Subject: Management Concepts and Organizational Behaviour

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INTRODUCTION TO MANAGEMENT

STRUCTURE

1.0 Learning OBJECTIVES

This lesson will to enable you to

- Define management;
- Describe the nature and scope of management;
- Know the difference between management and administration;
- Understand various levels of management;
- Describe the various skills that are necessary for successful managers.

1.1 INTRODUCTION

A business develops in course of time with complexities. With increasing complexities managing the business has become a difficult task. The need of existence of management has increased tremendously. Management is essential not only for business concerns but also for banks, schools, colleges, hospitals, hotels, religious bodies, charitable trusts etc. Every business unit has some objectives of its own. These objectives can be achieved with the coordinated efforts of several personnel. The work of a number of persons are properly co-ordinated to achieve the objectives through the process of management is not a matter of pressing a button, pulling a lever, issuing orders, scanning profit and loss statements, promulgating rules and regulations. Rather it is the power to determine what shall happen to the personalities and happiness of entire people, the power to shape the destiny of a nation and of all the nations which make up the world." Peter F. Drucker has stated in his famous book "The Practice of Management" that, "the emergence of management as an essential, a distinct and leading social institution is a pivotal event in social history. Rarely in human history has a new institution proved indispensable so quickly and even less often as a new institution arrived with so little opposition, so little disturbance and so little controversy?"

Management is a vital aspect of the economic life of man, which is an organised group activity. It is considered as the indispensable institution in the modern social organization marked by scientific thought and technological innovations. One or the other form of management is essential wherever human efforts are to be undertaken collectively to satisfy wants through some productive activity, occupation or profession.

It is management that regulates man's productive activities through coordinated use of material resources. Without the leadership provided by management, the resources of production remain resources and never become production.

Management is the integrating force in all organized activity. Whenever two or more people work together to attain a common objective, they have to coordinate their activities. They also have to organize and utilize their resources in such a way as to optimize the results. Not only in business enterprises where costs and revenues can be ascertained accurately and objectively but also in service organizations such as government, hospitals, schools, clubs, etc., scarce resources including men, machines, materials and money have to be integrated in a productive relationship, and utilized efficiently towards the achievement of their gals. Thus, management is not unique to business organizations but common to all kinds of social organizations.

Management has achieved an enviable importance in recent times. We are all intimately associated with many kinds of organizations, the most omnipresent being the government, the school and the hospital. In fact, more and more of major social tasks are being organized on an institution basis. Medical care, education, recreation, irrigation, lighting, sanitation, etc., which typically used to be the concern of the individual or the family, are now the domain of large organizations. Although, organizations other than business do not speak of management, they all need management. It is the specific organ of all kinds of organizations since they all need to utilize their limited resources most efficiently and effectively for the achievement of their goals. It is the most vital forces in the successful performance of all kinds of organized social activities.

Importance of management for the development of underdeveloped economies has been recognized during the last one and a half decade. There is a significant gap between the management effectiveness in developed and underdeveloped countries. It is rightly held that development is the function not only of capital, physical and material resources, but also of their optimum utilization. Effective management can produce not only more outputs of goods and services with given resources, but also expand them through better use of science and technology. A higher rate of economic growth can be attained in our country through more efficient and effective management of our business and other social organizations, even with existing physical and financial resources. That is why it is now being increasingly recognized that underdeveloped countries are indeed somewhat inadequately managed countries.

The emergence of management in modern times may be regarded as a significant development as the advancement of modern technology. It has made possible organization of economic activity in giant organizations like the Steel Authority of India and the Life Insurance Corporation of India. It is largely through the achievements of modern management that western countries have reached the stage of mass consumption societies, and it is largely through more effective management of our economic and social institutions that we can improve the quality of life of our people. It is the achievements of business management that hold the hope for the huge masses in the third world countries that they can banish poverty and achieve for themselves decent standards of living.

1.2 DEFINITION OF MANAGEMENT

Although management as a discipline is more than 90 years old, there is no common agreement among its experts and practitioners about its precise definition. In fact, this is so in case of all social sciences like psychology, sociology, anthropology, economics, political science etc. As a result of unprecedented and breath-taking technological developments, business organizations have grown in size and complexity, causing consequential changes in the practice of management. Changes in management styles and practices have led to changes in management thought. Moreover, management being interdisciplinary in nature has undergone changes because of the developments in behavioural sciences, quantitative techniques, engineering and technology, etc. Since it deals with the production and distribution of goods and services, dynamism of its environments such as social, cultural and religious values, consumers' tastes and preferences, education and information explosion, democratization of governments, etc., have also led to changes in its theory and practice. Yet, a definition of management is necessary for its teaching and research, and also for improvement in its practice.

Many management experts have tried to define management. But, no definition of management has been universally accepted. Let us discuss some of the leading definitions of management:

Peter F. Drucker defines, "management is an organ; organs can be described and defined only through their functions".

According to Terry, "Management is not people; it is an activity like walking, reading, swimming or running. People who perform Management can be designated as members, members of Management or executive leaders."

Ralph C. Davis has defined Management as, "Management is the function of executive leadership anywhere."

According to Mc Farland, "Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain and operate purposive organization through systematic, co-ordinated co-operative human effort."

Henry Fayol, "To mange is to forecast and plan, to organize, to compound, to co-ordinate and to control."

Harold Koontz says, "Management is the art of getting things done through and within formally organized group."

E.F.L. Brech, "Management is concerned with seeing that the job gets done, its tasks all centre on planning and guiding the operations that are going on in the enterprise."

Koontz and O'Donnel, "Management is the creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively toward the attainment of group goals. It is the art of getting the work done through and with people in formally organized groups."

Wheeler, "Management is centered in the administrators or managers of the firm who integrate men, material and money into an effective operating limit."

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

Mary Parker Follett defines management as the "art of getting things done through people". This definition calls attention to the fundamental difference between a manager and other personnel of an organization. A manager is one who contributes to the organization’s goals indirectly by directing the efforts of others – not by performing the task himself. On the other hand, a person who is not a manager makes his contribution to the organization’s goals directly by performing the task himself.

Sometimes, however, a person in an organization may play both these roles simultaneously. For example, a sales manager is performing a managerial role when he is directing his sales force to meet the organization’s goals, but when he himself is contacting a large customer and negotiating a deal, he is performing a non-managerial role. In the former role, he is directing the efforts of others and is contributing to the organization’s goals indirectly; in the latter role, he is directly utilizing his skills as a salesman to meet the organization’s objectives.

A somewhat more elaborate definition of management is given by George R. Terry. He defines management as a process "consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and other resources". According to this definition, management is a process – a systematic way of doing things. The four management activities included in this process are: planning, organizing, actuating and controlling. Planing means that managers think of their actions in advance.

Organizing means that managers coordinate the human and material resources of the organization. Actuating means that managers motivate and direct subordinates. Controlling means that managers attempt to ensure that there is no deviation from the norm or plan. If some part of their organization is on the wrong track, managers take action to remedy the situation.

To conclude, we can say that various definitions of management do not run contrary to one another. Management is the sum-total of all those activities that (i) determine objectives, plans, policies and programmes; (ii) secure men, material, machinery cheaply (iii) put all these resources into operations through sound organization (iv) direct and motivate the men at work, (v) supervises and control their performance and (iv) provide maximum prosperity and happiness for both employer and employees and public at large.

1.3 CHARACTERISTICS OF MANAGEMENT

Management is a distinct activity having the following salient features:

1. **Economic Resource:** Management is one of the factors of production together with land, labour and capital. As industrialization increases, the need for managers also increases. Efficient management is the most critical input in the success of any organized group activity as it is the force which assembles and integrates other factors of production, namely, labour, capital and materials. Inputs of labour, capital and materials do not by themselves ensure production, they require the catalyst of management to produce goods and services required by the society. Thus, management is an essential ingredient of an organization.

2. **Goal Oriented:** Management is a purposeful activity. It coordinates the efforts of workers to achieve the goals of the organization. The success of management is measured by the extent to which the organizational goals are

achieved. It is imperative that the organizational goals must be well-defined and properly understood by the management at various levels.

3. **Distinct Process:** Management is a distinct process consisting of such functions as planning, organizing, staffing, directing and controlling. These functions are so interwoven that it is not possible to lay down exactly the sequence of various functions or their relative significance.

4. **Integrative Force:** The essence of management is integration of human and other resources to achieve the desired objectives. All these resources are made available to those who manage. Managers apply knowledge, experience and management principles for getting the results from the workers by the use of non-human resources. Managers also seek to harmonize the individuals' goals with the organizational goals for the smooth working of the organization.

5. **System of Authority:** Management as a team of managers represents a system of authority, a hierarchy of command and control. Managers at different levels possess varying degree of authority. Generally, as we move down in the managerial hierarchy, the degree of authority gets gradually reduced. Authority enables the managers to perform their functions effectively.

6. **Multi-disciplinary Subject:** Management has grown as a field of study (i.e. discipline) taking the help of so many other disciplines such as engineering, anthropology, sociology and psychology. Much of the management literature is the result of the association of these disciplines. For instance, productivity orientation drew its inspiration from industrial engineering and human relations orientation from psychology. Similarly, sociology and operations research have also contributed to the development of management science.

7. **Universal Application:** Management is universal in character. The principles and techniques of management are equally applicable in the fields of business, education, military, government and hospital. Henri Fayol suggested that principles of management would apply more or less in every situation. The principles are working guidelines which are flexible and capable of adaptation to every organization where the efforts of human beings are to be coordinated.

1.4 MANAGEMENT FUNCTIONS /PROCESS OF MANAGEMENT

There is enough disagreement among management writers on the classification of managerial functions. Newman and Summer recognize only four functions, namely, organizing, planning, leading and controlling. Henri Fayol identifies five functions of management, viz. planning, organizing, commanding, coordinating and controlling. Luther Gulick states seven such functions under the catch word "POSDCORB' which stands for planning, organizing, staffing, directing, coordinating, reporting and budgeting. Warren Haynes and Joseph Massie classify management functions into decision-making, organizing, staffing, planning, controlling, communicating and directing. Koontz and O'Donnell divide these functions into planning organizing, staffing, directing and controlling.

For our purpose, we shall designate the following six as the functions of a manager: planning, organizing, staffing, directing, coordinating and controlling.

1. Planning: Planning is the most fundamental and the most pervasive of all management functions. If people working in groups have to perform effectively, they should know in advance what is to be done, what activities they have to perform in order to do what is to be done, and when it is to be done. Planning is concerned with 'what', 'how, and 'when' of performance. It is deciding in the present about the future objectives and the courses of action for their achievement. It thus involves:

(a) determination of long and short-range objectives;

(b) development of strategies and courses of actions to be followed for the achievement of these objectives; and

(c) formulation of policies, procedures, and rules, etc., for the implementation of strategies, and plans.

The organizational objectives are set by top management in the context of its basic purpose and mission, environmental factors, business forecasts, and available and potential resources. These objectives are both long-range as well as short-range. They are divided into divisional, departmental, sectional and individual objectives or goals. This is followed by the development of strategies and courses of action to be followed at various levels of management and in various segments of the organization. Policies, procedures and rules provide the framework of decision making, and the method and order for the making and implementation of these decisions.

Every manager performs all these planning functions, or contributes to their performance. In some organizations, particularly those which are traditionally managed and the small ones, planning are often not done deliberately and systematically but it is still done. The plans may be in the minds of their managers rather than explicitly and precisely spelt out: they may be fuzzy rather than clear but they are always there. Planning is thus the most basic function of management. It is performed in all kinds of organizations by all managers at all levels of hierarchy.

2. Organizing: Organizing involves identification of activities required for the achievement of enterprise objectives and implementation of plans; grouping of activities into jobs; assignment of these jobs and activities to departments and individuals; delegation of responsibility and authority for performance, and provision for vertical and horizontal coordination of activities. Every manager has to decide what activities have to be undertaken in his department or section for the achievement of the goals entrusted to him. Having identified the activities, he has to group identical or similar activities in order to make jobs, assign these jobs or groups of activities to his subordinates, delegate authority to them so as to enable them to make decisions and initiate action for undertaking these activities, and provide for coordination between himself and his subordinates, and among his subordinates. Organizing thus involves the following sub-functions:

(a) Identification of activities required for the achievement of objectives and implementation of plans.

(b) Grouping the activities so as to create self-contained jobs.

(c) Assignment of jobs to employees.

(d) Delegation of authority so as to enable them to perform their jobs and to command the resources needed for their performance.

(e) Establishment of a network of coordinating relationships.

Organizing process results in a structure of the organization. It comprises organizational positions, accompanying tasks and responsibilities, and a network of roles and authority-responsibility relationships. Organizing is thus the basic process of combining and integrating human, physical and financial resources in productive interrelationships for the achievement of enterprise objectives. It aims at combining employees and interrelated tasks in an orderly manner so that organizational work is performed in a coordinated manner, and all efforts and activities pull together in the direction of organizational goals.

3. Staffing: Staffing is a continuous and vital function of management. After the objectives have been determined, strategies, policies, programmes, procedures and rules formulated for their achievement, activities for the implementation of strategies, policies, programmes, etc. identified and grouped into jobs, the next logical step in the management process is to procure suitable personnel for manning the jobs. Since the efficiency and effectiveness of an organization significantly depends on the quality of its personnel and since it is one of the primary functions of management to achieve qualified and trained people to fill various positions, staffing has been recognized as a distinct function of management. It comprises several sub-functions:

(a) Manpower planning involving determination of the number and the kind of personnel required.

(b) Recruitment for attracting adequate number of potential employees to seek jobs in the enterprise.

(c) Selection of the most suitable persons for the jobs under consideration.

(d) Placement, induction and orientation.

(e) Transfers, promotions, termination and layoff.

(f) Training and development of employees.

As the importance of human factor in organizational effectiveness is being increasingly recognized, staffing is gaining acceptance as a distinct function of management. It need hardly any emphasize that no organization can ever be better than its people, and managers must perform the staffing function with as much concern as any other function.

4. Directing: Directing is the function of leading the employees to perform efficiently, and contribute their optimum to the achievement of organizational objectives. Jobs assigned to subordinates have to be explained and clarified, they have to be provided guidance in job performance and they are to be motivated to contribute their optimum performance with zeal and enthusiasm. The function of directing thus involves the following sub-functions:

(a) Communication

(b) Motivation

(c) Leadership

5. Coordination: Coordinating is the function of establishing such relationships among various parts of the organization that they all together pull in the direction of organizational objectives. It is thus the process of tying together all the organizational decisions, operations, activities and efforts so as to achieve unity of action for the accomplishment of organizational objectives.

The significance of the coordinating process has been aptly highlighted by Mary Parker Follet. The manager, in her view, should ensure that he has an organization "with all its parts coordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking and interrelation, that they make a working unit, which is not a congeries of separate pieces, but what I have called a functional whole or integrative unity". Coordination, as a management function, involves the following sub-functions:

(a) Clear definition of authority-responsibility relationships

(b) Unity of direction

(c) Unity of command

(d) Effective communication

(e) Effective leadership

6. Controlling: Controlling is the function of ensuring that the divisional, departmental, sectional and individual performances are consistent with the predetermined objectives and goals. Deviations from objectives and plans have to be identified and investigated, and correction action taken. Deviations from plans and objectives provide feedback to managers, and all other management processes including planning, organizing, staffing, directing and coordinating are continuously reviewed and modified, where necessary.

