***Personal Inadequacy (PI):*** It arises when the role occupant feels that he lacks in required skill or training to effectively play his/her role.
- ***Self-Role Distance (SRD):*** This refers to the role occupant's feelings that the role occupied by him/her is against his/her self concept.
- ***Role Ambiguity (RA):*** It is the confusion about the expectations of role one occupies.
- ***Resource Inadequacy (Rln):*** It arises when role occupant feels that he/she is not given enough resources for performing his/her role.

5.21.2 Occupational Stress Index

Occupational Stress Index as an instrument to measure stress was constructed by Srivastava and Singh. The index consists of 46 items relating to all relevant components of a job life causing stress in one way or other, Like Pareek's "organizational role stresses", the 46 items of the index measure twelve different types of occupational stresses. These are:

- Role overload
- Role ambiguity
- Role conflict
- Group and political pressures
- Responsibility for persons
- Under participation
- Powerlessness
- Poor peer relations
- Intrinsic improvement
- Low status
- Strenuous working conditions
- Unprofitability

5.22 CAUSES (OR) SOURCES OF STRESS

Management of stress is difficult unless the individual experiencing stress is not aware of the specific causes or sources of stress. As we will soon see, many things/conditions can cause stress. Conditions that cause stress are called ***"stressors" or "loads".***

Stressors can be defined as the causes of stress, including any environmental conditions that place a physical or emotional demand on the individual. Stress emanates from a misfit between environmental demands and personal adequacies to meet these demands. Different researchers have tried to classify the various causes of stress into different categories. For example, Motowidlo and others have classified the causes of stress into two broad categories: ***organizational stressors and life stressors.***

Pestonjee has identified three important sources where stress emanates from. These are:

(*a*) job and organizational, (*b*) social sector, and

(*c*) intra psychic sector.

The various causes of stress are classified into four broad categories:

- Environmental Causes,
- Organizational Causes,
- Group Causes and
- Individual Causes or Stressors.

5.22.1 Environmental Causes

Environmental factors do also have impact on employee stress. The environmental factors to which an employee responds mainly include things such as fast technological change, family demands and obligations, economic and financial conditions, race, caste, class, ethnic identity and relocation and transfers.

Of late, the phenomenal rate of social and technical change also has had its great impact on people's lifestyle which is carried over into their jobs. To mention, while medical science has increased the life span of the people by eradicating or reducing the life claiming threats of many dreaded diseases, on the one hand, the modem living style caught up in the rush-rush, mobile, urbanized and crowd has deteriorated the wellness and increased the potential for stress on the job, on the other hand. For most people in the recent years, their weak financial position has forced them to do extra job or the spouse has had to join work to meet ever increasing ends. This situation reduces time for recreation, relaxation and family activities. The overall effect is more stress on the employees. These are, according to some stress researchers, examples of stressors as unresolved environmental demands.

The physical environmental conditions, such as excessive noise, poor lighting, safety hazards, poorly designed office space, lack of privacy, and poor air quality also cause stress. For example, a study found that clerical employees experience significantly higher stress levels in noisy open offices than in quiet areas. .

5.22.2 Organizational Causes/Stressors

Stressors occur not only outside the organization, but within it also. Organizational stressors may come in many forms, such as organizational policies, procedures, and structure. Most forms of organizational change are stressful. For example, downsizing (reducing the number of employees) is extremely stressful to both employees who lose their jobs and also to those who remain in the organization.

As a result of downsizing, the remaining workers have been forced to pick up the slack of the workers who have left. For example, a research study found that the percentage of employees suffering from high blood pressure doubled after the company laid off 10% of its work force. The reason being the fear of layoff and over burden of work. The long-term sick leave taken by remaining employees doubled after the downsizing. Organizational policies, such as unfair performance evaluation, rotation of work, inequality in remuneration and incentives etc. also serve as stressors. There is also research evidence that the difference between perceived actual leadership style and expected leadership style leads to a conflict and dissonance between the managers and subordinates. This conflict and dissonance serves as a source of stress.

Whether the position held by one in the organization has something to do with stress or not, the research findings are inclusive. For example, according to Ray's study of 53 scientists (23 junior and 30 senior) revealed that junior scientists experienced greater occupational stress then their senior counterparts. On the contrary, there is one research evidence that, the level of stress experienced does not vary much across the positions. For example; there is not much significant difference in the level of stress experienced by the executives and supervisor.

5.22.3 Group Causes/Stressors

People are usually members of various formal and informal groups. The department, division or section, to which one belongs, for example, is a formal group. Group bears tremendous influence on individual member's behaviour. Therefore the group can also be a potential source of stressor. These group stressors' can be categorized into three broad categories.

- Lack of group cohesiveness
- Lack of social support
- Interpersonal and inter group conflict

(i) Lack of group cohesiveness

The famous Hawthorne studies have made it clear that cohesiveness, or say, togetherness provides satisfaction to the employees. Lack of cohesiveness creates conflict and tension which serves as potential stressor for the employees. According to Selye, learning to live with other people in a work setting is one of the most stressful aspects of life. There are three crucial relationships at work an employee has to maintain—with superiors, with subordinates, and with colleagues. At times, these relationships can produce stress for an employee.

(ii) Lack of social support

There is an old saying *"Misery loves company"*. With respect to stress, this statement implies that we as the members of groups look for support from other co-workers in terms of stress or difficulty. If we get this social support, we feel much better off. If such support is lacking for an individual employee, the same can cause stress for him /her.

When individuals believe that they have co-workers and friends to support them at times of sorrow or difficulty, their ability to resist the adverse effects of stress seems to increase. Several mechanisms come into play.

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- First, having people/friends to turn to in times of difficulty may help individuals perceive stressful events as less threatening and more under their control than would otherwise have been the case.
- Second, friends can often suggest useful strategies for dealing with sources of stress.
- Third, by providing a pleasant distraction, friends can help reduce the negative feelings that often result from stressful events. It is for these reasons; social support serves as an important buffer against the effects of stress.

(iii) Interpersonal and inter group conflict

The incompatibility in terms of needs and values between co-workers/colleagues usually creates interpersonal conflicts. Likewise, variance in objectives and goals between groups leads to inter-group conflict. Conflict studies indicate that such dysfunctional conflicts can also lead to considerable stress for individuals.

5.22.4 Individual Causes/Stressors

There are individual factors also that cause stress, These are:

- Role conflict
- Role ambiguity
- Workload
- Life events
- Personality traits

(i) Role conflict

People play various roles in organizations. When people face conflicting demands in discharging their roles, it is called "role conflict". When two roles conflict with each other, it is called "inter role conflict". For example, sales staff in the Indian banking industry experience inter role conflict in trying to balance the needs of their bank and the needs of customers. Role conflict also occurs when an employee receives contradictory massages from different people about how to perform a job. It is called "intra role conflict".

(ii) Role ambiguity

Role ambiguity occurs when employees are uncertain about several aspects of their jobs. For example, duties, performance expectations, level of authority, and other job conditions. This ambiguity tends to occur when people enter new situations, such as joining the organization or taking a foreign assignment, because they are uncertain about task and social expectations. Ivancevich and Matteson have identified role conflict, role ambiguity, and degree of responsibility for others as major sources of stress. In another study, Chand and Sethi have found significant positive relationship between job-related strain and role overload and role conflict.