Controlling implies that objectives, goals and standards of performance exist and are known to employees and their superiors. It also implies a flexible and dynamic organization which will permit changes in objectives, plans, programmes, strategies, policies, organizational design, staffing policies and practices, leadership style, communication system, etc., for it is not uncommon that employee's failure to achieve predetermined standards is due to defects or shortcomings in any one or more of the above dimensions of management.

Thus, controlling involves the following process:

(a) Measurement of performance against predetermined goals.

(b) Identification of deviations from these goals.

(c) Corrective action to rectify deviations.

It may be pointed out that although management functions have been discussed in a particular sequence-planning, organizing, staffing, directing, coordinating and controlling – they are not performed in a sequential order. Management is an integral process and it is difficult to put its functions neatly in separate boxes. Management functions tend to coalesce, and it sometimes becomes difficult to separate one from the other. For example, when a production manager is discussing work problems with one of his subordinates, it is difficult to say whether he is guiding, developing or communicating, or doing all these things simultaneously. Moreover, managers often perform more than one function simultaneously.

1.5 NATURE OF MANAGEMENT

Management has been conceptualized earlier in this lesson, as the social process by which managers of an enterprise integrate and coordinate its resources for the achievement of common, explicit goals. It has developed into a body of knowledge and a separate identifiable discipline during the past six decades. Practice of management as an art is, of course, as old as the organized human effort for the achievement of common goals. Management has also acquired several characteristics of profession during recent times. Large and medium-sized enterprise in India and elsewhere are managed by professional managers – managers who have little or no share in the ownership of the enterprise and look upon management as a career. The nature of management as a science, as art and as a profession is discussed below:

Management as a Science

Development of management as a science is of recent origin, even though its practice is ages old. Fredrick W. Taylor was the first manager-theorist who made significant contributions to the development of management as a science. He used the scientific methods of analysis, observation and experimentation in the management of production function. A perceptive manager, as he was, he distilled certain fundamental principles and propounded the theory and principles of scientific management. His work was followed by many others including Gantt, Emerson, Fayol, Barnard, etc. During the last few decades, great strides have been made in the development of management as a systematized body of knowledge which can be learnt, taught and researched. It has also provided powerful tools of analysis, prediction and control to practicing managers. The scientific character of management has been particularly strengthened by management scientists who have developed mathematical models of decision making.

Another characteristic of science in management is that it uses the scientific methods of observation, experimentation and laboratory research. Management principles are firmly based on observed phenomena, and systematic classification and analysis of data. These analyses and study of observed phenomena are used for inferring cause-effect relationships between two or more variables. Generalizations about these relationships result in hypotheses. The hypotheses when tested and found to be true are called principles. These principles when applied to practical situations help the practitioner in describing and analyzing problems, solving problems and predicting the results.

Even though management is a science so far as to possess a systematized body of knowledge and uses scientific methods of research, it is not an exact science like natural sciences. This is simply because management is a social science, and deals with the behaviour of people in organization. Behaviour of people is much more complex and variable than the behaviour of inanimate things such as light or heat. This makes controlled experiments very difficult. As a result, management principles lack the rigour and exactitude which is found in physics and chemistry. In fact, many natural sciences which deal with living phenomena such as botany and medicine are also not exact. Management is a social science like economics or psychology, and has the same limitations which these and other social sciences have. But this does not in any way diminish the value of management as a knowledge and discipline. It has provided powerful tools of analysis, prediction and control to practicing managers and helped them in performing their material tasks more efficiently and effectively.

Management as an art

Just as an engineer uses the science of engineering while building a bridge, a manager uses the knowledge of management theory while performing his managerial functions. Engineering is a science; its application to the solution of practical problems is an art. Similarly, management as a body of knowledge and a discipline is a science; its application to the solution of organizational problems is an art. The practice of management, like the practice of medicine, is firmly grounded in an identifiable body of concepts, theories and principles. A medical practitioner, who does not base his diagnosis and prescription on the science of medicine, endangers the life of his patient. Similarly, a manager who manages without possessing the knowledge of management creates chaos and jeopardizes the well-being of his organization.

Principles of management like the principles of medicine are used by the practitioner not as rules of thumb but as guides in solving practical problems. It is often said that managerial decision making involves a large element of judgement. This is true too. The raging controversy whether management is a science or an art is fruitless. It is a science as well as an art. Developments in the field of the knowledge of management help in the improvement of its practice; and improvements in the practice of management spur further research and study resulting in further development of management science.

Management as a Profession

We often hear of professionalisation of management in our country. By a professional manager, we generally mean a manager who undertakes management as a career and is not interested in acquiring ownership share in the enterprise which he manages. But, is management a profession in the true sense of the word? or, is management a profession like the professions of law and medicine? According to McFarland a profession possesses the following characteristics: (i) a body of principles, techniques, skills, and specialized knowledge; (ii) formalized methods of acquiring training and experience; (iii) the establishment of a representative organization with professionalisation as its goal; (iv) the formation of ethical codes for the guidance of conduct; and (v) the charging of fees based on the nature of services.

Management is a profession to the extent it fulfils the above conditions. It is a profession in the sense that there is a systematized body of management, and it is distinct, identifiable discipline. It has also developed a vast number of tools and techniques. But unlike medicine or law, a management degree is not a prerequisite to become a manager. In fact, most managers in India as elsewhere do not have a formal management education. It seems reasonable to assume that at no time in the near future, the possession of a management degree will be a requirement for employment as a career manager.

Management is also a profession in the sense that formalized methods of training is available to those who desire to be managers. We have a number of institutes of management and university departments of management which provide formal education in this field. Training facilities are provided in most companies by their training divisions. A number of organizations such as the Administrative Staff College of India, the Indian Institutes of Management, Management Development Institute, the All India Management Association, and the university departments of management offer a variety of short-term management training programmes.

Management partially fulfils the third characteristic of profession. There are a number of representative organizations of management practitioners almost in all countries such as the All India Management Association in India, the American Management Association in U.S.A., etc. However, none of them have professionalisation of management as its goal.

Management does not fulfill the last two requirements of a profession. There is no ethical code of conduct for managers as for doctors and lawyers. Some individual business organizations, however, try to develop a code of conduct for their own managers but there is no general and uniform code of conduct for all managers. In fact, bribing public officials to gain favours, sabotaging trade unions, manipulating prices and markets are by no means uncommon management practices. Furthermore, managers in general do not seem to adhere to the principle of "service above self". However little regard is paid to the elevation of service over the desire for monetary compensation is evidenced by switching of jobs by managers. Indeed, such mobile managers are regarded as more progressive and modern than others.

It may be concluded from the above discussion that management is a science, an art as well as a profession. As a social science, management is not as exact as natural sciences, and it is not as fully a profession as medicine and law.

1.6 MANAGEMENT VS. ADMINISTRATION

The use of two terms management and administration has been a controversial issue in the management literature. Some writers do not see any difference between the two terms, while others maintain that administration and management are two different functions. Those who held management and administration distinct include Oliver Sheldon, Florence and Tead, Spriegel and Lansburg, etc. According to them, management is a lower-level function and is concerned primarily with the execution of policies laid down by administration. But some English authors like Brech are of the opinion that management is a wider term including administration. This controversy is discussed as under in three heads:

(i) Administration is concerned with the determination of policies and management with the implementation of policies. Thus, administration is a higher level function.

(ii) Management is a generic term and includes administration.

(iii) There is no distinction between the terms management and administration and they are used interchangeably.

(i) Administration is a Higher Level Function: Oliver Shelden subscribed to the first viewpoint. According to him, "Administration is concerned with the determination of corporate policy, the coordination of finance, production and distribution, the settlement of the compass of the organization and the ultimate control of the executive. Management proper is concerned with the execution of policy within the limits set up by administration and the employment of the organization in the particular objects before it... Administration determines the organization; management uses it. Administration defines the goals; management strives towards it".

Administration refers to policy-making whereas management refers to execution of policies laid down by administration. This view is held by Tead, Spriegel and Walter. Administration is the phase of business enterprise that concerns itself with the overall determination of institutional objectives and the policies unnecessary to be followed in achieving those objectives. Administration is a determinative function; on the other hand, management is an executive function which is primarily concerned with carrying out of the broad policies laid down by the administration. Thus, administration involves broad policy-making and management involves the execution of policies laid down by the administration as shown in Table 1.

Table 1: Administration Vs. Management

	Basis	Administration	Management
1.	Meaning	Administration is concerned with the formulation of objectives, plans and policies of the organization	Management means getting the work done through and with others.
2.	Nature of work	Administration relates to the decision-making. It is a thinking function.	Management refers to execution of decisions and is a doing function
3.	Decision Making	Administration determines what is to be done and when it is to be done	Management decides who shall implement the administrative decisions.
4.	Status	Administration refers to higher levels of management	Management is relevant at lower levels in the organization.

(ii) Management is a Generic Term: The second viewpoint regards management as a generic term including administration. According to Brech, "Management is a social process entailing responsibility for the effective and economical planning and regulation of the operation of an enterprise in fulfillment of a given purpose or task. Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is regulated and checked against plans". Thus, Brech conceives administration as a part of management. Kimball and Kimball also subscribe to this view. According to them administration is a part of management. Administration is concerned with the actual work of executing or carrying out the objectives.

(iii) Management and Administration are Synonymous: The third viewpoint is that there is no distinction between the terms 'management' and 'administration'. Usage also provides no distinction between these terms. The term management is used for higher executive functions like determination of policies, planning, organizing, directing and controlling in the business circles, while the term administration is used for the same set of functions in the Government circles. So there is no difference between these two terms and they are often used interchangeably.

It seems from the above concepts of administration and management that administration is the process of determination of objectives, laying down plans and policies, and ensuring that achievements are in conformity with the objectives. Management is the process of executing the plans and policies for the achievement of the objectives determined by an administration. This distinction seems to be too simplistic and superficial. If we regard chairmen, managing directors and general managers as performing administrative functions, it cannot be said that they perform only planning functions of goal determination, planning and policy formulation, and do not perform other functions such as staffing functions of selection and promotion, or directing functions of leadership, communication and motivation. On the other hand, we cannot say that managers who are responsible for the execution of plans and formulation of plans and policies, etc. do not contribute to the administrative functions of goal determination, and formulation of plans and policies. In fact, all manages, whether the chief executive or the first line supervisor, are in some way or the other involved in the performance of all the managerial functions. It is, of course, true that those who occupy the higher echelons of organizational hierarchy are involved to a greater extent in goal determination, plans and policy formulation and organizing than those who are at the bottom of the ladder.

1.7 LEVELS OF MANAGEMENT

An enterprise may have different levels of management. Levels of management refer to a line of demarcation between various managerial positions in an enterprise. The levels of management depend upon its size, technical facilities, and the range of production. We generally come across two broad levels of management, viz. (i) administrative management (i.e., the upper level of management) and (ii) operating management (i.e., the lower level of management). Administrative management is concerned with "thinking" functions such as laying down policy, planning and setting up of standards. Operative management is concerned with the "doing" function such as implementation of policies, and directing the operations to attain the objectives of the enterprise.

But in actual practice, it is difficult to draw any clear cut demarcation between thinking function and doing function. Because the basic/fundamental managerial functions are performed by all managers irrespective of their levels or, ranks. For instance, wage and salary director of a company may assist in fixing wages and salary structure as a member of the Board of Directors, but as head of wages and salary department, his job is to see that the decisions are implemented.

The real significance of levels is that they explain authority relationships in an organization. Considering the hierarchy of authority and responsibility, one can identify three levels of management namely:

(i) **Top management** of a company consists of owners/shareholders, Board of Directors, its Chairman, Managing Director, or the Chief Executive, or the General Manager or Executive Committee having key officers.

(ii) **Middle management** of a company consists of heads of functional departments viz. Purchase Manager, Production Manager, Marketing Manager, Financial controller, etc. and Divisional and Sectional Officers working under these Functional Heads.

(iii) **Lower level or operative management** of a company consists of Superintendents, Foremen, Supervisors, etc.

1. **Top management:** Top management is the ultimate source of authority and it lays down goals, policies and plans for the enterprise. It devotes more time on planning and coordinating functions. It is accountable to the owners of the business of the overall management. It is also described as the policy making group responsible for the overall direction and success of all company activities. The important functions of top management include:

(a) To establish the objectives or goals of the enterprise.

(b) To make policies and frame plans to attain the objectives laid.

(c) To set up an organizational frame work to conduct the operations as per plans.

(d) To assemble the resources of money, men, materials, machines and methods to put the plans into action.

(e) To exercise effective control of the operations.

(f) To provide overall leadership to the enterprise.

2. Middle management: The job of middle management is to implement the policies and plans framed by the top management. It serves as an essential link between the top management and the lower level or operative management. They are responsible to the top management for the functioning of their departments. They devote more time on the organization and motivation functions of management. They provide the guidance and the structure for a purposeful enterprise. Without them the top management's plans and ambitious expectations will not be fruitfully realized. The following are the main functions of middle management:

(a) To interpret the policies chalked out by top management.

(b) To prepare the organizational set up in their own departments for fulfilling the objectives implied in various business policies.

(c) To recruit and select suitable operative and supervisory staff.

(d) To assign activities, duties and responsibilities for timely implementation of the plans.

(e) To compile all the instructions and issue them to supervisor under their control.

(f) To motivate personnel to attain higher productivity and to reward them properly.

(g) To cooperate with the other departments for ensuring a smooth functioning of the entire organization.

(h) To collect reports and information on performance in their departments.

(i) To report to top management

(j) To make suitable recommendations to the top management for the better execution of plans and policies.

3. **Lower or operative management:** It is placed at the bottom of the hierarchy of management, and actual operations are the responsibility of this level of management. It consists of foreman, supervisors, sales officers, accounts officers and so on. They are in direct touch with the rank and file or workers. Their authority and responsibility is limited. They pass on the instructions of the middle management to workers.

They interpret and divide the plans of the management into short-range operating plans. They are also involved in the process of decisions-making. They have to get the work done through the workers. They allot various jobs to the workers, evaluate their performance and report to the middle level management. They are more concerned with direction and control functions of management. They devote more time in the supervision of the workers.

1.8 MANAGERIAL SKILLS

A skill is an individual's ability to translate knowledge into action. Hence, it is manifested in an individual's performance. Skill is not necessarily inborn. It can be developed through practice and through relating learning to one's own personal experience and background. In order to be able to successfully discharge his roles, a manager should possess three major skills. These are conceptual skill, human relations skill and technical skill. Conceptual skill deals with ideas, technical skill with things and human skill with people. While both conceptual and technical skills are needed for good decision-making, human skill in necessary for a good leader.

The *conceptual skill* refers to the ability of a manager to take a broad and farsighted view of the organization and its future, his ability to think in abstract, his ability to analyze the forces working in a situation, his creative and innovative ability and his ability to assess the environment and the changes taking place in it. It short, it is his ability to conceptualize the environment, the organization, and his own job, so that he can set appropriate goals for his organization, for himself and for his team. This skill seems to increase in importance as manager moves up to higher positions of responsibility in the organization.

The *technical skill* is the manager's understanding of the nature of job that people under him have to perform. It refers to a person's knowledge and proficiency in any type of process or technique. In a production department this would mean an understanding of the technicalities of the process of production. Whereas this type of skill and competence seems to be more important at the lower levels of management, its relative importance as a part of the managerial role diminishes as the manager moves to higher positions. In higher functional positions, such as the position of a marketing manager or production manager, the conceptual component, related to these functional areas becomes more important and the technical component becomes less important.

Human relations skill is the ability to interact effectively with people at all levels. This skill develops in the manager sufficient ability (a) to recognize the feelings and sentiments of others; (b) to judge the possible actions to, and outcomes of various courses of action he may undertake; and (c) to examine his own concepts and values which may enable him to develop more useful attitudes about himself. This type of skill remains consistently important for managers at all levels.

Table-2 gives an idea about the required change in the skill-mix of a manager with the change in his level. At the top level, technical skill becomes least important. That is why, people at the top shift with great ease from one industry to another without an apparent fall in their efficiency. Their human and conceptual skills seem to make up for their unfamiliarity with the new job's technical aspects.

Table-2: Skill-mix of different management levels

Top Management → Conceptual Skills

Middle Management → Human Relations Skills

Low Management → Technical Skills

1.9 THE MANAGER AND HIS JOB

Management performs the functions of planning, organizing, staffing, directing and controlling for the accomplishment of organizational goals. Any person who performs these functions is a manager. The first line manager or supervisor or foreman is also a manager because he performs these functions. The difference between the functions of top, middle and lowest level management is that of degree. For instance, top management concentrates more on long-range planning and organization, middle level management concentrates more on coordination and control and lowest level management concentrates more on direction function to get the things done from the workers.

Every manager is concerned with ideas, things and people. Management is a creative process for integrating the use of resources to accomplish certain goals. In this process, ideas, things and people are vital inputs which are to be transformed into output consistent with the goals.

Management of ideas implies use of conceptual skills. It has three connotations. *First*, it refers to the need for practical philosophy of management to regard management as a distinct and scientific process. *Second*, management of ideas refers to the planning phase of management process. *Lastly*, management of ideas refers to distinction and innovation. Creativity refers to generation of new ideas, and innovation refers to transforming ideas into viable relations and utilities. A manager must be imaginative to plan ahead and to create new Ideas.

Management of things (non-human resources) deal with the design of production system, and acquisition, allocation and conversion of physical resources to achieve certain goals. Management of people is concerned with procurement, development, maintenance and integration of human resources in the organization. Every manager has to direct his subordinates to put the organizational plans into practice.

The greater part of every manager's time is spent in communicating and dealing with people. His efforts are directed towards obtaining information and evaluating progress towards objectives set by him and then taking corrective action. Thus, a manager's job primarily consists of management of people. Though it is his duty to handle all the productive resources, but human factor is more important. A manager cannot convert the raw materials into finished products himself; he has to take the help of others to do this. The greatest problem before any manager is how to manage the personnel to get the best possible results. The manager in the present age has to deal efficiently with the people who are to contribute for the achievement of organizational goals.

Peter F. Drucker has advocated that the managerial approach to handle workers and work should be pragmatic and dynamic. Every job should be designed as an integrated set of operations. The workers should be given a sufficient measure of freedom to organize and control their work environment. It is the duty of every manager to educate, train and develop people below him so that they may use their potentialities and abilities to perform the work allotted to them. He has also to help them in satisfying their needs and working under him, he must provide them with proper environment. A manager must create a climate which brings in and maintains satisfaction and discipline among the people. This will increase organizational effectiveness.

Recently, it has been questioned whether planning, organizing, directing and controlling provides an adequate description of the management process. After an intensive observation of what five top executive actually did during the course of a few days at work, Henry Mintzberg concluded that these labels do not adequately capture the reality of what managers do. He suggested instead that the manager should be regarded as playing some ten different roles, in no particular order.

Role Performed by Managers

1. Interpersonal Roles

a) **Figurehead**: In this role, every manager has to perform some duties of a ceremonial nature, such as greeting the touring dignitaries, attending the wedding of an employee, taking an important customer to lunch and so on.

b) **Leader:** As a leader, every manager must motivate and encourage his employees. He must also try to reconcile their individual needs with the goals of the organization.

c) **Liaison:** In this role of liaison, every manager must cultivate contacts outside his vertical chain of command to collect information useful for his organization.

2. Informational Roles

a) **Monitor:** As monitor, the manager has to perpetually scan his environment for information, interrogate his liaison contacts and his subordinates, and receive unsolicited information, much of it as result of the network of personal contacts he has developed.

b) **Disseminator:** In the role of a disseminator, the manager passes some of his privileged information directly to his subordinates who would otherwise have no access to it.

c) **Spokesman:** In this role, the manager informs and satisfies various groups and people who influence his organization. Thus, he advises shareholders about financial performance, assures consumer groups that the organization is fulfilling its social responsibilities and satisfies government that the origination is abiding by the law.

3. Decisional Roles

a) **Entrepreneur:** In this role, the manager constantly looks out for new ideas and seeks to improve his unit by adapting it to changing conditions in the environment.

b) **Disturbance Handler:** In this role, the manager has to work like a fire fighter. He must seek solutions of various unanticipated problems – a strike may loom large a major customer may go bankrupt; a supplier may renege on his contract, and so on.

c) **Resource Allocator:** In this role, the manager must divide work and delegate authority among his subordinates. He must decide who will get what.

d) **Negotiator:** The manager has to spend considerable time in negotiations. Thus, the chairman of a company may negotiate with the union leaders a new strike issue, the foreman may negotiate with the workers a grievance problem, and so on.

In addition, managers in any organization work with each other to establish the organization's long-range goals and to plan how to achieve them. They also work together to provide one another with the accurate information needed to perform tasks. Thus, managers act as channels of communication with the organization.

Characteristics of Professional Managers

1. Managers are responsible and accountable: Managers are responsible for seeing that specific tasks are done successfully. They are usually evaluated on how well they arrange for these tasks to the accomplished. Managers are responsible for the actions of their subordinates. The success or failure of subordinates is a direct reflection of managers' success or failure. All members of an organization, including those who are not managers, are responsible for their particular tasks. The difference is that managers are held responsible, or accountable, not only for their own work, but also for the work of subordinates.

2. **Managers balance competing goals and set priorities:** At any given time, the manager faces a number of organizational goals, problems and needs all of which compete for the manager's time and resources (both human and material). Because such resources are always limited, the manager must strike a balance between the various goals and needs. Many managers, for example, arrange each day's tasks in order of priority the most important things are done right away, while the less important tasks are looked at later. In this way, managerial time is used effectively.

A manager must also decide who is to perform a particular task and must assign work to an appropriate person. Although ideally each person should be given the task he would most like to do, this is not always possible. Sometimes individual ability is the decisive factor, and a task is assigned to the person most suitable to accomplish it. But sometimes a less capable worker is assigned a task as a learning experience. And, at times, limited human or other resources dictate decisions for making work assignments. Managers are often caught between conflicting human and organizational needs and so they must identify priorities.

3. Managers think analytically and conceptually: To be an analytical thinker, a manager must be able to break a problem down into its components, analyze those components and then come up with a feasible solution. But even more important, a manager must be a conceptual thinker, able to view the entire task in the abstract and relate it to other tasks. Thinking about a particular task in relation to its larger implications is no simple matter. But it is essential if the manager is to work towards the goals of the organization as a whole as well as towards the goals of an individual unit.

4. **Managers are mediators:** Organizations are made up of people, and people disagree or quarrel quite often. Disputes within a unit or organization can lower morale and productivity, and they may become so unpleasant or disruptive that competent employees decide to leave the organization. Such occurrences hinder work towards the goals of the unit or organization; therefore, managers must at times take on the role of mediator and iron out disputes before they get out of hand. Setting conflicts requires skill and tact. Managers who are careless in their handling conflicts may later on find that they have only made matters worse.

5. Managers make difficult decisions: No organization runs smoothly all the time. There is almost no limit to the number and types of problems that may occur: financial difficulties, problems with employees, or differences of opinion concerning an organization policy, to name just a few. Managers are expected to come up with solutions to difficult problems and to follow through on their decisions even when doing so may be unpopular.

This description of these managerial roles and responsibilities shows that managers must 'change hats' frequently and must be alert to the particular role needed at a given time. The ability to recognize the appropriate role to be played and to change roles readily is a mark of an effective manager.

1.10 PRINCIPLES OF MANAGEMENT

A body of principles of management has been developed by Henri Fayol, the father of modern management. Fayol wrote perceptibly on the basis of his practical experience as a manager. Although, he did not develop an integrated theory of management, his principles are surprisingly in tune with contemporary thinking in management theory.

Fayol held that there is a single "administrative science", whose principles can be used in all management situations no matter what kind of organization was being managed. This earned him the title of "Universality". He, however, emphasized that his principles were not immutable laws but rules of thumb to be used as occasion demanded.

Fayol held that activities of an industrial enterprise can be grouped in six categories: (i) technical (production), (ii) commercial (buying, selling and exchange), (iii) financial (search for and optimum use of capital), (iv) security (protection of property and persons), (v) accounting (including statistics); and (vi) managerial. However, he devoted most of his attention to managerial activity. He developed the following principles underlying management of all kinds of organizations:

1. **Authority and Responsibility are Related:** Fayol held that authority flows from responsibility. Managers who exercise authority over others should assume responsibility for decisions as well as for results. He regarded authority as a corollary to responsibility. Authority is official as well as personal. Official authority is derived from the manager's position in organizational hierarchy and personal authority is compounded of intelligence, experience, moral worth, past services, etc.

A corollary of the principle that no manager should be given authority unless he assumes responsibility is that those who have responsibility should also have commensurate authority in order to enable them to initiate action on others and command resources required for the performance of their functions. This aspect of relationship between responsibility and authority is particularly relevant in India where authority tends to be concentrated in higher echelons of management.

2. **Unity of Command:** This principle holds that one employee should have only one boss and receive instructions from him only. Fayol observed that if this principle is violated authority will be undermined, discipline will be jeopardy, order will be disturbed and stability will be threatened. Dual command is a permanent source of conflict. Therefore, in every organization, each subordinate should have one superior whose command he has to obey.

3. **Unity of Direction:** This means that all managerial and operational activities which relate a distinct group with the same objective should be directed by "one head and one plan. According to Fayol, there should be, "one head and one plan for a group of activities having the same objective". It, however, does not mean that all decisions should be made at the top. It only means that all related activities should be directed by one person. For example, all marketing activities like product strategy and policy, advertising and sales promotion, distribution channel policy, product pricing policy, marketing research, etc., should be under the control of one manager and directed by an integrated plan. This is essential for the "unity of action, coordination of strength and focusing of effort". Violation of this principle will cause fragmentation of action and effort, and wastage of resources.

4. Scalar Chain of Command: According to Fayol scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. The line of authority is the route followed via every link in the chain by all communication which start from or go to the ultimate authority.

5. **Division of Work:** This is the principle of specialization which, according to Fayol, applies to all kinds of work, managerial as well as technical. It helps a person to acquire an ability and accuracy with which he can do more and better work with the same effort. Therefore, the work of every person in the organization should be limited as far as possible to the performance of a single leading function.

6. **Discipline:** Discipline is a *sine qua non* for the proper functioning of an organization. Members of an organization are required to perform their functions and conduct themselves in relation to others according to rules, norms and customs. According to Fayol, discipline can best be maintained by: (i) having good superiors at all levels; (ii) agreements (made either with the individual employees or with a union as the case may be) that are as clear and fair as possible; and (iii) penalties judiciously imposed.

7. **Subordination of Individual Interest to General Interest:** The interest of the organization is above the interests of the individual and the group. It can be achieved only when managers in high positions in the organization set an example of honesty, integrity, fairness and justice. It will involve an attitude and a spirit of sacrificing their own personal interests whenever it becomes apparent that such personal interests are in conflict with organizational interests. It may, however, be emphasized that social and national interests should have precedence over organizational interests whenever the two run counter to each other.

8. **Remuneration:** Employees should be paid fairly and equitably. Differentials in remuneration should be based on job differentials, in terms of qualities of the employee, application, responsibility, working conditions and difficulty of the job. It should also take into account factors like cost of living, general economic conditions, demand for labour and economic state of the business.

9. **Centralization:** Fayol believed in centralisation. He, however, did not contemplate concentration of all decision making authority in the top management. He, however, held that centralisation and decentralisation is a question of proportion. In a small firm with a limited number of employees, the owner-manager can give orders directly to everyone. In large organizations, however, where the worker is separated from the chief executive through a long scalar chain, the decision making authority has to be distributed among various managers in varying degrees. Here one generally comes across a situation of decentralisation with centralised control. The degree of centralisation and decentralisation also depends on the quality of managers.

10. Order: Order, in the conception of Fayol, means right person on the right job and everything in its proper place. This kind of order, depends on precise knowledge of human requirements and resources of the concern and a constant balance between these requirements and resources.

11. **Equity:** It means that subordinates should be treated with justice and kindliness. This is essential for eliciting their devotion and loyalty to the enterprise. It is, therefore the duty of the chief executive to instill a sense of equity throughout all levels of scalar chain.

12. **Stability of Tenure of Personnel:** The managerial policies should provide a sense of reasonable job security. The hiring and firing of personnel should depend not on the whims of the superiors but on the well-conceived personnel policies. He points out that it takes time for an employee to learn his job; if they quit or are discharged within a short time, the learning time has been wasted. At the same time those found unsuitable should be removed and those who are found to be competent should be promoted. However, "a mediorce manager who stays is infinitely preferable to outstanding managers who come and go".

13. **Initiative:** It focuses on the ability, attitude and resourcefulness to act without prompting from others. Managers must create an environment which encourages their subordinates to take initiative and responsibility. Since it provides a sense of great satisfaction to intelligent employees, managers should sacrifice their personal vanity in order to encourage their subordinates to show initiative. It should, however, be limited, according to Fayol, by respect for authority and discipline.

14. Esprit de Corps: Cohesiveness and team spirit should be encouraged among employees. It is one of the chief characteristics of organized activity that a number of people work together in close coopearation for the achievement of common goals. An environment should be created in the organization which will induce people to contribute to each other's efforts in such a way that the combined effort of all together promotes the achievement of the overall objectives of enterprise. Fayol warns against two enemies of *esprit de corps*, viz. (i) divide and rule, and (ii) abuse of written communication. It may work to the benefit of the enterprise to divide its enemy but it will surely be dangerous to divide one's own workers. They should rather be welded in cohesive and highly interacting work-groups. Overreliance on written communication also tends to disrupt team spirit. Written communication, where necessary, should always be supplemented by oral communication because face-to-face contacts tend to promote speed, clarity and harmony.

The other important principles of management as developed by pioneer thinkers on the subject are:

(a) Separation of planning and execution of business operations.

(b) Scientific approach to business problems.

(c) Adoption of technological changes.

(d) Economizing production costs and avoiding the wastage of resources.

(e) Fuller utilization of the operational capacity and emphasis on higher productivity.

(f) Standardization of tools, machines, materials, methods, timings and products.

(g) Evaluation of results according to criteria of standard levels of performance.

(h) Understanding and co-operation among the members of the organization set-up.

1.11 SIGNIFICANCE OF MANAGEMENT

Management is concerned with acquiring maximum prosperity with a minimum effort. Management is essential wherever group efforts are required to be directed towards achievement of common goals. In this management conscious age, the significance of management can hardly be over emphasized. It is said that, anything minus management amounts to nothing. Koontz and O' Donnel have rightly observed "there is no more important area of human activity than management since its task is that of getting things done through others."

The significance of management in business activities is relatively greater. The inputs of labour, capital and raw material never become productive without the catalyst of management. It is now widely recognized that management is an important factor of growth of any country. The following points further highlight the significance of management:

1. **Achievements of group goals:** Management makes group efforts more effective. The group as a whole cannot realise its objectives unless and until there is mutual co-operation and co-ordination among the members of the group. Management creates team work and team spirit in an organization by developing a

sound organization structure. It brings the human and material resources together and motivates the people for the achievement of the goals of the organization.