(iii) Workload

When the phrase "*work-related stress*" is mentioned, usually people envision scenes in which employees are asked to do more work than they can do in a given period of time. This is a case of work overload. In fact, in today's business environment, where downsizing is common, fewer employees are often required to do more work than ever before. This causes stress. A distinction needs to be made, however, between *"quantitative overload"*, situations in which employees are asked to do more work than they can complete in a specific period of time, and qualitative *overload*, the employees beliefs that they lack the required skills or abilities to perform a given job. Both types of overload are unpleasant and can lead to high levels of stress.

As work overload can be stressful, so can be work underload also. Work underload is a situation of receiving too little work (*quantitative underload)* or having tasks that do not sufficiently use the employee talent *(qualitative overload)*. Both types of work underload serve as a possible stressors. This is because as the saying goes; "The *hardest job in the world is doing nothing—you can't take a break".*

(iv) Life events

Life events, such as the death of a spouse, divorce, injury to one's family members, unwanted pregnancy etc., have dramatic effect on people. This was first studied by Holmes and Rahe, who asked large groups of people to assign arbitrary points (from 1 to 100) to various life events according to how much readjustment each had required. They proved that more the person experiences sudden life events like death and divorce of spouse, the more is stress experienced and, in turn, the poorer will be his consequent health.

(v) Personality traits

Personality affects behaviour. Different people possess different kinds of personality. Individual characteristics of personality moderate the extent to which people experience stress. That is why different people experience different levels of stress for the same stressors. Why people experience different levels of stress for the same stressors might be for three reasons:

- *Each of us depending on our self-efficacy perceives the same situation differently. Self-efficacy refers to one's belief that he or she has the ability and motivation to perform the task successfully.*
- *Different people have different thresholds of resistance to a stressor.*
- *Different people use different coping strategies for the same stressors. Even, some people tend to ignore the stressor, hoping that it will go away on its own.*

There is some evidence that women cope with stress better than their male counterparts. The reason attributed to it is women are more likely to seek emotional support from others in stressful situations, whereas men try either to change the stressor or use a less effective coping strategy. However, we must remember that exceptions are always there.

People are classified into two types of personality dimensions—Type A and Type B. Type A people are hard-driving, competitive, impatient, loose temper, talk rapidly, and interrupt others during conversations. In contrast, those with type B dimensions work steadily, take a relaxed approach to life, and are even-tempered. Heart researchers report that type A employees experience considerable stress than type B employees.

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5.23 CONSEQUENCES OF STRESS

The various consequences of stress are classified into three categories. They are:

- Physiological Consequences,
- Psychological Consequences, and
- Behavioural Consequences.

5.23.1 Physiological Consequences

Stress takes its toll on the human body. People experience tension, headaches, high blood pressure, high level of cholesterol, ulcers, arthritis etc… due to stress. Studies have found that upto 90 % of patients complain of stress related symptoms and disorders.

According to medical researchers, the long-term effect of stress on the heart goes something like this: Wherever people are stressed, their blood pressure goes up and down. That frequent pressure change causes injury to the blood vessel walls, which eventually makes them constrict and function abnormally. Over time, this sequence leads to heart disease. Unfortunately, we often cannot tell when we are physiologically stressed. For example, researchers have found that people think they are in a low-stress state when, in fact, their palms are sweating and their blood pressure has risen.

5.23.2 Psychological Consequences

Apart from physical consequences, stress produces various psychological consequences also. Job dissatisfaction, moodiness, depression, anger, anxiety, nervousness, irritability and tension are the manifestations of the psychological consequences of stress. Emotional fatigue is another psychological consequence of stress and is related to job burnout.

What is job burnout? Different people have described job burnout differently. Some contend that burnout is a type of stress itself. Others describe it as the process of emotional exhaustion, depersonalization, and reduced personal accomplishment resulting from prolonged exposure to stress.

Stress vs. Burnout

Stress	Burnout
The person feels fatigued	The individual encounters chronic exhaustion
The person is anxious	The individual is hypertensive
The person feels moody	The individual feels impatient, irritable, and unwilling to talk to others
The person feels guilty	The individual encounters mental depression
The person experiences increased blood pressure and heart beat.	The individual begins to voice psychosomatic complaints.

5.23.3 Behavioural Consequences

When stress becomes distress, it adversely affects the employee's behaviour. The consequences of high level of stress are undereating or overeating; sleeplessness, obesity, increased drinking and smoking, and drug abuse. Over stressed also tend to have higher levels of absenteeism. There might be two reasons for it. One reason is that stress makes people sick. The other reason is that absenteeism is a coping mechanism, Absenteeism is temporarily withdrawing from the stressful situation so that the stressful employee has an opportunity to re-energize. There is sufficient research evidence to confirm such consequences of stress. In a recent study, Babani shows that 1 in 4 Indian executives suffer from obesity and 44% of middle-level executives report that job stress drives them to high level of alcohol consumption. Besides, high level of stress also impairs our ability to remember information, make effective decisions, and take appropriate action. You have probably experienced this level of stress, or call it distress, in an examination or emergency work situation.

5.24 STRESS AND TASK PERFORMANCE

Having studied the various consequences of stress, it also seems pertinent to see the impact of stress on employee's task performance and, in turn, organizational performance. A number of studies have been undertaken to examine the impact of stress on employees task performance. The research evidence shows that stress is both helpful and harmful to task performance. In other words, stress is both a friend and a foe. Absence and too low level of stress does not stimulate the employee to work more or and perform better. Instead, increasing research evidences show that increase in stress level till its mild level serves as a stimulus to activate an employee to respond to the challenges of the task and, in turn, facilitates an employee's task performance. Such mild level of stress can be called ***eustress.*** People in certain jobs such as journalists and television announcers, who work under time pressures would seem to benefit from a mild level of stress, you also probably would have benefited from mild stress caused by time pressure to write your examinations better and more speedily. Yes, the mild level of stress will vary from individual to individual depending on how long it continues, how much complex the task is, and how strong the individual's resilience power is.

But, if the stress level continues to increase beyond the employee's resilience capacity, it causes emotional, mental, and physical exhaustion, also called ***"job burnout"*** to the employee exposed to stress. Such exhaustion distracts and interferes with the employee's task performance.

How both no or too low and too high stress levels interfere with one's performance can be exemplified with tennis players' experience of stress.

Newstrom and Davis have compared the relationship between stress and performance with that of strings and music on a violin. Just as either too little or too much tension on the strings does not produce suitable music and the violin strings need to be readjusted to accommodate the changing conditions, such as increased humidity, either too low or too high stress level interferes with employee's performance and, therefore, stress level needs to be periodically adjusted and moderated. Generally, the relationship between stress and performance on many tasks is believed to be curvilinear. The

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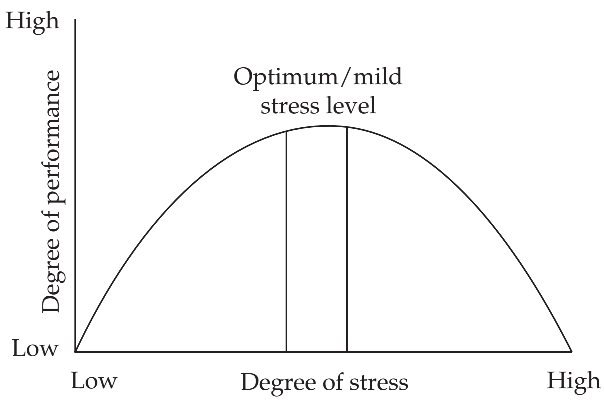
following figure shows such curvilinear relationship between employee stress and his/her task performance.



Employee's Stress and Task Performance

Having said all this, we must also note that there are exceptions to this curvilinear hypothesis of stress and task performance. While even relatively mild or moderate stress level can interfere with task performance, because the prolonged or repeated exposure to mild stress may have harmful effects on an employee's health, too high level of stress can produce better performance by making the person rise to the occasion. Both types of examples abound in organizations.

Having mentioned all this, now the most reasonable conclusion we can give concerning stress and task performance it that the precise impact of stress on performance depends on different factors, such as the duration of stress continues, the complexity of the task performed, the resilience power of the person exposed to stress, and one's previous experience with the task. Therefore, in view of such complexities, generalization about the impact of stress on task performance should be made with considerable caution.

5.25 MANAGING STRESS (HOW TO MANAGE OR COPE WITH STRESS?)

It is better to bend than to break. Hence, the need for coping with stress. Though stress is helpful, but it is usually harmful as it impinges on employee's health and his/her task performance. Therefore, stress needs to be managed or coped with to minimize its debilitating effects. The word "managing" or "coping" bears two connotations in stress literature. It has been used to denote the way of dealing with stress, or the effort to master conditions of harm, threat, or challenge when routine or automatic response is not readily available. Researchers have indicated various strategies to be used to manage or cope with stress. However, these strategies vary from person to person and in the same person from time to time. Nonetheless, the various strategies can be classified into two broad categories:

- At Individual Level
- At Organizational Level

5.25.1 At Individual Level

Individual strategies are based on "self-help" or "do yourself" approaches. Some specific techniques that individuals can use to effectively manage their job stress are:

- Physical Exercise
- Behavioural Self-Control
- Social Support
- Yoga and Meditation
- Changing Gears
- Pampering Oneself
- Warming Up Oneself
- Rearranging One's Job Schedule

(i) Physical exercise

Exercise in any form, be it walking, jogging, swimming, riding, bicycling or playing games helps people combat stress. This is an excellent stress modifier. The obvious reason is that side effects of exercise such as relaxation, enhanced self-esteem and simply getting off one's mind off the work for a while help people better cope with stress. Exercise works as a stress inoculation not only relieving the pressure at the end of a hectic day, but making it possible to deal more effectively with it the next day. Walking offers many benefits and can put one in excellent cardiovascular condition and reduce stress. The survey by A.Babani shows that two out of three Indian executives say that they find it difficult to exercise regularly due to long working hours.

(ii) Behavioural self-control

A conscious analysis of the causes and consequences of their own behaviour help managers control the situation instead of letting the situation control them.

(iii) Social support

"Misery loves company". Studies have suggested that social support moderates the effects of stress on personal well-being. It is one of the important aspects of the quality of social milieu. We see in practice people give and receive different types of social support, such as money, material and emotional help. Adequate social support may reduce intensity and frequency of stressors.

(iv) Yoga and meditation

Yoga and meditation which are of Indian origin, also affect the psychological well-being of people. Researchers have reported that mediators were less anxious than non-mediators. Yoga is, according to Patanjali, a "suspension" of the functions of the mind. It is an integrated system which emphasises harmony of body and mind. Yoga can help managers lead a stress-free life and be more effective.

Yoga teaches us to follow a set of behaviours called, yam and niyam. There are five yam: non-violence *(ahimsa)*, truthfulness *(satyam)*, non-stealing *(asteya)*, continence *(brahmcharya)*, and non-convetousness *(aparigriha)*. Similarly, there are five niyam also: purification *(saucha*, contentment *(santosh)*, austerity *(tapas)*, study *(swadhaya*, and self-surrender to the lord *(iswara pravichara)*. In total, both *yam* and *niyam* are guidelines

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for an enlightened lifestyle. Lack of adherence to these guidelines lessens the positive effects of yoga on the physical, psychological, and spiritual well being of managers.

Closely related to yoga is asan that also helps reduce the debilitating effects of stress and tension of life. According to Patanjali, comfortable bodily posture is asan. There are a variety of asans varying from simple to complex ones. Swami Shivananda in Yogasana has suggested a few asans useful for the managers to reduce stress. These asans are: *padnasana* (the lotus posture), *'Siddhasana* (the perfect posture), *Sirshasana* (the topsyturvy posture) and *sarvangshamasana.* A manager needs to learn asans from a trained yoga teacher before he begins the asans.

Meditation relates to a psycho-spiritual process. Meditation is one step further to concentration. While concentration focuses on an object, meditation opens it. In meditation, both self and external world blend together harmoniously. Rajneesh has defined meditation as "a state of mind". In meditation, there is nobody inside, nothing outside. Research has proved that both concentration and meditation have positive effects on physiological, psychological and spiritual processes which buffer stress. Like asans, managers must learn meditation from a learned mediator teacher.

(v) Changing gears

Changing gears involves shifting one's attention from main work to something else, such as a hobby. Yet, while changing gears, the changed work needs to capture the worker's attention. Changing gears helps in removing one's attention from pressure of work, on the one hand, and draining of pent-up tensions, on the other.

(vi) Pampering oneself

We pamper others when they experience a crisis in life. We send flowers to a friend who is admitted in the hospital struggling with his life and death. We do these because they break routine and help cope with stress. One can pamper oneself in many ways. A manager may plan a series of short-vacations instead of one long vacation. The objective is to break routine.

(vii) Warming up oneself

A manager also needs to warm up before starting work just as the football player warms up before the buzzer sounds to start the game. The basic object in warming up is to set the tone for the day. Warming up, thus, prepares one for the tensions he will have to encounter during the day.

(viii) Rearranging one's job schedule

Researchers have revealed that managers taking their job seriously, working harder and assuming increasing responsibilities become more susceptible to job stress, one of the ways of releasing job pressure is to rearrange one's schedule. An effective way to deal with job stress is to confront difficult tasks when one is fresh.

5.25.2 At Organizational Level

Like an individual, an organization can also help manage stress through various proactive interventions. Some of these interventions are listed below:

(i) Setting clear objectives

Organizations should set clear objectives for its members. This helps minimise role ambiguity which usually filters down the organization in the form of neurosis.

(ii) Stress audit

Pestonjee has suggested stress audit as one of the effective proactive intervention to combat stress. According to him, ***when an organization decides to have a scientific peep into mental and physical health status of its backbone group (executives), the exercise is called a stress audit.*** It involves an attempt that organizations make to study, explore, and control various types of stresses which the individual executives experience—by virtue of their organizational membership.

Stress audit as an OD intervention involves the following four stages:

- ***Phase - I:*** Conducting an exploration of "Stress Tolerance Limit" (STL) with the help of psychometric instruments in terms of anxiety, depression, anger, dominant motive/need profile and alike.
- ***Phase - II:*** Identify the dominant organizational role stress dimensions by measuring Role Efficacy Index (REI) for the executives.
- ***Phase - III:*** Collecting both qualitative and quantitative information on stress variables and their impact on individual health and task performance with the help of conducting structure interviews.
- ***Phase - IV:*** Suggesting remedial ways and means for introducing desired changes and modifications made in organizational activities and practices. This might also include organizational restructuring of a minor nature.

(iii) Counselling

Counselling is yet another proactive strategy to be used by organizations to deal with stress. Counselling to employees in the matters like career planning to provide them clarity in their job roles, helping them in identifying their strengths and weaknesses help them better cope with stress. Dissemination of information to employees on how to face stressors within the organization and outside proves useful for employees in dealing with stress.

(iv) Spread the message

Spreading the message about the importance of regular habits of work, leisure, proper diet, exercise, and mental peace among the organizational members helps them better cope with stress.