2. **Optimum utilization of resources:** Management always concentrates on achieving the objectives of the enterprise. The available resources of production are put to use in such a way that all sort of wastage and inefficiencies are reduced to a minimum. Workers are motivated to put in their best performance by the inspiring leadership. Managers create and maintain an environment conducive to highest efficiency and performance. Through the optimum use of available resources, management accelerates the process of economic growth.

3. **Minimization of cost:** In the modern era of intense competition, every business enterprise must minimise the cost of production and distribution. Only those concerns can survive in the market, which can produce goods of better quality at the minimum cost. A study of the principles of management helps in knowing certain techniques used for reducing costs. These techniques are production control, budgetary control, cost control, financial control, material control, etc.

4. **Change and growth:** A business enterprise operates in a constantly changing environment. Changes in business environment create uncertainties and risk and also produce opportunities for growth. An enterprise has to change and adjust itself in the everchanging environment. Sound management moulds not only the enterprise but also alters the environment itself to ensure the success of the business. Many of the giant business corporations of today had a humble beginning and grew continuously through effective management.

5. **Efficient and smooth running of business:** Management ensures efficient and smooth running of business, through better planning, sound organization and effective control of the various factors of production.

6. **Higher profits:** Profits can be enhanced in any enterprise either by increasing the sales revenue or reducing costs. To increase the sales revenue is beyond the control of an enterprise. Management by decreasing costs increases its profits and thus provides opportunities for future growth and development.

7. **Provide innovation:** Management gives new ideas, imagination and visions to an enterprise.

8. **Social benefits:** Management is useful not only to the business firms but to the society as a whole. It improves the standard of living of the people through higher production and more efficient use of scarce resources. By establishing cordial relations between different social groups, management promotes peace and prosperity in society.

9. **Useful for developing countries:** Management has to play a more important role in developing countries, like India. In such countries, the productivity is low and the resources are limited. It has been rightly observed, "There are no under-developed countries. They are only under-managed ones".

10. **Sound organization structure:** Management establishes proper organization structure and avoids conflict between the superiors and subordinates. This helps in the development of spirit of cooperation and mutual understanding, and a congenial environment is provided in the organization.

1.12 CHECK YOUR PROGRESS:

Fill In the Blanks:

1. **----------------** is the integrating force in all organized activity.
2. Management is ------------- in character. The principles and techniques of management are equally applicable in the fields of business, education, military, government and hospital.
3. A body of principles of management has been developed by ------------, the father of -------------- management.
4. ------------------- was the first manager-theorist who made significant contributions to the development of -------------------- as a science.
5. Levels of management refer to a line of ---------------- between various managerial ---------------- in an enterprise.

1.13 SUMMARY

Management is the force that unifies various resources and is the process of bringing them together and coordinating them to help accomplish organization goal. Management is both, a science as well as art. It is an inexact science. However, its principles as distinguished from practice are of universal application. Management does not yet completely fulfill all the criteria of a profession. There are three levels of management **-** top, middle and lower. Managers at different levels of the organization require and use different types of skills. Lower level managers require and use a greater degree of technical skill than high level managers, while higher level managers require and use a greater degree of conceptual skill. Human skills are important at all managerial levels.

1.14 KEYWORDS

Management: The art of getting things done.

Administration: It is a higher-level function concerned with the determination of policies.

Directing: It deals with the steps a manager takes (guiding, supervising, motivating, etc.) to get subordinates and others to carry out plans.

Leadership: Influencing others to act toward the attainment of a goal.

Motivation: Any influence that brings out, directs, or maintains goal directed behavior.

Organizing: It is the process of creating a structure of relationships to enable employees to carry out management's plans and meet its goals.

1.15 SELF-ASSESSMENT TEST

1. "There is no important area of human activity than management since its task is that of getting things done through people". Discuss.
2. "Management is both a science and an art". Discuss this statement, giving suitable examples.
3. Define Management. How does it differ from Administration?
4. What do you understand by the term "Levels of Management"? Explain with reference to an organization with which you are familiar.
5. Briefly discuss the nature and scope of Management.
6. What are the functions of a Manager? Is mere knowledge of Management enough to become successful manager?
7. Discuss basic principles of Management along with their significance.
8. Discuss and illustrate the meaning, definition and characteristics of management in modern organizations.
9. What is Management? Explain the principles of management with suitable illustrations.

1.16 ANSWER TO CHECK YOUR PROGRESS:

Answer to Fill In the Blanks:

1. **Management** is the integrating force in all organized activity.
2. Management is **universal** in character. The principles and techniques of management are equally applicable in the fields of business, education, military, government and hospital.
3. A body of principles of management has been developed by **Henri Fayol**, the father of **modern** management.
4. **Fredrick W. Taylor** was the first manager-theorist who made significant contributions to the development of **management** as a science.
5. Levels of management refer to a line of **demarcation** between various managerial **positions** in an enterprise.

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Subject: Management Concepts and Organizational Behaviour

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EVOLUTION OF MANAGEMENT THOUGHTS

STRUCTURE

2.0 Learning Objectives

2.1 Introduction to Management Thoughts

2.2 Forces Backing Management Thoughts

2.3 A Framework for the Management Thoughts

2.4 Major Contributions of Leading Management Thinkers

2.5 Approaches to the Study of Management

2.6 Check Your Progress

2.7 Summary

2.8 Keywords

2.9 Self-Assessment Test

2.10 Answer to Check Your Progress

2.11 References/Suggested Readings

2.0 LEARNING OBJECTIVES

The objective of this lesson is to discuss:

- Major contributions of leading management thinkers.
- Explain the approaches to the study of management

2.1 INTRODUCTION

Organized endeavors, directed by people, responsible for planning, organizing, leading and controlling activities have been in existence for thousands of years. Management has been practiced in some form or the other since the dawn of civilization. Ever since human beings started living together in groups, techniques of organization and management were evolved. The Egyptian pyramids, the Chinese Civil Service, The Roman Catholic Church, the military organizations and the Great Wall of China, for instance, are tangible evidence that projects of tremendous scope, employing tens of thousands of people, were undertaken well before the modern times.

The pyramids are particularly interesting examples. The construction of a single pyramid occupied more than 1,00,000 workers for 20 years. Who told each worker that what did one do? Who ensured that there would be enough stones at the site to keep the workers busy? The answer is Managers, regardless of what managers were called at that time. He had to plan what was to be done, organize people and material to do it, lead and direct the workers, and impose some controls to ensure that everything was done as planned. This example from the past demonstrates that organizations have been around for thousands of years and that management has been practices for an equivalent period. However, two pre-twentieth-century events played significant roles in promoting the study of management. First is Adam Smith's contribution in the field of management and second is influence of Industrial Revolution in management practice.

a) ***Adam Smith's*** name is typically cited in field of economics for his contribution to classical economic doctrine, but his contribution in Wealth of Nations (1776) outlined the economic advantage that organization and society can gain from the *division of labor*. He used the pin-manufacturing industry for his example. Smith noted that 10 individuals, each doing a specialized task, could produce about 4800 pins a day. However, if each worked separately and had to perform each task, it would be quite an accomplishment to produce even

10 pins a day. Smith concluded that division of labor increased productivity by increasing each worker's skill and dexterity, by saving time lost in changing tasks, and by creating labor-saving inventions and machinery.

b) ***Industrial Revolution*** is another most important aspect that influences management in pre-twentieth century. The major contribution of the industrial revolution was the substitution of machine power for human power, which in turn, made it more economical to manufacture goods in factories. The advent of machine power, mass production, the reduced transportation costs that followed a rapid expansion of the railroads and lack of governmental regulation also fostered the development of big organization.

Now, a formal theory to guide managers in running their organization was needed. However, it was not until the early 1900s that the first major step toward developing such a theory was taken. The periods of evaluation of management thoughts are highlighted in the *Table-2.1*:

TABLE-2.1 EVOLUTION OF MANAGEMENT THOUGHTS

MANAGEMENT THOUGHTS	**PERIOD**
Early Contributions	Upto 19^{th} century
Scientific Management	1900-1930
Administrative/operational management	1916-1940
Human relations approach	1930-1950
Social systems approach	1940-1950
Decision theory approach	1945-1965
Management science approach	1950-1960
Human behavior approach	1950-1970
Systems approach	1960s onwards
Contingency approach	1970s onwards

Thus, management has been recognized and identified as a distinctive branch of academic discipline in the twentieth century.

2.2 FORCES BACKING MANAGEMENT THOUGHTS

Management thoughts have took birth/evolved under the anxiety of political, social and economic forces. These are explained as follows:

1. ***Political Forces*****:** Management thoughts have been shaped by the political forces manifested through the administration of political institutions and government agencies. The important political forces include the political assumptions with respect to property rights, contractual rights, concepts of justice, judicial processes and attitudes towards governmental control versus laissez-faire. Legal processes which emanate from political pressures, such as the Union Carbide disaster in Bhopal, have a tremendous impact on management thinking and practice. Political pressures also define the interrelated rights of consumers, suppliers, labour, owners, creditors and different segments of public.

2. ***Social Forces*****:** These evolve from the values and beliefs of a particular culture of people. The needs, education, religion and norms of human behaviour dictate the relations among people, which form social contracts. *Social contracts*, is that unwritten but understood set of rules that govern the behaviour of the people in their day-to-day interrelationships. The same happens between corporations and their constituents- labour, investors, creditors, suppliers and consumers. These social contracts defined relationships, responsibilities and liabilities that influence the development of management thoughts. It gives the society a sense of order and trust in which human affairs can be conducted in relative security and confidence.

3. ***Economic Forces*****:** These forces determine the scarcity, transformation and distribution of goods and services in a society. Every social institution competes for a limited amount of human, financial, physical and information resources. This competition over scarce resources allocates them to their most profitable use and is the motivator of technological innovation by which resource availability can be maximized.

2.3 A FRAMEWORK FOR THE MANAGEMENT THOUGHTS

In the past, the business houses, particularly corporates, did not have a high academic stature and position in the society and it certainly compelled the scholars inculcate the academic interest in the study of business management so that its real fruits could be realized for the stakeholders under reference. There was a widespread belief that management process consisted of hidden tricks, mysterious clues and intuitive knowledge that could be mastered only by a few divinely gifted people. Moreover, the businessmen were very much afraid that through the study of management their tricks and secrets would be exposed.

But the advent of industrial revolution and the introduction of large scale mechanized production and the resultant growth of trade, industry and commerce necessitated the study of management. The evolution of management thoughts might be better approached through the framework as depicted in *Figure-2.1*. In the beginning there were two classical schools of management thoughts. These were- the scientific management school and the organizational school. Later on, behavioural school and the quantitative school came into existence. These four schools merged into integration school which led to the contemporary school of management thoughts.

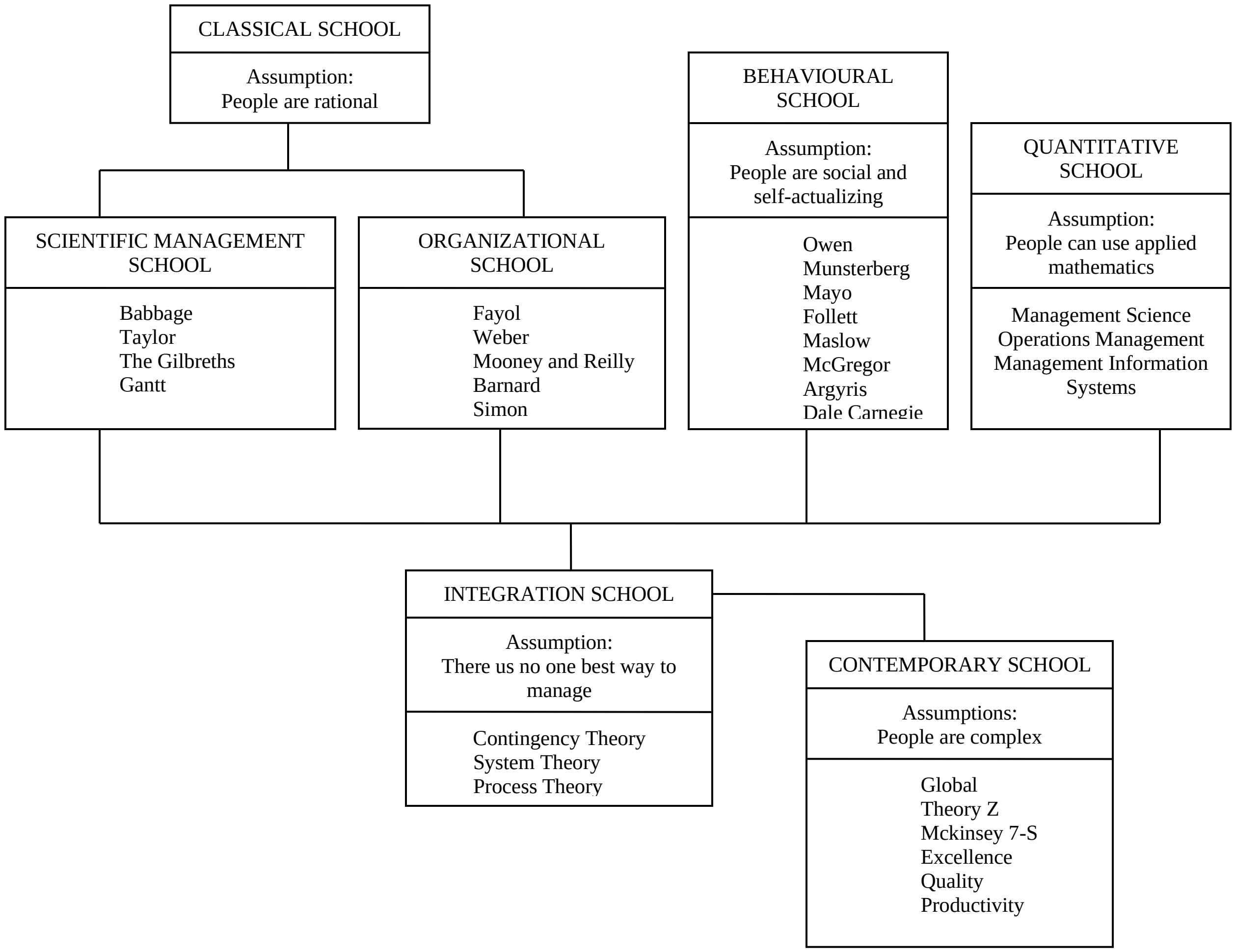


Figure- 2. 1 FRAMEWORK FOR THE MANAGEMENT THOUGHTS

Among the people who were in search of management principles, techniques and processes, a few emerged as outstanding pioneers. These are- Urwick and Brech, Boulton and Watt, Robert Owen, Charles Babbage, Oliver Sheldon, Lyndall Urwick, Herbert A. Simon, Frederick Winslow Taylor, H.S. Person, Henry L. Gantt, Frank Gilbreth, Harrington Emerson, H.P. Kendall, C.B. Barth, F.A. Halsey, Henri Dennison, Mooney and Reiley, Chester I. Barnard, Elton Mayo, F.J. Roethlisberger and T.N.Whitehead, Mary Parker Follett and Henry Fayol etc.