(v) Fit between person and work

Research evidence shows that striking a fit between worker and his/her work environment serves as one of the best strategy to manage stress. This congruence can be attained by linking the worker to the job characteristics, for high internal motivation, high quality performance, high work satisfaction, and low absenteeism and turnover.

(vi) Clarity in roles

There is enough evidence to show that defining individual roles through role efficacy helps them reduce their role-shared stresses. This is so as a result of an individual's movement from a reactive *i.e.* role taking behaviour to a proactive (*i.e.* role-making behaviour). Role efficacy is found negatively related with role stress and role efficacy helps in overcoming the experience of role stress.

5.26 FORMAL AND INFORMAL STRUCTURE

The organizational structure of your business refers to the way management levels are established, and the way decisions are made and implemented to achieve your desired goals. As a business owner or company leader, it's your responsibility to decide whether the organizational structure that underlies your business is formal or informal.

These are not mutually exclusive choices, because a business can have a formal structure and still operate with the characteristics that define an informal structure. However, understanding the differences between a formal and informal organizational structure can help you make the best decision for your business.

5.26.1 Formal Organizational Structure Elements

In a formal organizational structure, the management and divisions within a company are typically written and explained so all employees understand how things work. This documentation may take the form of an organizational chart that visually depicts how each level of management works to prevent misunderstandings.

Formal structure organizations usually have a hierarchical pyramid structure with a company president, CEO and senior managers at the top; mid-level managers in the middle; low-level managers at the bottom. Staff employees are expected to implement decisions and processes made at the levels above them, and they are not usually solicited for their opinions or ideas about how the company should operate.

5.26.2 Informal Organizational Structure Elements

In an informal organizational structure, your business doesn't operate under the guidelines of a written document that spells out the rules, regulations and chain-of-command. Under this structure, your business operates by a system developed by your employees who have proven effective. This structure relies on relationships forged between staff members, cooperation between teams and communication that focuses on achieving shared goals.

Informal structures are unique for every company, because they are based on the personalities of your employees and collaborative techniques developed over time.

5.26.3 Advantages of Formal and Informal Organizational Structures

The primary advantage of a formal organizational structure is that it clearly delineates the roles and responsibilities of every employee, from the top level to a staff member. As a result, everyone in your company knows what they have to do and how they're supposed to achieved desired goals. The formal chain of command also keeps work processes under your control, because there is an established method of decision-making and implementation of your directives.

The major advantage of an informal organizational structure is that it's highly adaptable to change. If your business must respond to external influences that demand an organizational shift, an informal structure is fluid enough for you to make that change quickly and efficiently.

5.26.4 Distadvantages of Formal and Informal Structures

The main disadvantage of a formal organizational structure is that decisions take a long time to move down management levels to the rank-and-file, and there is often a disconnect between executives and staff employees because they don't interact very often.

The primary disadvantage of an informal organizational structure is that things can become too informal, which can lead to disorganization, confusion and misinterpreted communication.

Another disadvantage is that because your business lacks a centralized management structure, employees may take advantage of that freedom to make decisions that are not well thought out.

5.27 SUMMARY

- Like individuals, organisations have a personality of their own.
- Organisational culture is the shared values, principles and traditions and ways of doing things that influence the way organisational members act.
- Some of the important characteristics of organisational culture are observed behavioural regularities, norms, dominant values, philosophy, rules and organisational climate.
- Organisations have subcultures as well as the dominant culture.
- Some organisations have strong cultures; others have weak cultures.
- Culture is passed on to employees in numerous ways such as stories, rites, ceremonies, rituals, symbols, language, and practices.
- Four general types of organisational culture that are useful for comparing organisations are bureaucratic, clan, entrepreneurial and market cultures.
- Founders play a major role in creating and sustaining the culture of an organisation, through their vision, actions, behaviour and encouragement given to employees from time to time.
- Organisational socialization is the process by which individuals learn the values, expected behaviours and social understanding required to perform their roles in an organisation.
- Organisational culture is relatively stable. But it is not immutable. Crisis situations ,leadership changes at the top, mergers and acquisitions etc – may sometimes, compel managers to perform a surgical operation and put the organisation on a different path altogether.
- Role clarity, employee empowerment, equitable rewards – encourage employees to give their best and move closer to the hearts of customers.

- To create an ethical culture, managers should communicate their ethical expectations clearly, offer ethics training, reward appropriate ethical behaviour and set an exemplary example of highest ethical standards through their conduct and behaviour
- Workplace spirituality has become an important issue – in recent times – for employees seeking to find meaning and purpose in what they do in a world marked by variety, complexity and rapid change.
- If an organisation wants to get ahead and win the competitive race, it must proactively initiate changes at a right time. There is no use taking rest on past laurels. Organisations can challenge the status quo through planned changes.
- Learning organisations go beyond merely adapting to change; instead, they strive to anticipate and learn from change. They try to add value to customers by identifying new needs and then develop innovative ways to satisfy those needs.
- The process of change involves three steps: (i) unfreezing the status quo (ii) moving to a new condition and (iii) refreezing to create a new status quo. The forces for change can be either internal (emanating from within an organisation) or external forces (coming from outside an organisation).
- Re-engineering is the radical redesign of all aspects of a business to achieve major gains in cost, service or time. It is occasionally required to offset entropy. It demands organisational members to think about what work should be done, how it is to be done, and how best to implement these decisions.
- To meet growing customer expectations and face competitive challenges head-on, organisations are moving toward reorganisation and corporate restructuring in a big way, especially after the 1990s.
- People tend to resist change because of uncertainty, threatened self-interests, different perceptions and feelings of loss. Participation, education, communication, facilitation and negotiation are methods for overcoming this resistance.
- Organisation development is a systematic approach to planned organisational change. It includes, changing attitudes, perceptions, behaviours, and expectations.
- The basic objectives of OD are increased trust, better problem solving, more effective communication, improved cooperation and greater willingness to change.
- OD interventions can be designed to bring about systematic changes at the individual, group or organisation level. Because these interventions complement one another, they can be used in various combinations in accordance with the demands of the situation.

TEST QUESTIONS

1. Describe how culture affects your behaviour.
2. What is the origin of organisational culture? Why do different organisations have different cultures?
3. How do new recruits learn the culture of an organisation? How can an organisation encourage newcomers to develop an institutionalized role orientation ?
4. How do strong cultures differ from weak cultures? What two factors determine the strength of the culture?

5. How do organisational cultures develop? What four steps commonly occur?
6. How do organisations' go about maintaining their cultures? What steps are involved? Describe them.
7. Describe how organisations use symbols and stories to communicate values and beliefs? Give some examples of how symbols and stories have been used in organisations with which you are familiar.
8. What is the role of leadership in developing, maintaining and changing organisational culture?
9. Discuss the role of organisation rewards in developing, maintaining and changing the organisational culture
10. What are the characteristics of a spiritual culture?
11. How can an ethical culture be created?
12. Describe five artifacts of culture and give an example of each.
13. How can managers assess the organisational culture? What actions can they take to change the organisational culture?
14. How does the organisation socialize new members? Could the ways it helps newcomers learn the organisation's culture be improved?
15. Suppose you were starting a new restaurant. What kind of culture would help promote organisational effectiveness? How would you try to build such a culture?
16. Describe the culture of an organisation with which you are familiar. It might be one in which you currently work, one in which you have worked or one in which a friend or family member works. What values, beliefs, stories and symbols are significant to employees of the organisation?
17. How can two companies with very different cultures that operate in the same industry both be successful? Shouldn't one company's culture automatically be a better fit for the environment?
18. Think about the last job you started. What are some unique things that companies might do to reduce the amount of reality shock that new employees encounter? Are these methods likely to be expensive?
19. What is change? What are the most frequent causes of change?
20. Discuss the change and its effects on employees and organisations.
21. How individual employees react to change?
22. Explain Kurt Lewin's force-field analysis?
23. "In our rapidly changing technological society, resistance to change is a normal result of psychological, economic, or social factors or a combination of these three" (Jack Halloran). Comment on this statement.
24. What are the six management strategies for dealing with human resistance?
25. Discuss how a manager manages change effectively.
26. Define the term 'Organisation Development'. Enlist the characteristics of OD.
27. "The number of OD interventions is large". Comment on this statement.
28. What do you mean by sensitivity training? Sometimes OD is identified with sensitivity training. Are there any differences?
29. Sensitivity training is one of the controversial interventions of OD, but it is popular. Why?
30. Discuss the importance of Team building in an organisation.

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31. Is OD effective? Point out the most frequent criticisms levelled against OD programmes in modern organisations.
32. "It has become fashionable nowadays to talk about OD". Examine this statement with reference to its potential.
33. What are the advantages and disadvantages of having an internal change agent rather than an external change agent?
34. A company has recently purchased equipment that, when installed, will do the work of 100 employees. The workforce of the company's is very concerned and is threatening to take some kind of action. If you were the human resource manager, what would you try to do to satisfy all parties concerned? Why?
35. Carefully planned change often is assumed to be effective. Do you think unplanned change can sometimes be beneficial to an organisation? Discuss.
36. Suppose you are having difficulty managing a small group of subordinates, who work in an office 1000 miles away from your home base. What kind of changes in structure, technology, and people can be implemented to more closely supervise these distant employees?
37. Pick any organization or industry you think will need to change its culture, if it is to thrive in the future (as the airlines have had to do since September, 11, 2001, and as book publishers are currently having to do). Be prepared to explain why you think this change must occur.

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6. CASE STUDY

DEALING WITH UNWANTED HANDS

Baleram was to celebrate his 60th birthday in a few days. As per the rules of the company the age of retirement of all employees was fixed at 60 years. Accordingly, a notice was served on Baleram terminating his services for after completing 60 years as per company records. Four days later, Baleram produced a birth certificate certifying that his age was 57 years. The company was obliged to withdraw the notice served on him and to continue his employment for three more years.

Baleram worked in the processing section of the company's mills. In his youth, he had a good physique and a dominating personality. He was a group leader in the Communist Party and was always a terror to his workers, and supervisory staff. His performance on the job was not bad. However, for the last five years, he had become sick and weak and he could not even walk straight. During the eight-hour shift period, he used to sleep quietly in one corner to the knowledge of everyone, including the Factory Manager, who did not take action against him because he was about to retire in a few years. Baleram also remained absent on many occasions on medical grounds. Fearing that he would be discharged on medical grounds, he produced a fitness certificate from one of the panel doctors of the Employees' State Insurance scheme so that the management would be legally bound to employ him. The management wondered how a fitness certificate was issued to a person – who could not even stand erect for half an hour – by a doctor approved by the Employees' State Insurance Scheme.

Baleram himself orally admitted before the management that he could not work at all. He had offered to resign if (1) the management gave him 25 months' salary as compensation in addition to what was entitled to under the retirement rules (he was then earning ₹ 4,500 per month); or (2) the management appoints his son in place of him. Baleram's son was equally active in party affairs and was believed to be the leader of a group of gangsters. Considering the other alternative of paying him 25 month's wages, the management wondered whether such a course of action, apart from its financial implications, would set a good precedent. Management also knew that such a situation never arose before in the history of the company. They also considered why disciplinary action should not be taken against a person who could not stand even for a few minutes. While considering all these alternatives, management was well aware of the Union's strength and the desirability of avoiding any situation that might disturb union-management's relations. However, management was certain that some action should be taken in the matter.

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Question

Discuss the Pros and Cons of each of the following alternative courses of action:

(a) Take no action. Continue Baleram in employment till he retires.

(b) Appoint Baleram's son in his place.

(c) Pay him 25 months' salary as compensation and get rid of him.

(d) Take disciplinary action on Baleram for his inefficiency and irregularity and discharge him.

BUREAUCRACY STILL WORKS AT UPS

Jim Casey and Claude Ryan started a parcel delivery company known as United Parcel Service (UPS) in 1907. Today UPS – the largest package delivery company in the world – employs over 4 lakh employees – with an annual turnover of over $45 billion and net income of $2.15 billion – delivering 16 million packages and documents to 6.1 million customers in over 200 countries. UPS reports their operations in three segments: U.S. Domestic Package operations, International Package operations, and Supply Chain & Freight operations.

What is unique about UPS is its on-time delivery of packages and documents – deploying 1,00,000 motor vehicles and 500 air craft – daily exactly the same way because of its rules, regulations and standardised procedures covering every aspect of the package delivery business. It teaches drivers an unbelievable 340 steps for how to correctly deliver a package – such as how to load the truck, how to fasten their seat belts, how to walk, and how to carry their keys. Drivers are told to walk to a customer's door at a brisk pace of 3 feet per second, carrying the package in their right hand and clipboard in the left. They should knock so as not to lose valuable seconds searching for the door bell. There are strict safety guidelines issued for almost every one working in the company including drivers, loaders, clerks and managers. Strict dress code is being enforced with religious fervor – such as clean uniforms every day, black or brown polished shoes with non-slip soles, no beards, no hair below the collar, mustaches must be trimmed evenly, and no side burns and so on. No eating or drinking is permitted at employee desks. UPS has a well defined division of labour and all employees – including drivers, loaders, clerks, washers, sorters, maintenance personnel etc – are expected to run through the policy manuals quite seriously. In fact, at UPS policy manuals and expensive written records and computer systems seem to run the show from start to finish, almost on a daily basis with frustrating regularity. Daily work sheets indicate performance targets and work output. Daily employee quotas and achievements are reported on a weekly or monthly basis. Technical qualifications are laid down strictly to guide hiring and promotion decisions. Special favours are forbidden. Running neck to neck with tough competitors such as FedEx, DHL Worldwide Express, and the bureaucratic model that is in force at UPS – the toughest ship in the shipping business – seems to work just fine for many more years to come! (Sources: Kelly Baron, Logistics in Brown, Forbes, Jan 2000; UPS Wiki; www.ups.com; and the case study written by Mitchell Levy on UPS dated March 2, 2001)

Questions

1. Do you think in large organisations bureaucratic model is a vital necessity even in 21st century, keeping the UPS model in the background? Why or why not?
2. If a bureaucratic model could work so successfully at UPS for over 100 years, why other large companies all over the globe are not following its foot prints? Explain with examples.

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LEFT OR RIGHT

Rajinder Kumar was a production worker at competent Motors Limited (CML) which made components and accessories for the automotive industry. He had worked at CML for almost seven years as a welder, along with fifteen other man in the plant. All had received training in welding both on the job and through company-sponsored external programmes. They had friendly relations and got along very well with one another. They played volleyball in the playground regularly before retiring to the quarters allotted by the company. They were together in the company canteen together, cutting jokes on each other and making fun of everyone who dared to keep into their privacy during lunch hour. Most of the fellows had been there for some length of time, except for two men who had joined the ranks only two months back.

Rajinder was generally considered to be the leader of the group, so it was no surprise that when the foreman of the crew was transferred and his job was posted, Rajinder applied for the job and got it.