2.4 CONTRIBUTION OF LEADING THINKERS

1. Classical School

The classical development of management thoughts can be divided into the scientific management, the organizational management, the behavioural management and the quantitative management. The first two (scientific management school and organizational) emerged in late 1800s and early 1900s were based on the management belief that people were rational, economic creatures choose a course of action that provide the greatest economic gain. These schools of management thoughts are explained as below:

(A) Scientific Management School: Scientific management means application of the scientific methods to the problem of management. It conducts a business or affairs by standards established by facts or truth gained through systematic observation, experiments, or reasoning. The followings individuals contribute in development of scientific management school of management thoughts. They dedicated to the increase in efficiency of labour by the management of the workers in the organization’s technical core. They are:

I. Charles Babbage (1792-1871): He was professor of mathematics at Cambridge University from 1828 to 1839. He concentrated on developing the efficiencies of labour production. He, like Adam Smith, was a proponent of the specialization of labour, and he applied mathematics to the efficient use of both production materials and facilities. He wrote nine books and over 70 papers on mathematics, science and philosophy. He advocated that the managers should conduct time studies data to establish work standards for anticipated work performance levels and to reward the workers with bonuses to the extent by which they exceed their standards. His best known book is ‘On the Economy of Machinary and Manufacturers’ published in 1832. He visited many factories in England and France and he found that manufacturers were totally unscientific and most of their work is guess work. He perceived that methods of science and mathematics could be applied to the operations of factories. His main contributions are as follows:

- He stressed the importance of division of and assignment to labour on the basis of skill.
- He recommended profit-sharing programs in an effort to foster harmonious management-labour relations.
- He stressed the means of determining the feasibility of replacing manual operations with machines.

II. Fredrick W. Taylor (1856-1915): He is known as 'father of scientific management'. His ideas about management grew out of his wide-ranging experience in three companies: Midvale Steel Works, Simonds Rolling Mills and Bethlehem Steel Co.

TABLE-2.2 TAYLOR'S FOUR PRINCIPLES OF SCIENTIFIC MANAGEMENT

Taylor's Principle	Related Management Activity
Develop a science for each job with standardized work implements and efficient methods for all to follow.	Complete time-and-motion study to determine the best way to do each task.
Scientifically select workers with skills and abilities that match each job, and train them in the most efficient ways to accomplish tasks.	Use job descriptions to select employees, set up formal training systems, and establish optimal work standards to follow.
Ensure cooperation through incentives and provide the work environment that reinforces optimal work results in a scientific manner.	Develop incentive pay, such as piece-rate system, to reward productivity, and encourage safe condition by using proper implements.
Divide responsibility for managing and for working, while supporting individuals in work groups for what they do best. Some people are more capable of managing, whereas others are better at performing tasks laid out for them.	Promote leaders who guide, not do, the work; create a sense of responsibility for group results by panning tasks and helping workers to achieve those results.

As an engineer and consultant, Taylor observed and reported on what he found to be inexcusably inefficient work practices, especially in the steel industry. Taylor believed that workers output was only about one-third of what was possible. Therefore, he set out to correct the situation by applying scientific methods. Taylor's philosophy and ideas are given in his book, 'Principles of Scientific Management' published in 1911. Taylor gave the following principles of scientific management. These are outlined in Table 2.2:

Taylor concluded that scientific management involves a completer mental revolution on the part of both workers and management, without this mental revolution scientific management does not exist.

III. Henry Gantt (1861-1919): He was a consulting engineer who specialized in control system for shop scheduling. He sought to increase workers' efficiency through scientific investigation. He developed the *Gantt Chart* (Figure-2.2) that provides a graphic representation of the flow of the work required to complete a given task. The chart represents each planned stage of work, showing both scheduled times and actual times. Gantt Charts were used by managers as a scheduling device for planning and controlling work. Gantt devised an incentive system that gave workers a bonus for completing their job in less time than the allowed standards. His bonus systems were similar to the modern *gain sharing* techniques whereby employees are motivated to higher levels of performance by the potential of sharing in the profit generated. In doing so, Gantt expanded the scope of scientific management to encompass the work of managers as well as that of operatives.

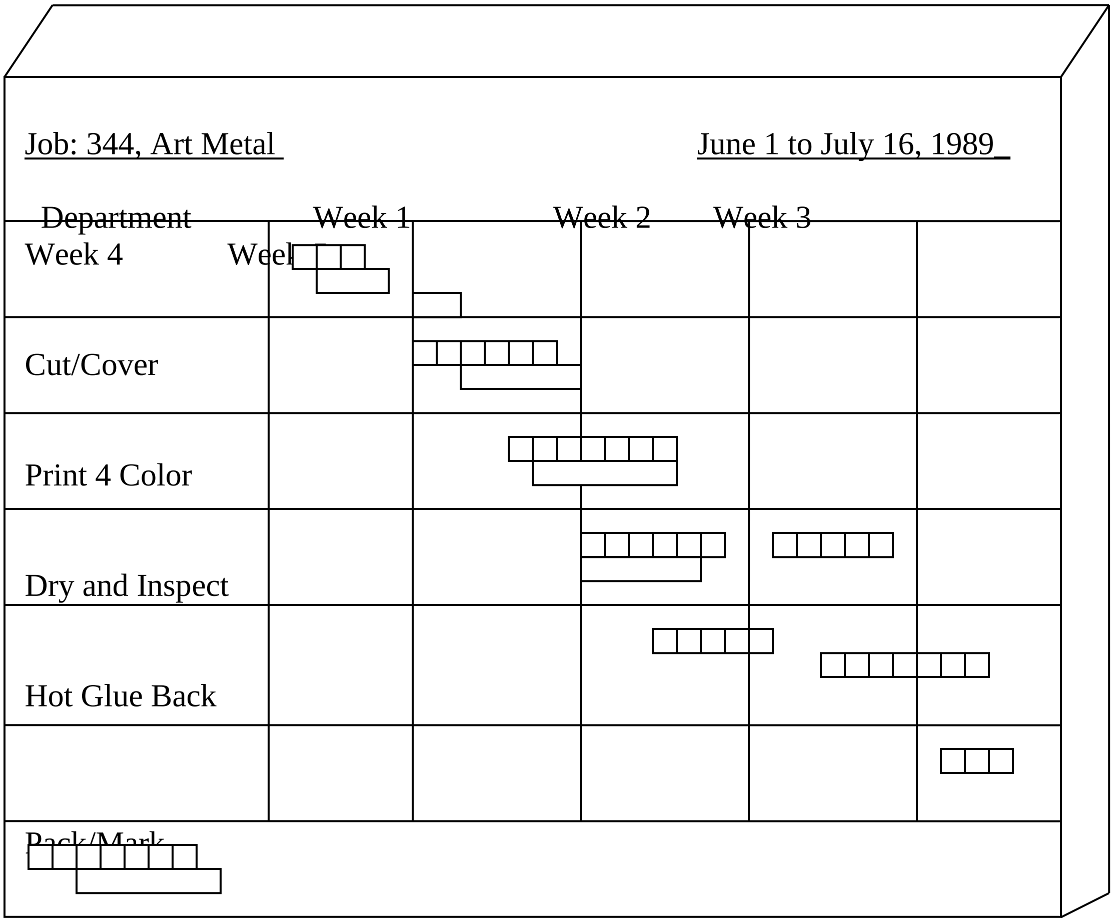


FIGURE-2.2 GANTT CHART FOR BOOK BINDERY

IV. Frank (1868-1924) and Lillian (1878-1972) Gilbreth: Frank Gilbreth, a construction contractor by back ground, gave up his contracting career in 1912 to study scientific management after hearing Taylor's speak at a professional meeting. Along with his wife Lillian, a psychologist, he studied work arrangements to eliminate wasteful hand-body-motion. Frank specialized in research that had a dramatic impact on medical surgery and, through his time and motion findings, surgeons saved many lives. Lillian is known as 'first lady of management' and devoted most of her research to the human side of management. Frank Gilbreth is probably best known for his experiments in reducing the number of motions in bricklaying.

The man and wife team developed a classification scheme for the various motions (17 basic hand motions) used to complete a job referring a motion as a *therblig*. Their classification design covered such motions as grasping, moving, and holding. This scheme allowed him to more precisely analyze the exact elements of worker's hand movements. Their scientific motion scheme noted the relationship between types and frequencies of motions and the creation of workers' fatigue, identifying that unnecessary or awkward motions were a waste of workers' energy. By eliminating inappropriate motions and focusing on appropriate motion, the Gilbreth methodology reduces work fatigue and improves workers' performance.

Gilbreth were among the first to use motion pictures films to study hand-and-body motions. They devised a micro chronometer that recorded time to 1/2,000 of a second, placed it in the field of the study being photographed and thus determined how long a worker spent enacting each motion. Wasted motions missed by the naked eyes could be identified and eliminated. Gilbreths also experimented with the design and use of the proper tools and equipments for optimizing work performance.

(B) **Organizational School:** The organizational school of management placed emphasis on the development of management principles for managing the complete organization. The contributors of organizational schools are:

I **Henri Fayol (1841-1925):** was a Frenchman with considerable executive experience who focused his research on the things that managers do. He wrote during the same period Taylor did. Taylor was a scientist and he was managing director of a large French coal-mining firm. He was the first to envisage a functional process approach to the practice of management. His was a functional approach because it defined the functions that must be performed by managers. It was also a process approach because he conceptualized the managerial job in a series of stages such as planning, organizing and controlling. According to Fayol, all managerial tasks could be classified into one of the following six groups:

- Technical (related to production);
- Commercial (buying, selling and exchange);
- Financial (search for capital and its optimum use);
- Security (protection for property and person);
- Accounting (recording and taking stock of costs, profits, and liabilities, keeping balance sheets, and compiling statistics);
- Managerial (planning, organizing, commanding, coordinating and control);

He pointed out that these activities exist in every organization. He focused his work on the administrative or managerial activities and developed the following definition:

- Planning meant developing a course of action that would help the organization achieve its objectives.
- Organizing meant mobilizing the employees and other resources of the organization in accordance with the plan.
- Commanding meant directing the employees and getting the job done.
- Coordinating meant achieving harmony among the various activities.
- Controlling meant monitoring performance to ensure that the plan is properly followed.

II ***Max Weber (1864-1920):*** He was a German sociologist. Writing in the early 1900s, Weber developed a theory of authority structures and described organizational activities on the basis of authority relations. He described an ideal type of organization that he called a bureaucracy, a form of organization characterized by division of labour, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships. Weber recognized that this ideal bureaucracy didn't exist in reality. He used it as a basis for theorizing about work and the way that work could be done in large groups. His theory became the model structural design for many of today's large organizations. The features of Weber's ideal bureaucratic structure are outlined in *Figure-2.3*:

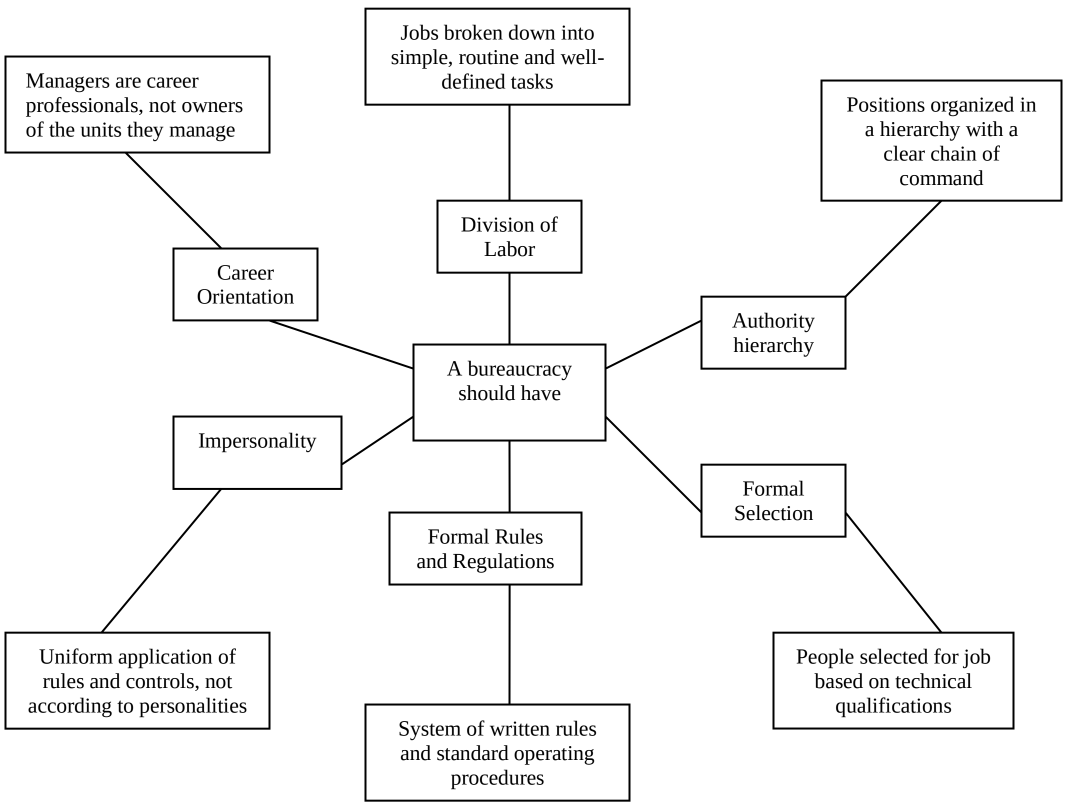


Figure-2.3 WEBER'S IDEAL BUREAUCRACY

The Elements of Bureaucracy are:

- Labour is divided with clear definition of authority and responsibility that are legitimatized as official duties.
- Positions are organized in a hierarchy of authority, with each position under the authority of a higher one.

- All personnel are selected and promoted based on technical qualifications, which are assessed by examination or according to training and experience.
- Administrative acts and decisions are recorded in writing. Recordkeeping provides organizational memory and continuity over time.
- Management is separate from the ownership of the organization.
- Management is subject to rules and procedures that will insure reliable, predictable behaviour. Rules are impersonal and uniformly applied to all employees.

III **James D. Mooney and Alan C. Reilly:** James Mooney was a General Motors executive who teamed-up with historian Alan Reilly to expose the true principles of an organization in their books. They wrote a book ‘Onward Industry’ in 1931 and later revised and renamed it as ‘Principles of Organization’ which had greatly influenced the theory and practice of management in USA at that time. They contended that an efficient organization should be based on certain formal principles and premises. They contended that organizations should be studied from two view points:

(A) The employees who create and utilize the process of organization; and

(B) The objective of the process

With respect to first aspect, their contributions to some fundamental principles of organization are:

- The Coordination Principle: It was considered to be the single basic principle that actually encompassed the other two principles. They defined coordination as the orderly arrangement of work group effort that provides unity of action in pursuit of common goals.

- The Scalar Principle: It was borrowed from the Fayol's work, was the devise for grading duties in accordance with the amount of authority possessed at the different organizational levels.
- The Functional Principle: The functional distinction is those unique differences in organizational operations that the manager must perceive in order to effectively integrate and coordinate all the functions of the organization.

In essence, Mooney and Reilley made an attempt to offer a rigid framework of management theory with emphasis on hierarchical structure, clear division and definition of authority and responsibility, specialization of tasks, coordination of activities and utilization of staff experts.

IV Chester Barnard (1886-1961): Chester Barnard, president of Bell Telephone Company, developed theories about the functions of the manager as determined by constant interaction with the environment. Barnard saw organizations as social systems that require human cooperation. He expressed his view in his book *The Function of the Executive*. He proposed ideas that bridged classical and human resource view points. Barnard believes that organizations were made up of people with interacting social relationships. The manager's major functions were to communicate and stimulate subordinates to high level of efforts.

He saw the effectiveness of an organization as being dependent on its ability to achieve cooperative efforts from a number of employees in a total, integrated system. Barnard also argued that success depended on maintaining good relations with the people and institutions with whom the organization regularly interacted. By recognizing the organization's dependence on investors, suppliers, customers, and other external stakeholders, Barnard introduced the idea that managers had to examine the external environment and then adjust the organization to maintain a state of equilibrium. Barnard also developed set of working principles by which organizational communication systems can maintain final authority for the management team. These principles are:

- Channels of communication should be definitely known.
- Objective authority requires a definite formal channel of communication to every members of an organization.
- The line of communication must be as direct or short as possible.
- The complete line of communication should usually be used.
- Competence of the persons serving at communication centers that is officers, supervisory heads, must be adequate.
- The line of communication should not be interrupted during the time the organization is to function.

V Herbert A. Simon: Simon, the Noble Laureate in economics (1978), is an American political and social scientist. He started his career in local government. He analyzed the classical principles of management. Due to their ambiguous and contradictory nature, he criticized these principles as 'myths'. He analyzed the problems of management from the socio-psychological view point. But he is best known for his work in the field of decision making and administrative behaviour. He perceived the modern manager as being limited in his knowledge of a problems and the number of alternative available to him is also limited. Thus, the manager is an administrative man, not an economic man, who makes decision amid bounded rationality and selects not the maximizing alternative. Simon's arguments for the administrative man concept of a manager are highlighted in *Table2.3*:

TABLE-2.3 ECONOMIC MAN AND ADMINISTRATIVE MAN

Economic Man- Full Rationality	**Administrative Man-Bounded Rationality**
Economic man maximizes- selects the best alternative from among all those available to him.	Administrative man satisfies- looks for a course of action that is satisfactory or good enough.
Economic man deals with the real world in all its complexity. He is rational.	Administrative man recognizes that the world he perceives is a drastically simplified model of the buzzing, blooming confusion that constitute the real world.
Rationality requires a complete knowledge and anticipation of the consequences that will follow on each choice.	Knowledge of consequences is always fragmentary. Since these consequences lies in the future, imaginations must supply the lack of experienced feeling.
Rationality requires a choice among all possible alternative behaviour.	In actual behaviour only a very few of all possible alternatives ever come to mind.

(C) Behavioural School: The school of behavioural management theory involved in recognition on the importance of human behaviour in organization. The major contributors were *Figure-2.4*:

I. Robert Owen (1771-1858) was a British industrialist who was the first to speak out on behalf of the organization’s human resources. He carried out experiments and introduced many social reforms. He believed that workers’ performance was influenced by the total environment in which they worked. He criticized industrialists who spent huge sums of money repairing their production machines, but did little to improve the lot of their human machines. Owen worked for the building up of a spirit of co-operation between the workers and managers. He introduced new ideas of human relations e.g. shorter work hours, housing facilities, education of children, provision of canteen, training of workers in hygiene etc. He suggested that proper treatment of workers pays dividends and is an essential part of every manager's job.

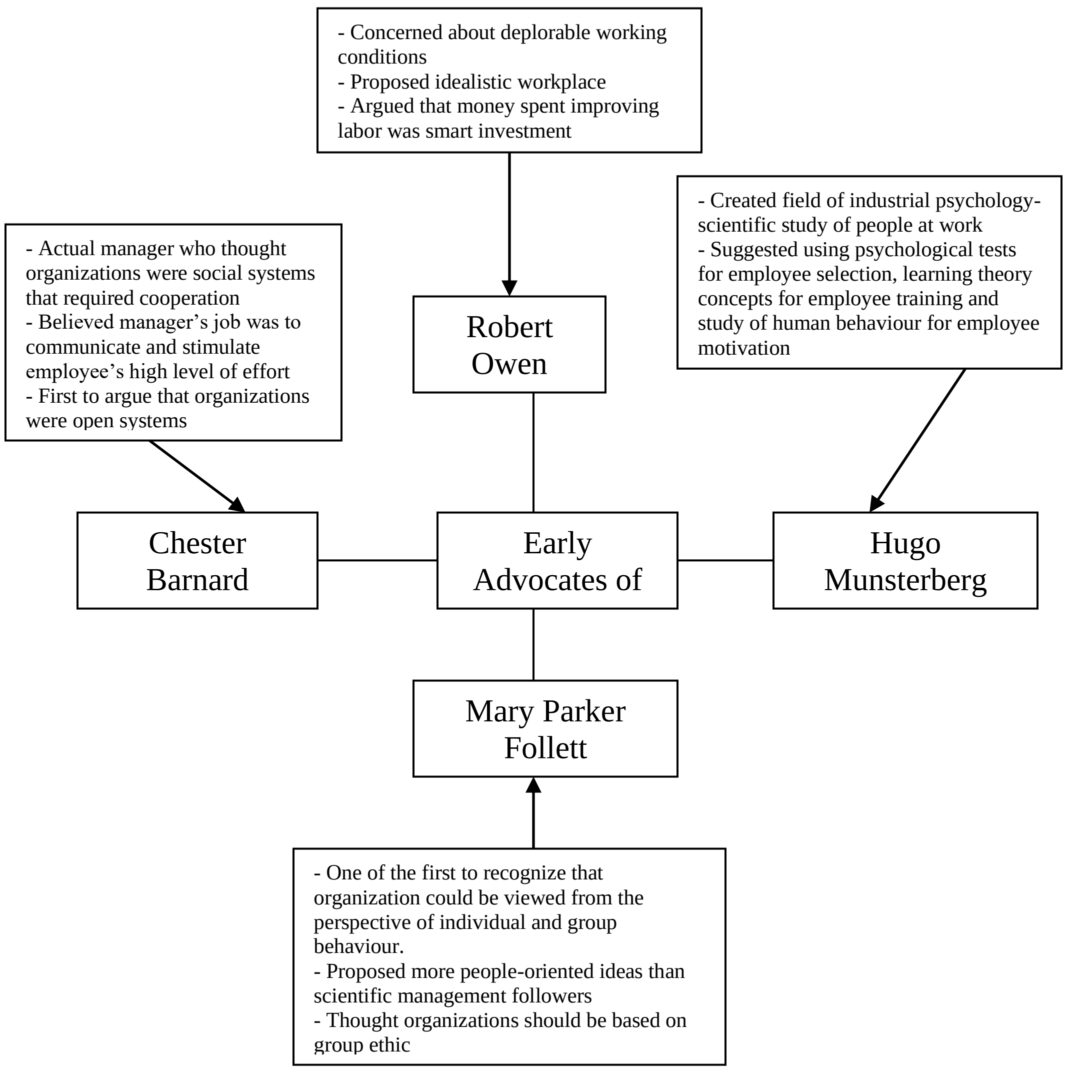


Figure-2.4 EARLY ADVOCATES OF ORGANIZATION BEHAVIOUR

II. Hugo Munsterberg (1863-1916): developed a psychology laboratory at Harvard University where he studied the application of psychology to the organizational settings. Psychology and Industrial Efficiency he argued for the study of scientific study of human behaviour to identify the general patterns and to explain individual differences. Thus, his concern for the human side of business led his peers to consider him to be father of industrial psychology. He successfully documented the psychological conditions associated with varying levels of work productivity, and he instructed managers on ways to match workers with jobs and also how to motivate them. Munsterberg suggested the use of psychological tests to improve employee selection, the value of learning theory in the development of training methods, and the study of human behaviour to determine what techniques are most effective for motivating workers.

III. George Elton Mayo (1880-1949): Mayo was a professor at the Harvard Business School. He served as the leader of the team which carried out the famous Hawthorne Experiments at the Hawthorne plant of the Western Electric Company (USA) during 1927-32. Originally the research was an application of Taylor's management science techniques designed to improve production efficiency.

Mayo discussed in detail the factors that cause a change in human behaviour. Mayo's first study involved the manipulation of illumination for one group of workers and comparing their output with that of another group whose illumination was held constant. He concluded that the cause of increase in the productivity of workers is not a single factor like changing working hours or rest pauses but a combination of these several other factors. Considerate supervision, giving autonomy to the workers, allowing the formation of small cohesive groups of workers, creating conditions which encourage and support the growth of these groups and the cooperation between workers and management lead to increase in productivity.

Mayo's contribution to management thoughts lies in the recognition of the fact that worker's performance is related to psychological, sociological and physical factors. Mayo and his associates concluded that a new social setting created by their tests had accounted for the increase in productivity. Their finding is now known as the Hawthorne Effect or the tendency for people, who are singled out for special attention, to improve their performance. Hawthorne study was an important landmark in studying the behaviour of workers and his relationship to the job, his fellow workers and organization. He highlighted that workers were found to restrict their output in order to avoid displeasure of the group, even at the sacrifice of incentive pay. Thus, Hawthorne studies were a milestone in establishing the framework for further studies into the field of organizational behaviour.

IV. Mary Parker Follett (1868-1933): She was a social philosopher whose ideas had clear implications for management practice. Her contribution towards the understanding of group is of immense value. She believed that groups were the mechanisms through which people could combine their differing talents for the greater good of the organization, which she defined as the community in which managers and subordinates could work in harmony. The Mangers and workers should view themselves as partners and as a part of common group. She was convicted that the traditional and artificial distinction between the managers who give the orders and the workers who take the orders obscured their natural relationships. Manager should rely more on their expertise and knowledge to lead subordinates than on the formal authority of their position. Thus, her humanistic ideas influenced the way we look at motivation, leadership, power and authority. The Follett Behavioural Model of control being sponsored by an oriented towards the group, while self-control exercised by both individuals and the group ultimately result in both sharing the power. In the Follett Holistic Model of Control, Follett captured the interactive, integrative nature of self-control groups being influenced by the forces within the work environment.

V. Abraham Maslow: He was a humanistic psychologist, proposed a hierarchy of five needs: physiological, safety, social, esteem and self-actualization. He proposed that man was a wanting animal whose behaviour was calculated to serve his most pressing needs. A need can be described as a physiological or psychological deficiency that a person is motivated to satisfy. Maslow further proposed that man's need could be placed in a hierarchy of needs as shown in *Figure-2.5*. The study shows that a man has various needs and their order can be determined. The moment the first need of man is satisfied he starts thinking of the second need, and then follows his worry about the third need and the sequence continues till all the needs are satisfied. Maslow's theory is operationalized through two principles.

- The *deficit principle* holds that a relatively well-satisfied need is not a strong motivator of behaviour.
- The *progression principle* holds that, once a need is fairly-well satisfied, behaviour is dominated by the next level in the need hierarchy.

1. *Physiological Needs:* This category includes those needs which a man needs to satisfy first of all in order to remain alive. It includes food to eat, house to live in, clothes to wear and sleep for rest.

2. *Safety Needs:* After having satisfied the physical needs a man thinks of his safety. Safety needs mean physical, economic and psychological safety. *Physical safety* means saving him from accidents, diseases and other unforeseen situations. *Economic safety* means security of employment and making provision for old age. *Psychological safety* means maintaining his prestige.

3. *Social Needs:* Man is a social being and wants to live in society with honour. It is, therefore, necessary that he should have friends and relatives with whom he can share his joys and sorrows.

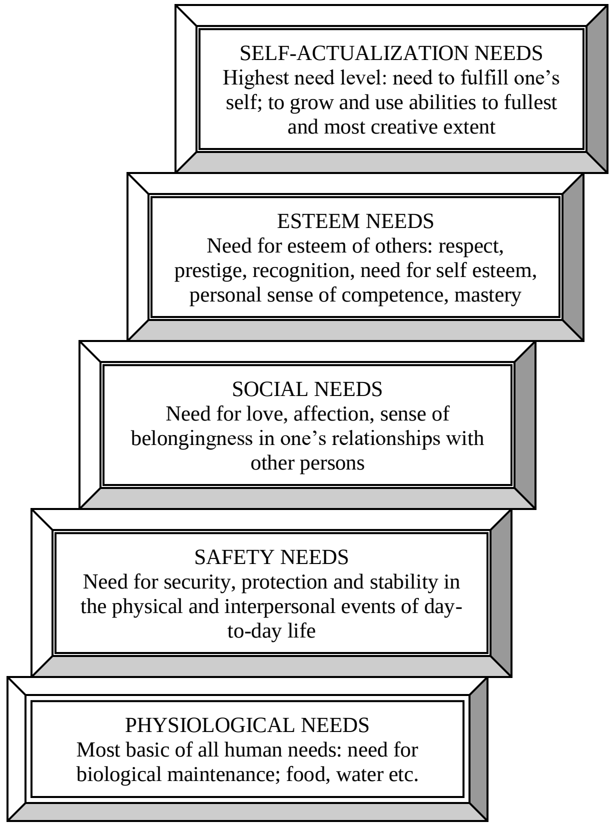


Figure-2.5 MASLOW'S HIERARCHY OF HUMAN NEEDS

4. *Esteem and Status Needs*: They are called ego needs of man. It means everybody wants to get a high status which may increase his power and authority.

5. *Self-Actualization Needs:* Last of all man tries to satisfy his self actualization need. It means that a man should become what he is capable of. For example- a musician wants to be proficient in the art of music, an artist wants to gain proficiency in creating works of art and similarly, a poet wants to be an expert in the art of writing poems.

VI. Douglas McGregor (1906-1964): He is best known for his formulation of two sets of assumptions- Theory X and Theory Y. McGregor argued that managers should shift their traditional views of man and work (which he termed Theory X) to a new humane views of man and work (which he termed Theory Y).

According to McGregor, Theory X attitudes, that man was lazy and work was bad were both pessimistic and counter productive. Theory X assumes that people have little ambition, dislike work, want to avoid responsibility, and need to be closely supervised to work effectively.

Theory Y, view that man wanted to work and work was good should become the standard for humanizing the workplace. Theory Y offers a positive view, assuming that people can exercise self-direction, accept responsibility and consider work to be as natural as rest of play. McGregor believed that Theory Y assumptions best captured the true nature of workers and should guide management practice. *Table 2.4* depicts the assumptions of both these theories:

Table 2.4: Theory X and Y Theory

Traditional Theory 'X'	Modern Theory 'Y'
Man by nature is sluggish and shirker.	Man wants to work provided the conditions are favourable.
Mostly people are not ambitious and are afraid to take responsibility.	This theory takes people as enthusiastic, responsible and full of effort.
Under this people want to be directed, meaning thereby that they want somebody to tell them to work and only they will work.	It is thought that the employee has the quality of self-direction and they do not feel the necessity of being directed by somebody else.
Motivation is limited to only physical and security needs.	According to this, physical and security needs motivate for a short time while it is continuous in case of self-actualization and esteem and status needs.
Strict control, threat and punishment are used in order to get work.	If proper environment is provided a person himself performs his work laboriously.

VII. **Chris Argyris:** He was an eminent social scientist and a professor of industrial administration at Yale University. He conducts research into personality and organizational life factors and developed the theory that both traditional management practices and organizational structure are inconsistent with the growth and development of the matured personality. Further he argued that the continuing incongruence between one's work environment and one's personality will result in conflict, frustration and failure.

(D) Quantitative School: With the revolutionary change in the application of information technology came the quantitative school of thoughts, which finds its foundation in decision theory, the application of statistics in decision making and the evolution of mathematical/econometric models that are nurtured by computer technology. This approach is based upon the assumption that mathematical techniques can help the manager in solution of problems. The features of quantitative management school were:

- Primary Focus on Decision Making: The end result of problem analysis will include direct implications for managerial action.
- Based on Economic Decision Theory: Final actions are chosen criteria as costs, revenue and rates of return on investment.
- Use of Formal Mathematical Models: Possible solutions to problems are specified as mathematical equations and then analyzed according to mathematical rules and formulas.
- Frequent Use of Computers: Heavy reliance is placed on computers and their advanced processing capabilities.