There were only four other applicants for the job, two from mechanical section and two from the outside, when there was a formal announcement of the appointment on a Friday afternoon, everyone, in the group congratulated Rajinder. They literally carried him on their shoulders, and bought him snacks and to celebrate.

On Monday morning Rajender joined duty as Foreman. It was company practice for all foremen to wear blue jacket and a white shirt. Each man's coat had his name badge sewn onto the left side pocket. The company had given two pairs to Rajinder. He was proud to wear the coat to work on Monday.

People who saw him from a distance went up to him and admired the new blue coat. There was a lot of kidding around calling Rajinder as 'Hero', 'Raja Babu' and 'Officer' etc. One of the guys went back to his locker and returned with a long brush and acted as though he were removing dust particles on the new coat. After about five minutes of horseplay, all of the men went back to work. Rajinder went back to his office to get more familiar with his new job and environment there.

At noon, all the men broke for lunch and went to the canteen to eat and enjoy fun as usual. Rajinder was busy when they left but followed after them a few minutes later. He bought the food coupon, took the snacks and tea and turned to face the open canteen. Back in from the left-side corner of the room was his old work group; on the right-hand side of the canteen sat all the other foremen in the plant – all observed in their blue coats.

At that point of time, silence descended on the canteen, suddenly, as both groups worked at Rajinder anxiously, waiting to see which group he would eat with.

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Questions

1. Whom do you think Rajinder will eat with? Why?
2. If you were one of the other foremen, what could you do to make Rajinder's transition easier?
3. What would you have done if you were in Rajinder's shoes? Why?

WORK AND LIFE INSEPARABLE TWINS?

Mrs. Maya has been working in the Administration department in Keylife hospital as executive assistant in Noida for the last 10 years. She is considered to be a sincere, hardworking and dedicated employee. She has excellent rapport with her colleagues. Her seniors consider her to be a valuable and dependable person. Her meritorious performance over the years did not go unnoticed. About 10 months ago, she was picked up for promotion to the next rank of a Manager, Administration. Everyone congratulated her and felt very happy that a truly deserving candidate got the elevation. They have promised her full support and cooperation and wished her good luck when she hosted a party in a nearby 3-star hotel.

Maya's tenure as a Manager was really good. She took personal care to attend to all customer queries and complaints. She would see to it that no one leaves the premises in an unhappy mood. She would go to every staff member every day and inquire about the daily happenings. She introduced tea breaks after every 2 hours with a view to cheer up stressed staff members. Customers find her with a smile always and the feedback reports from customers as well as colleagues had been very good all along. Since she became the Manager, the absenteeism had come down by over 30 per cent. She had proved to be a very good administrator by sending clear communications to all and clarifying things whenever required. She would attend all meetings diligently, take notes carefully and report the actions taken in her next meeting with colleagues.

.No one had any clue as to why of late her behaviour had taken a curious turn, especially after attending the Birthday party hosted by another colleague when she was blessed with twins. When she attended the party she did not show any signs of unhappiness. But in the ensuing week, she went on leave reporting sickness. Thereafter, her behaviour changed completely. On most occasions, she was the first to step in and the last to leave from the hospital ever since she became the Manager. Of late she started reporting late and quite frequently. She would remain in her own private world. She did not greet people like she did previously. Her interest in customer complaints and queries seemed to have gone down considerably, as she started delegating the work to her junior. Last week she was supposed to deliver a document examining the pros and cons of establishing a similar hospital in places like Delhi, Faridabad and Gurgaon. She missed the deadline and did not produce the document before the Committee members. Her communications with colleagues had taken a big hit. She was not moving out of her room as before and mostly seem to bombard herself with files all over the table – pretending to do something important all the while.

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- Early today Mr. Joy, Director, Operations had a talk with the in house psychiatrist explaining Maya's peculiar behaviour during the last couple of weeks. The Psychiatrist, Dr. Hari felt that Maya might be doing too many things at a time. Mr. Joy wanted Dr. Hari to speak to Maya and find out whether she had any issues at home that are coming in the way of discharging her duties like before. It was of course known to everyone that Maya got married 20 years back but not blessed with any kids so far. Mr. Joy felt that she needed some counselling from people like Dr. Hari before she became a mental wreck. Dr. Hari promised to set things in place by speaking to Maya almost immediately.

Questions

1. What are some of the symptoms of overload?
2. Does Mrs. Maya seem to suffer from working conditions? Explain your reasons.
3. Given this information do you think that there might be marital problems at her home that are affecting her work? Could it also be that her work is affecting her family life that is further affecting her work? Justify your speculation.

THE SALES GIRLS

The Roopchand Departmental Stores, New Delhi, has a separate section to sell winter garments. This section consists of two groups: permanent clerks and temporary clerks appointed during winter season. Unfortunately, this section has always witnessed a tug-of-war situation between permanent and temporary clerks. The story begins thus:

The permanent clerks, by virtue of their long and fruitful association in the departmental stores, had developed intimate social relations among themselves. Usually, they take their lunch and tea together. They worked, like a well-knit group, in close proximity and not surprisingly, developed close relations even after the work is over. The slack period starting from April to September every year had given them wonderful opportunity to sit together, discuss about matters of common interest, peep into each other's minds and if possible solve their problems to mutual advantage. Presently, all of them are unmarried with the exception of two.

The temporary clerks were school girls who are normally appointed before the commencement of winter. Often, they have complained about their work in the winter garments section and two of the clerks even desired transfer to some other section after a short stay. The reasons are quite obvious. The permanent clerks bothered little about helping the newcomers. If the newcomer is not able to strike a deal with a customer, often, the permanent clerks joined hands in throwing arrows of uncharitable criticism before the section-in-charge. Being small in number, the temporary clerks could not resist the frequent onslaughts, which are at times irritating and insinuating. The temporary clerks had very little scope to let off steam.

In this heated atmosphere, the determination of commission on sales remained a contentious issue. The permanent clerks had through an informal understanding, agreed not to boost sales. They feared, inherently, that fluctuations in sales would lead to fluctuations in employment. At the same time, they could not tolerate the

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sight of a temporary sales person pocketing a fair share of commission. They always felt that the temporary ones do not deserve any commission, because they have not contributed anything on a continual basis for the development of the Department. Suffering from an inflated ego, they also believed that they had the right temperament and skill to boost sales. Thus, in every way, the temporary sales clerks are inferior to them. Recently an unhappy situation has developed when one of the temporary clerks is able make a substantial sale to one of her acquaintances. Now, the permanent clerks began to make a hue and cry regarding the commission payment. The poor sales clerk came to the assistant sales manager with tears after having been scolded bitterly by the permanent clerks for having sold a few sweaters in their absence.

The temporary clerks were always anxious to show good performance so as to earn a position in the department. To prevent this, the permanent clerks used to furnish false information about garments' quality, negotiable price etc. Whenever the temporary clerk sought the help of a senior in selling the garments to the customer, the latter would take over and claim the commission on sales herself. The temporary clerks were often assigned to insignificant tasks like arranging displays, rearranging garments, bringing garments from stores etc., and were prevented from striking it rich with customers. At every stage the temporary ones are taken for a ride by the senior clerks.

Questions

1. How do you explain the behaviour of permanent clerks in the winter garments section?
2. Does the management derive any benefits from the increased cohesiveness of permanent clerks?
3. Is it realistic to find employees doing average or below average work and still consider themselves as top notch sales persons as in the above case?
4. What would you do if you were assistant sales manager in this case?