The quantitative approach has found favor through the following applications:

I. **Management Science**: Explained later in this chapter.

II. Operations Management: It entails the application of quantitative methods to the organizational tasks of production and operations control. The operational management techniques utilize following basic quantitative techniques:

- *Forecasting* is the process by which future predictions are formulated through mathematical computations
- *Inventory control* entails the control of costly inventories through mathematical formulas that determine the proper level of inventory to be maintained as well as the economic quantities to be ordered.
- *Linear programming* involves the use of computations to allocate scarce resources for their optimal use.
- *Networks* are complex models, such as Program Evaluation and Review Techniques (PERT) and the Critical Path Methods (CPM) for analyzing, planning and controlling complex operations.
- *Regression analysis* is used to predict the relationships between two or more variables and to determine how changes in one variable might affect other variables.

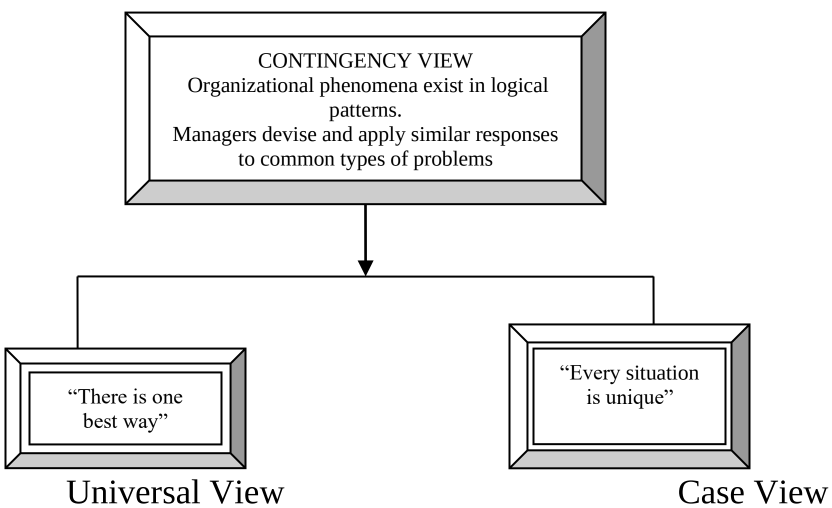
III. Management Information System: These are integrated programs for the collection, analysis and dissemination of information to support management decision making. The total MIS network is more than a machine; it contains human resources, hardware, software and intricate processes. Most MIS networks are computer based due to vast amount of number crunching to be done. That is why the ideal MIS provides accurate, condensed informational analysis to the appropriate manager in a timely manner.

2. Integration School

In recent years, an attempt has been made to integrate the classical theories with the modern behavioural and quantitative theories into an overall framework that use the best of each approach. These approaches assumed that there is no best way to manage, and all theories have application to the practice of management. Two such integrative developments are explained as follows:

I. **Contingency Theory**: It is based on the notion that the proper management technique in a given situation depends upon the nature and conditions of that situation. The contingency view of management is highlighted in *Figure-2.6* contend that an organizational phenomenon exists in logical patterns which managers can come to understand. Along with this organizational understanding comes the development of unique behaviours that have proven successful in particular situations. However, there are no universal solution techniques because every problem situation is unique in itself.

Figure-2.6 THE CONTINGENCY VIEW OF MANAGEMENT



II **Systems Theory:** It has been explained later in this lesson.

3. Contemporary School

The contemporary school of management thoughts outlines the framework for studying the more recent trends in management practices, such as the impact of global business, Theory Z concepts, McKinsey 7-S approach, the search for excellence, and the concern for quality and productivity. These are explained as follows:

I **Global:** The recent emergence of a truly global economy is affecting every manager in the world. In today's environment, success in the long run demands that the manager thinks globally, even if he can still limit his actions to local market.

II **Theory Z**: These firms are those which are highly successful American firms that use many of the Japanese management practices. The Type Z firm features long-term employment with a moderately specialized career path and slow evaluation and promotion. Lifetime employment would not be especially attractive to America's mobile work force and the slow evaluation and promotion processes would not meet the high expectations of American workers.

III **Mckinsey 7-S**: The 7-S factors are as follows:

- Strategy: The plans that determine the allocation of an organization's scarce resources and commit the organization to a specified course of action.
- Structure: The design of the organization that determines the number of levels in its hierarchy and the location of the organization's authority.
- Systems: The organizational processes and proceduralized reports and routines.
- Staff: The key human resource groups within an organization, described demographically.

- Style: The manner in which manager behave in pursuit of organizational goals.
- Skills: The distinct abilities of the organization's personnel.
- Super ordinate Goals (shared values): The significant meanings or guiding concepts that an organization instill in its members.

IV Excellence: The firms that qualified as excellent companies shared the following characteristics:

- A successful firm makes things happen.
- Successful firms make it a point to know their customers and their needs.
- Autonomy and Entrepreneurship is valued in each employee.
- Productivity through people is based on trust.
- Hands on, value driven management is mandatory.
- A firm must always deal with strength.
- A firm lead to cost effective works teams.
- A firm can decentralize many decisions while retaining tight controls, usually through the function of finance.

V Quality and Productivity: In today's dynamic marketplace, consumers are encouraged to buy a product that demonstrates the highest level of quality at the optimum price. This requires a dedicated and skilled work force that places utmost importance on quality workmanship.

2.5 APPROACHES TO THE STUDY OF MANAGEMENT

A. Classical Approach

The classical approach is also known as traditional approach, management process approach or empirical approach. The main features of this approach are as follows:

- It laid emphasis on division of labour and specialization, structure, scalar and functional processes and span of control. Thus, they concentrated on the anatomy of formal organization.
- Management is viewed as a systematic network (process) of interrelated functions. The nature and content of these functions, the mechanics by which each function is performed and the interrelationship between these function is the core of the classical approach.
- It ignored the impact of external environment on the working of the organization. Thus, it treated organization as closed system.
- On the basis of experience of practicing managers, principles are developed. These principles are used as guidelines for the practicing executive.
- Functions, principles and skills of management are considered universal. They can be applied in different situations.
- The integration of the organization is achieved through the authority and control of the central mechanism. Thus, it is based on centralization of authority.
- Formal education and training is emphasized for developing managerial skills in would be managers. Case study method is often used for this purpose.
- Emphasis is placed on economic efficiency and the formal organization structure.
- People are motivated by economic gains. Therefore, organization controls economic incentives.

The Classical approach was developed through three mainstreams- Taylor's Scientific Management, Fayol's Administrative Management and Weber's Ideal

Bureaucracy. All the three concentrated on the structure of organization for greater efficiency.

Merits of Classical Approach

- The classical approach offers a convenient framework for the education and training of managers.
- The observational method of case study is helpful in drawing common principles out of past experience with some relevance for future application
- It focuses attention on what managers actually do.
- This approach highlights the universal nature of management.
- It provides scientific basis for management practice.
- It provides a starting point for researchers to verify the validity and to improve the applicability of management knowledge. Such knowledge about management is effectively presented.

Shortcomings of Classical Approach

- Weber's ideal bureaucracy suggested strict adherence to rules and regulations, this lead to redtapism in the organization.
- It offers a mechanistic framework that undermines the role of human factor. The classical writers ignored the social, psychological and motivational aspect of human behaviour.
- The environmental dynamics and their effect on management have been discounted. Classical theory viewed organization as closed system i.e. having no interaction with environment.
- There is positive danger in relying too much on past experiences because a principle or technique found effective in the past may not fit a situation of the future.

- The classical principles are mostly based on the personal experience and limited observations of the practitioners. They are not based on personal experience.
- The totality of real situation can seldom be incorporated in a case study.

B. Scientific Management Approach

The impetus for the scientific management approach came from the first industrial revolution. Because it brought about such an extraordinary mechanization of industry, this revolution necessitated the development of new management principles and practices. The concept of scientific management was introduced by Frederick Winslow Taylor in USA in the beginning of 20^{th} century. He defined scientific management as," *Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it in the best and cheapest way".*

Elements and Tools of Scientific Management: The features of various experiments conducted by Taylor are as follows:

- *Separation of Planning and doing*: Taylor emphasized the separation of planning aspects from actual doing of the work. The planning should be left to the supervisor and the workers should emphasize on operational work.
- *Functional Foremanship*: Separation of planning from doing resulted into development of supervision system that could take planning work adequately besides keeping supervision on workers. Thus, Taylor evolved the concept of functional foremanship based on specialization of functions. This involve activities of workers as depicted in Figure 2.7:

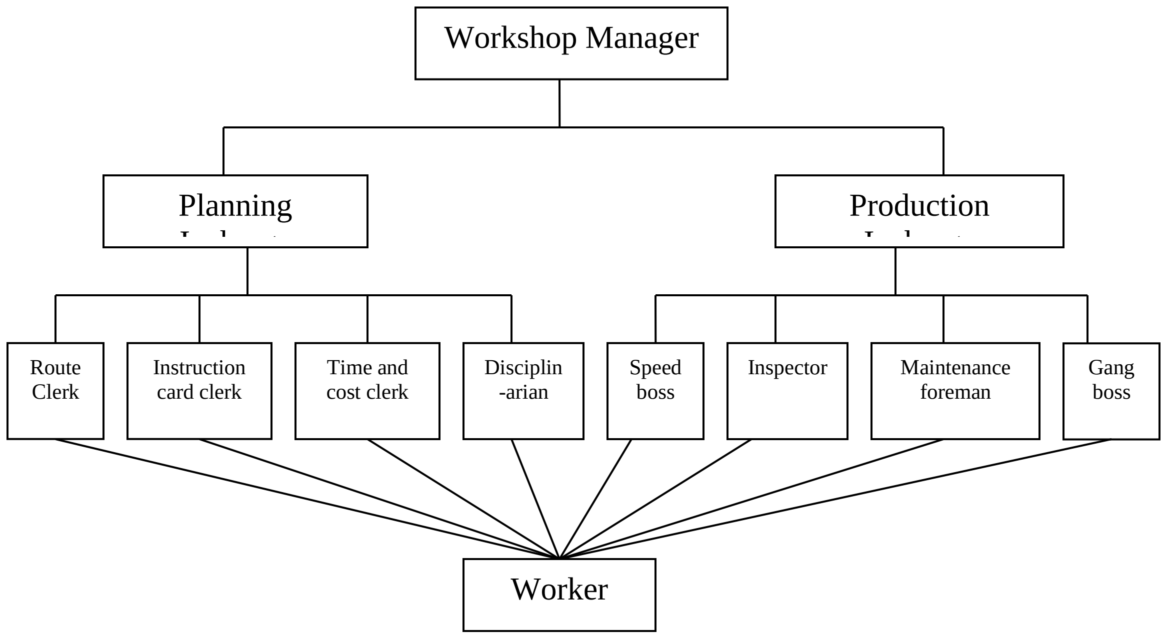


Figure-2.7 FUNCTIONAL FOREMANSHIP

- *Job Analysis*: It is undertaken to find out the best way of doing things. The best way of doing a job is one which requires the least movement consequently less time and cost.
- *Standardization*: Standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.
- *Scientific Selection and Training of Workers*: Taylor has suggested that the workers should be selected on scientific basis taking into account their education, work experience, aptitudes, physical strength etc.
- *Financial Incentives*: Financial incentives can motivate workers to put in their maximum efforts. Thus, monetary (bonus, compensation) incentives and non monetary (promotion, upgradation) incentives should be provided to employees.

Principles of Scientific Management: Already discussed in this lesson.

Criticism of Scientific Management: The main grounds of criticism are given below:

- Taylor advocated the concept of functional foremanship to bring about specialization in the organization. But this is not feasible in practice as a worker can't carry out instructions from eight foremen.
- Workers were hired on a first-come, first-hired basis without due concern for workers' ability or skills.
- Scientific management is production oriented as it concentrates too much on the technical aspects of work and undermines the human factors in industry. It resulted in monotony of job, loss of initiative, over speeding workers, wage reductions etc.
- Training was haphazard at best, with only minimal use of basic apprentice system.
- Tasks were accomplished by general rule of thumb without standard times, methods or motion.
- Managers worked side-by-side with the workers, often ignoring such basic managerial function of planning and organizing.

C. Administrative Approach to Management

The advocates of this school perceive management as a process involving certain functions such as planning, organizing, directing and controlling. That's why it is called as 'functional approach' or 'management process' approach. Fayol's contributions were first published in book form titled 'Administration Industrielle at Generale' in French Language, in 1916. He defined management in terms of certain functions and then laid down fourteen principles of management which according to him have universal applicability. Thus, he was a pioneer in the field of management education. In brief, Fayol's views on management command acceptability even today because they are much in tune with the requirements of management in the present day world.

Fayol's **General Principles of Management**

- *Division of Work*: The object of division of work is to produce more and better work with the same effort. It is accomplished through reduction in the number of tasks to which attention and effort must be directed.
- *Authority and Responsibility*: Authority is defined as 'the right to command and the power to make oneself obeyed'. Responsibility coexists with authority and is its other side. Fayol made a distinction between official authority and personal authority, the latter stemming from the manager's own intelligence, integrity, experience, personality, knowledge and skills.
- *Discipline*: It implies respect for agreements designed to secure obedience. It must prevail throughout an organization to ensure its smooth functioning. Discipline requires clear and fair agreements, good supervision and judicious application of penalties.
- *Unity of Command*: Every employee should receive orders and instruction from only one superior and a subordinate should be accountable to only one superior.
- *Unity of Direction*: Each group of activities having one objective should be unified by having one plan and one head.
- *Subordination of Individual to General Interest*: The interest of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
- *Remuneration of Personnel*: The amount of remuneration and the methods of payment should be just and fair and should provide maximum possible satisfaction to both employees and employers.

- *Centralization*: It refers to the degree to which subordinates are involved in decision making. Whether decision making is centralized (to management) or decentralized (to subordinates) is a question of proper proportion. The task is to find the optimum degree of centralization for each situation.

- *Scalar Chain*: The scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. Communication should follow this chain. However, if following the chain creates delays, cross-communications can be followed if agreed to by all parties and superiors are kept informed.

- *Order*: It is a rational arrangement for things and people. Fayol emphasized both material order and human order. In material order, there should be a place for everything and everything should be in its proper place. In human order, there should be an appointed place for everyone and everyone should be in his and her appointed place.

- *Equity*: Managers should be kind and fair to their subordinates. The application of equity requires good sense, experience and humanistic attitude for soliciting loyalty and devotion from subordinates.

- *Stability of Tenure*: High employee turnover is inefficient. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.

- *Initiative*: Subordinates should be provided with an opportunity to show their initiative as a way to increase their skills and to inculcate a sense of participation.

- *Espirit de Corps*: Union is strength, and it comes from the harmony and mutual understanding of the personnel. Management should not follow the policy of 'divide and rule'. Rather it should strive to maintain team spirit and co-operation among employees so that they can work together as a team for the accomplishment of common objectives.

Criticism: Fayol's work has been criticized on the following grounds:

- His theory is said to be too formal. There is no single classification of managerial functions acceptable to all the functional theorists. There is also lack of unanimity about the various terms such as management, administration etc.
- He did not pay adequate attention to workers.
- The fundamentalists considered their principles to be universal in nature. But many of the principles have failed to deliver the desired results in certain situations.
- There is a vagueness and superficiality about some of his terms and definition.