FOOL'S PARADISE

Mr Alok Banerjee is the Chief Executive of a medium-sized pharmaceutical firm in Calcutta. He holds a Ph.D in Pharmacy. However, he has not been involved in research and development of new products for two decades. Though turnover is not a problem for the company, Mr. Banerjee and his senior colleagues noticed that the workers employed on hourly basis are not working upto 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 a pay cheque. In the recent past, the situation has become quite alarming as the organisation began to crumble under the weight of uneconomical effort. The situation demanded immediate managerial attention and prompt rectificational measures. Mr Banerjee knew very well that the only way to progress and prosper is to motivate workers to peak performance through various incentive plans.`

One fine morning, Mr Banerjee contacted the Personnel Manager and enquired; "what is the problem with the workers on hourly basis? The wage bill shows that we pay them the highest in the industry. Our working conditions are fine. Our fringe benefits are excellent. Still these workers are not motivated. What do they require really?" The Personnel Manager gave the following reply: "I have already informed you a number of times, that money, working conditions and benefits are not enough. Other things are equally important. One of the workers in that group recently gave me a clue as to why more and more workers are joining the bandwagon of 'non-performers'. He felt bad that hard work and efficiency go unnoticed and unrewarded in our organisation. Our promotions and benefit plans are tied to length of service. Even the lazy workers, accordingly, enjoy all the benefits in the organisation which, in fact, according to the worker, should go to only those who work hard. "Mr Banerjee then wanted the Personnel Manager to look into the problem more closely and find out a solution to the problems of workers hired on an hourly basis.

Questions

1. Explain the motivation problem in this case by relating it to Herzberg's theory.
2. What would be your response to Banerjee's last statement, if you were the Personnel Manager in the company?
3. Do you think the situation would change if promotions are linked to meritorious performance? Why? Why not?

CHOICE OF A LEADER

Mr. Ranjan Kumar is the Managing Director of a Soaps Manufacturing Company. To increase sales, the Board of Directors wanted to start a full-fledged marketing department, Mr. Kumar is entrusted with the task of finding a suitable candidate to head the proposed marketing department. After considering a number of candidates, he has narrowed down his choice to two persons: Viswanath Dutt and Rajnarain.

Mr. Viswanath Dutt has an excellent track record in the company. During his fruitful association with the company, to be precise ten years, he has always shown a high degree of enthusiasm and initiative in his work. He is still young (35 years) dynamic and aggressive. He is result-oriented and is more interested in ends rather than means. One of the workers, testifying his leadership qualities, remarked thus : "Though he is harsh at times, you will know where you stand when you work with him. When you have done a good job, he lets you know it". Mr. Dutt is willing to shoulder additional responsibilities. He decides things quickly and when action is required, he is 'always on his toes'.

During his 15 years tenure in the Company, Mr. Rajnarain has endeared himself to all his colleagues by his superior workmanship and pleasing manners. He always believes in the principle of employee participation in the decision making process. Unlike Mr. Dutt, he encourages his subordinates to come out with innovative ideas and useful suggestions. Before arriving at a decision he always makes it a point to consult his subordinates. Not surprisingly, all his subordinates are very pleased to work under him and praise his leadership qualities. They readily admit that the participative climate has encouraged them to use their talents fully in the service of the organisation. Company records also bear evidence for the increase in the production soon after Rajnarain became the head of his department.

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Questions

1. Analyse the leadership qualities and styles of Mr. Dutt and Mr. Rajnarain.
2. Between the two people, whom would you recommend for the position of a marketing manager? Why?

TOUGH GUY

As head of Bahe International Ltd. (BLL, a loss making company), Garjan Singh has acquired notoriety within a short span of time. BLL's balance sheet has nothing to boast of when Garjan has taken over the reins in 2000. To set things right, he had to initiate tough measures. He had to undertake drastic cost cutting steps to improve the bottom line of the company. By 1995, true to his reputation as a turnaround artist, things have improved dramatically. He has increased the value of shareholder equity by ₹ 20 crore. The company was back on the dividend list and the stock appreciated in the Bombay Stock Exchange, bringing cheers to the faces of millions of small investors. Despite all the ruthless steps undertaken during this period, Garjan has not lost the human side. Even his detractors point a picture of a man who can be sensitive to employees with illness or special requirements.

Still, former employees also describe Garjan as a boss who is so impatient to achieve these admirable results that he will do almost anything, including frequently humiliating employees in front of their peers. Garjan has a fiery temper, and he himself admits, "I am not very long on patience".

All BLL top executives come to meetings carrying note books with Do IT NOW! inserted on the front cover. If someone says or does something the CEO does not like, watch out. One former employee says that, according to a story making the rounds, Garjan lashed out at a meeting of executives from the plastic products division. Angered by their performance, he declared: "You people are spineless dogs. You are fit for nothing. How can your wives stand you?" At another meeting, he asked the general manager of leather products division, who had been there only a few weeks: "Have you fired someone yet?" he replied, "No" "Well" he said, 'You would better start firing people so they'll understand you are serious!' Remarks a manager at the meeting: "Garjan was not joking."

Where Garjan does show his patience is in the length of his meetings, which can start as late as 4 p.m. and run until midnight or 2 a.m. He also expends considerable energy keeping in touch with his people. One executive reports that he telephoned her 21 times over her recent failure to improve the sales of leather products in Mumbai. By the end of the weekend, she had quit. Garjan knows how to keep people off balance. A few years ago he called in one of his senior managers from out of town. After meeting with her, he said he needed to speak with her once more. The lady reports that she waited in the Delhi office for three days before he decided to see her again. The encounter lasted less than two minutes; after which she was sent home.

However hard he is on others, Garjan seems to have made peace with himself, sitting in his well-furnished, luxurious office smiling, he reflects, "I have yelled at people. I am not ashamed of admitting this. I have to manage the show efficiently. There is no room for a bunch of circus jokers here. I want results, not explanations. I want performance and nothing else. If you don't like this, better look for space outside my office."

Questions

1. Which influence tactic(s) does Garjan rely on the most? If you were a management consultant what advice would you give him about influencing others?
2. What is Garjan's primary power base? What are the long-term implications of his reliance on this power base.
3. "Garjan Singh has made me rich by getting results. The price of the stock has appreciated tremendously. If he has to be a tough guy to get results, that's fine with me". How would you respond to a BLL shareholder who made this statement?

HRD CULTURE AT CISCO SYSTEMS

Introduction

Cisco was founded in 1984 by a husband and wife team who devised a means to connect incompatible computer networks at Stanford University. A series of mergers and acquisitions with several start up companies turned Cisco into a full service provider of networking equipment and garnered the technological know how to keep it on the cutting edge. Strategic partnerships with high tech companies such as Hewlett-Packard, Microsoft and Intel have put Cisco on an explosive growth path for over two decades now. Operating in nearly 100 countries around the world, it provides products that enable computers to communicate with each other, offering customers end-to-end scalable network solutions. The company is one of the fastest growing companies in Silicon Valley and one of the hottest stocks of the decade. Apart from strategic partnerships which proved very crucial for its success, there are other reasons for its stupendous growth—registering a fifty per cent sales growth year after year.

Excellent HR Practices

At Silicon Valley, employee turnover—generally speaking, stands above 30 per cent. This is not the case with Cisco. It is just under 8 per cent. Most people in the street attribute Cisco's success to its human resource strategy. Cisco has acquired other start up companies, as most people would readily agree now, mainly to gain their bright engineers. An acquisition almost every week at one point of time enabled the company to almost double its employee count to over 40,000 in the shortest possible time in the initial years.

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As part of its HR strategy Cisco espouses five core values: a dedication to customer success, learning, innovation, openness, teamwork and doing more with less. John Chambers, the CEO, tries his best to integrate these with corporate mission statements, HR policies and practices and the culture of the company. To break status barriers and to encourage openness, John Chambers holds a monthly birthday breakfast meeting open to any employee with a recent birthday and answers all questions—howsoever difficult and embarrassing these might be—patiently. Teamwork and team spirit are being encouraged at every level. In fact, anyone trying to disregard team values would be shown the door almost instantaneously. To reinforce the crucial link between business initiatives and the work that people carry out, every employee is made to recite top initiatives regularly. Lot of peer pressure is exercised to see that employees know and remember these initiatives.

HR Policies in Sync with Business Strategy

Cisco's HR policies and practices are aligned with the business strategy and constantly reinforced. The recruitment and selection system identifies exactly the kind of people they need. For Cisco, infact, effective recruiting has become a powerful strategic weapon. The company's giant leap from one stage to another required it to double its head count quickly. To get the best people from the market place, the company used the World Wide Web quite effectively. Rather than placing newspaper help-wanted advertisements, the company runs ads featuring an internet address and an invitation to apply for work at Cisco. As a result, the company's website has become a turbo charged recruiting tool. It allows the company to post hundreds of job openings with specific information about each one. The company also advertises its site in cyberspace which helps to reach a self selected set of candidates (people who can really navigate the internet) from around the globe. People looking for a job can search by key word to match their skills with job openings at the company. Then they are able to file a resume or fill out a resume form online using the company's resume builder programme. More importantly, the site pairs the applicant with a *volunteer friend* inside the company. The friend will teach you about Cisco, introduce you to important people, and lead you through the hiring process. The real magic about Cisco's Web site is that it targets passive job seekers—people who are happy and successful at their current jobs. Cisco advertises its site at places –such as art fairs, microbrewery festivals and other places frequented by potential employees--where its kind of people hang out. One may even be greeted with a message: '*Welcome to Cisco, Would you like a job?"* The company uses a minimum of five job interviews before picking up the right person. The reward system is also carefully aligned with the strategy and values of the company. Stock options are distributed generously, with a full forty per cent of all Cisco stock options in the hands of individual employees without managerial work!

When the growth of high-tech firms slowed down in late 1990s Cisco had to lay off nearly 10,000 employees to reduce costs and to improve profitability. Deteriorating financial performance and related mounting layoffs have made it difficult for the company to retain its best employees. The company's network application called, Pathfinder, allows Cisco employees to search for jobs in Cisco's other units. Over 20 per cent of employees have been able to find better jobs within Cisco using this tool. Consistently in the top ten 'best places to work' bracket, Cisco is able to keep its head high even in difficult market conditions, because of its employee-friendly HR policies and practices. Of course as market conditions change, Cisco's human resource strategy will also need to change if it wants to recruit and retain the best and brightest minds in the technology sector. (Various issues of *Fortune, Fast Company;* www.cisco.com; *Workforce* etc and *"Cisco Systems:Acquiring and Retaining Talent in Hypercompetitive Markets"* By *Pfeffer, Jeffrey, Human Resource Planning*, September 1, 2000)

NOTES

Questions

1. Explain how Cisco is able to attract the best and brightest employees, competing with so many rivals in the technology sector.
2. What needs to be done at Cisco in order to retain talent especially on the training and development front?

HILTON'S TRANSFORMATION

Twenty years ago, Hillton was a small city (about 70,000 residents) that served as an outer suburb to a large Mid-west metropolitan area. The city government treated employees like family and gave them a great deal of autonomy in their work. Everyone in the municipal organization, including the two labor unions representing employees, agreed implicitly that the leaders and supervisors of the organization should rise through the ranks based on their experience. Few people were ever hired from the outside into middle or senior positions. The rule of employment at Hillton was to learn the job skills, maintain a reasonably good work record, and wait your turn for promotion.

Hillton has grown rapidly since the mid-1970s. As the population grew, so did the municipality's workforce to keep pace with the increasing demand for municipal services. This meant that employees were promoted fairly quickly and were almost assured guaranteed employment. Until recently, Hillton had never laid off any employee. The organization's culture could be described as one of entitlement and comfort. Neither the elected city councilors nor city manager bothered the departmental managers about their work. There were few cost controls because the rapid growth placed more emphasis on keeping up with the population expansion. The public gradually became somewhat more critical of the city's poor service, including road construction at inconvenient times and the apparent lack of respect some employees showed taxpayers.

During the expansion years, Hillton put most of its money into "outside" (also called "hard") municipal services. These included road building, utility construction and maintenance, fire and police protection, recreational facilities, and land use control. This emphasis occurred because an expanding population demanded more of these services and most of Hillton's senior officials came from the outside services group. For example, Hillton's city manager was formerly a road development engineer. The "inside" workers (e.g., taxation, community services) tended to have less seniority and their departments were given less priority.

As commuter and road systems developed, Hillton attracted more upwardly mobile professionals into the community. Some infrastructure demands continued, but the new suburban dwellers wanted more of the "soft" services, such as libraries, social activities, and community services. They also began complaining about the way the municipality was being run. The population had more than tripled between the 1970s and 2000, and it was increasingly apparent that the organization needed more corporate planning, information systems, organization development, and cost-control systems. In various ways, residents voiced their concerns that the municipality was not providing the quality of management that they expected from a city of its size.

In 2006 a new Mayor and Council replaced most of the previous incumbents, mainly on the election platform of improving the municipality's management structure. The new council gave the city manager, along with two other senior managers, an early retirement buyout package. Rather than promoting from the lower ranks, the council decided to fill all three positions with qualified candidates from large municipal corporations in the region. The following year several long-term managers left Hillton and at least half of those positions were filled by people from outside the organization. In less than two years Hillton had eight senior or departmental managers hired from other municipalities who played a key role in changing the organization's value system. These eight managers became known (often with negative connotations) as the "professionals." They worked closely with each other to change the way middle- and lower-level managers had operated for many years. They brought in a new computer system and emphasized cost controls where managers previously had complete autonomy. Promotions were increasingly based on merit rather than seniority. These managers frequently announced in meetings and newsletters that municipal employees must provide superlative customer service, and that Hillton will be-come one of the most customer-friendly places for citizens and those who do business with the municipality. To this end, these managers were quick to support the public's increasing demand for more "soft" services, including expanded library services and recreational activities. And when population growth flattened out in the late 2000, the city manager and other professionals gained council support to lay off a number of outside workers due to lack of demand for hard services.

One of the most significant changes was that the "outside" departments no longer held dominant positions in city management. Most of the "professional" managers had worked exclusively in administrative and related inside jobs. Two had master of business administration degrees. This led to some tension between the professional managers and the older outside managers. Even before the layoffs, managers of outside departments resisted the changes more than others. These managers complained that their employees with the highest seniority were turned down for promotions. They argued for an increased budget and warned that infrastructure deterioration would cause liability problems. Informally, the outside managers were supported by the labor union representing outside workers. The union leaders tried to bargain for more job guarantees whereas the union representing inside workers focused more on improving wages and benefits. Leaders of the outside union made several statements in the local media that the city had "lost its heart" and that the public would suffer from the actions of the new professionals.

Questions

1. Contrast Hillton's earlier corporate culture with the emerging set of cultural values.
2. Considering the difficulty in changing organizational culture, why does Hillton's management seem to be successful at this transformation?
3. Identify two other strategies that the city might consider to reinforce the new set of corporate values. (*Adapted version of the case by Steven L. McShane. This case is a slightly fictionalized account of actual events in a municipality.)*