TABLE-2.5 DISSIMILARITY BETWEEN CONTRIBUTION OF TAYLOR AND FAYOL

Basis of Comparison	Taylor	Fayol
1. Perspective	Shop floor level or the job of a supervisor	Top Management
2. Focus	Improving productivity through work simplification and standardization	Improving overall administration through general principles
3. Personality	Scientists	Practitioner
4. Results	Scientific observation and measurement	Universal Truths developed from personal experiences
5. Major Contribution	Science of industrial management	A systematic theory of management

D. Human Relation Approach to Management

The criticism of the Scientific and Administrative Management as advocated by Taylor and Fayol, respectively, gave birth to Human Relation Approach. The behavioural scientists criticized the early management approaches for their insensitiveness to the human side of organization. The behavioural scientists did not view the employees mechanically in work situation, but tried to show that the employees not only have economic needs but also social and psychological needs like need for recognition, achievement, social contact, freedom, and respect. Human relations school regards business organization as a psycho-social system.

Elton Mayo of Harvard and his associates conducted a famous study on human behaviour at the Hawthorne plant of the Western Electric Company and this study formed the foundation of this school of management thoughts. The basic hypotheses of this study as well as the basic propositions of the Human Relation Approach are the following:

a. The business organization is a social system.

b. The employees not only have economic needs but also psychological needs and social needs, which are required to be served properly to motivate them.

c. Employees prefer self-control and self-direction.

d. Employee oriented democratic participative style of management is more effective than mechanistic task oriented management style.

e. The informal group should be recognized and officially supported.

The human relations approach is concerned with recognition of the importance of human element in organizations. It revealed the importance f social and psychological factors in determining worker’s productivity and satisfaction. It is instrumental in creating a new image of man and the work place. However, this approach also did not go without criticism. It was criticized that the approach laid heavy emphasis on the human side as against the organizational needs. However, the contribution of this approach lies in the fact that it advises managers to attach importance to the human side of an organization.

E. Social System Approach to Management

It is developed during social science era, is closely related to Human Relation Approach. It includes those researchers who look upon management as a social system. Chester I. Barnard is called as the spiritual father of this approach. According to this approach, an organization is essentially a cultural system composed of people who work in cooperation. The major features of this approach are as follows:

- Organization is a social system, a system of cultural relationships.
- Relationships exist among the external as well as internal environment of the organization.
- Cooperation among group members is necessary for the achievement of organizational objectives.
- For effective management, efforts should be made for establishing harmony between the goals of the organization and the various groups therein.

F. Decision Theory Approach to Management

Decision Theory is the product of management science era. The decision theorists emphasize on rational approach to decisions, i.e. selecting from possible alternatives a course of action or an idea. Major contribution in this approach has come from Simon. Other contributors are March, Cyert, Forrester etc. The major emphasis of this approach is that decision making is the job of every manager. The manager is a decision maker and the organization is a decision making unit. Therefore, the major problem of managing is to make rational decision. The main features of this approach are:

- Management is essentially decision-making. The members of the organization are decision makers and problem solvers.
- Organization can be treated as a combination of various decision centers. The level and importance of organizational members are determined on the basis of importance of decisions which they make.
- All factors affecting decision making are subject matter of the study of management. Thus, it covers the entire range of human activities in organization as well as the macro conditions within which the organization works.

G. Management Science Approach to Management

Management science is an approach to management that applies mathematical analysis to decision making. It involves the use of highly sophisticated techniques, statistical tools and complex models. The primary focus of this approach is the mathematical model. Through this device, managerial and other problems can be expressed in basic relationships and where a given goal is sought, the model can be expressed in terms which optimize that goal. The management science approach found its origins during World War II, when highly technical military/production problems become far too complex for traditional management methodology. The major features of this approach are:

- Management is regarded as the problem-solving mechanism with the help of mathematical tools and techniques.
- Management problems can be described in terms of mathematical symbols and data. Thus every managerial activity can be quantified.
- This approach covers decision making, system analysis and some aspect of human behavior.

- Operations research, mathematical tools, simulation, model etc, are the basic methodologies to solve managerial problems.

H. Human Behavioural Approach to Management

Human Behavioural approach is a modified version of Human Relation approach. Human Behavioural approach is devoid of any emotional content, which is the core of Human Relation Approach. This approach stresses the individual performing the jobs. Here the attention is directed towards the human aspects of management. The neglect of human factor and the over emphasis on machines and materials led to the development of this approach. The Behavioural approach emphasizes synchronization of group goals within the broader framework of management. It does not consider the goals of the different groups as conflicting with others.

Many sociologists, psychologists and social psychologists have shown considerable interest in studying the problems of management. The sociologists who have contributed to management are Blak, Selznick, Homans, Dubin, Dalton, and Katz and Kahn. The social psychologist who have contributed to management are McGregor, Argyris, Leavitt, Blake and Mouton, Sayles, Tannenbaum and his associates, Bennis, Fielder, Stogdill and Herzberg. The behavioural theories have drawn heavily on the work of Maslow. Douglas McGregor built on Maslow's work in explaining his 'Theory X' and 'Theory Y'. Frederick Herzberg develops a two factor theory of motivation. To sum up, many conclusions of the contributions made by behaviouralists can presented as follows:

- People do not dislike work. If they have helped to establish objectives, they want to achieve them. In fact, job itself is a source of motivation and satisfaction to employees.

- Most people can exercise a great deal of self-direction and self-control than are required in their current job. Therefore, there remains untapped potential among them.
- The manager's basic job is to use the untapped human potential in the service organization.
- The managers should create a healthy environment wherein all the subordinates contribute to the best of their capacity. Te environment should provide healthy, safe, comfortable and convenient place to work.
- The manager should provide for self direction by subordinates and they must be encouraged to participate fully in all important matters.
- Operating efficiency can be improved by expanding subordinate influence, direction and self-control.
- Work satisfaction may improve as a by product of subordinates making use of their potential.

Merits of Behavioural Approach

It generated an awareness of the overwhelming role of the human element in organizations. It recognizes the quality of leadership as a critical factor in management success. It recognizes the role of individual psychology and group behaviour in organizational effectiveness.

Shortcomings of Behavioral Approach

Conclusions of behavioural approach discounts theory and stress radical empiricism. This approach neglects the economic dimension of work satisfaction. It is group oriented and anti-individualistic.

TABLE 2.6 DISTINCTION BETWEEN HUMAN RELATIONS AND BEHAVIOURAL APPROACH

Human Relations Approach	Behavioural Sciences Approach
1. It laid emphasis on individual, his needs and behaviour.	It stressed upon groups and group behaviour.
2. It focused on inter-personal relationships	It focused on group relationships.
3. It was based on the Hawthorne Experiments and so its scope is limited.	It refined the Human Relations approach and has a wide scope. It is much more systematic study of human behaviour in organization.
4. It was pioneered by Elton Mayo and its associates.	It was pioneered by Feith Davis, Rensis Likert and others.
5. It laid emphasis on informal groups' motivation, job satisfaction and morale.	The behaviourists studied group dynamics, informal organization leadership. Motivation and participative management.

I. Mathematics or Quantitative Approach to Management

It emphasizes that the organization or decision making is a logical process and it can be expressed in terms of mathematical symbols and relationships, which can be used to solve corporate problems and conduct corporate affairs. This approach focuses attention on the fundamentals of analysis and decision making. This brings together the knowledge of various disciplines like Operation Research and Management Science for effective solution of management problems. The Quantitative School quantifies the problem; generate solution, tests the solution for their optimality and then it recommends. The decisions are optimum and perfect as distinguished from the human behavioural approach, in which decisions are 'satisfying'. This approach is devoid of any personal bias, emotions, sentiments, and intuitiveness. The main postulates of the quantitative approach are as follows:

- Management is a series of decision making. The job of a manager is to secure the best solution out of a series of interrelated variables.
- These variables can be presented in the form of a mathematical model. It consists of a set of functional equation which set out the quantitative interrelationship of the variable.
- If the model is properly formulated and the equations are correctly solved, one can secure the best solution to the model.
- Organizations exist for the achievement of specific and measurable economic goals.
- In order to achieve these goals, optimal decisions must be made through scientific formal reasoning backed by quantification.
- Decision making models should be evaluated in the light of set criteria like cost reduction, return on investment, meeting time schedules etc.
- The quality of management is judged by the quality of decisions made in diverse situations.

TABLE 2.7 DIFFERENCE BETWEEN QUANTITATIVE APPROACH AND SCIENTIFIC APPROACH

Quantitative Approach	Scientific Management
1. It makes use of mathematical and statistical techniques in management.	It makes use of scientific approach in management.
2. It focuses on finding right answers to managerial problems (decision making).	It focuses on improving efficiency of men and machines (one best way of

	doing things).
3. In this operation research is the main techniques	Time and motion studies are the main techniques.
4. It is developed by W. C. Churchman.	A movement launched by F. W. Taylor and his associates.
5. Application of Econometric models.	Application of Experiments and research.

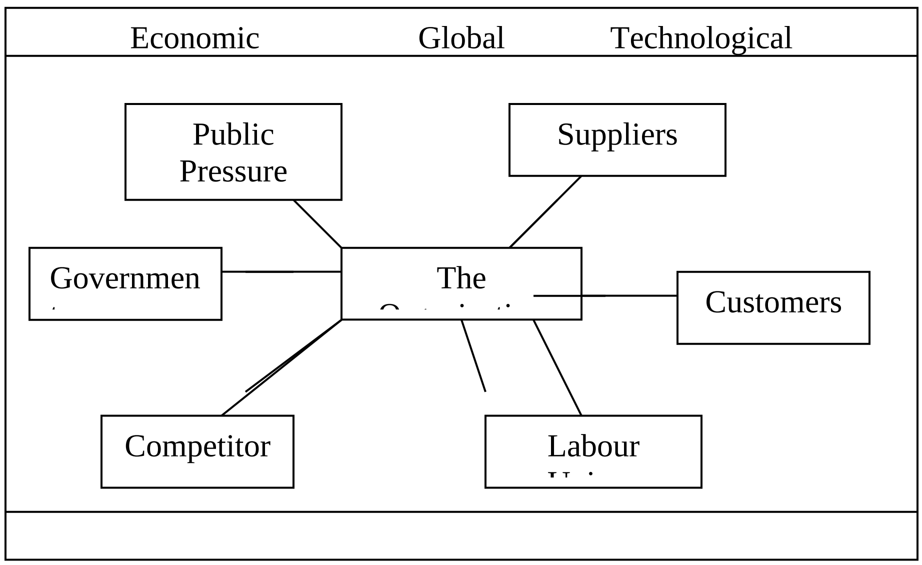
J. System Approach to Management

In the 1960s, a new approach to management appeared which attempted to unify the earlier school of thoughts. This approach is commonly referred to as ‘System Approach’. The system approach is based on the generalization that an organization is a system and its components are inter-related and inter-dependent. “A system is composed of related and dependent elements which, when in interactions, form a unitary whole. On other words, a system may be defined as an organized and purposeful entity of inter-related, inter-dependent and inter-acting elements. It is a goal oriented organism that is composed of parts interrelated in such a way that the total system is greater than the sum of its parts. The elements of each system may themselves be sub systems. These sub-systems are functionally related to each other and to the total system. The basic postulates of the system approach are as follows:

- An organization is a system consisting of several subsystems. For example, in a business enterprise production, sales and other departments re the subsystem.

- The position and function of each subsystem can be analyzed only in relation to other subsystem and to the organization as a whole rather than in isolation.
- An organization is a dynamic system because it is responsive or sensitive to its environment. It is vulnerable to changes in its environment.

FIGURE: 2.8 OPEN SYSTEM VIEW OF ORGANIZATION

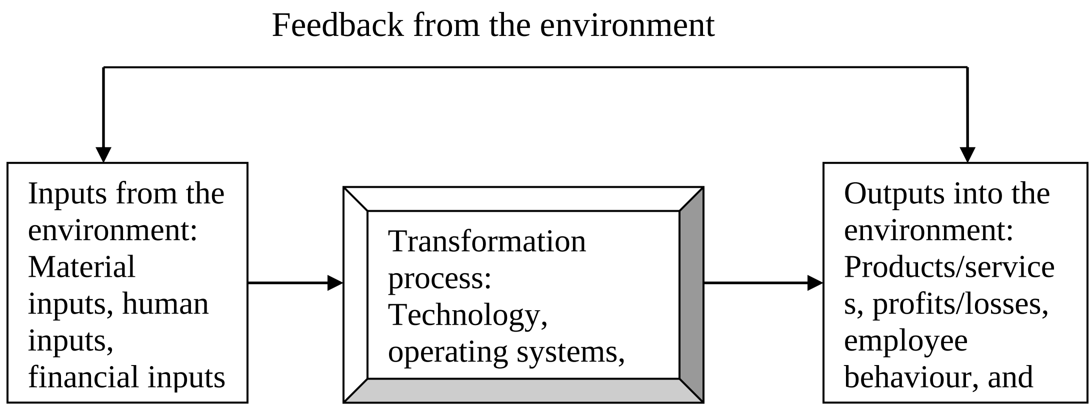


Systems are of several types. A *static system*, e.g. a petrol engine operates repetitively completing the same cycle of functions without change or deviation. On the other hand, the *dynamic system*, undergoes change, it grows or decays. Biological systems, e.g., plants, animals and human being are dynamic. A *closed system* is self-dependent and does not have any interaction with the external environment. Physical and mechanical systems are closed systems. A closed system concentrates completely on internal relationships, i.e. interaction between sub-systems only. An *open system* approach recognizes the dynamic interaction of the system with its environment in *Figure2.8*:

The open system consisting of four basic elements

- Inputs: These are ingredients required to initiate the transformation process. They include human, financial, material and information resources.

Figure 2.9 ELEMENTS OF OPEN SYSTEM



- Transformation Process: The inputs are put through a transformation process that applies technology, operating methodologies, administrative practices and control techniques in order to produce the output.

- Outputs: The output may be products and/or services, the sale of which creates profits or losses. This process also has by-product outputs such as worker behaviour, information, environmental pollution, community services and so on.

- Feedback: A feedback loop is used to return the resultant environmental feedback to the system as inputs.

If the environment is satisfied with the output, business operations continue. If it is not, changes are initiated within the business systems so that requirements of the customers are fully met. This is how an open system responds to the forces of change in the environment.

K. Contingency or Situational Approach to Management

Another important approach which has arisen because of the inadequacy of the Quantitative, Behavioural and System Approach to management is the Contingency Approach. Pigors and Myers propagated this approach in 1950. Other contributors include Joan Woodward, Tom Burns, G.W.Stalker, Paul Lawrence, Jay Lorsch and James Thompson. They analyzed the relationship between organization and environment. They concluded that managers must keep the functioning of an organization in harmony with the needs of its members and the external forces. Management is situational and lies in identifying the important variables in a situation. The basic theme of contingency approach is that organizations have to cope with different situations in different ways. There cannot be particular management action which will be suitable for all situations. The management must keep the functioning of an organization in harmony with the needs of its members and the external forces.

According to Kast and Rosenzweig, “The contingency view seeks to understand the interrelationships within and among sub-system as well as between the organization and its environment and to define patterns of relationships or configurations of variables. Contingency views are ultimately directed towards suggesting organizational designs and managerial actions most appropriate for specific situations”.

The approach has been used in important sub systems of management like organization, design, leadership, behaviour change and operation. The main features of contingency approach are:

- Management is entirely situational. The application and effectiveness of any techniques is contingent on the situation.
- Management action is contingent on certain action outside the system or subsystem as the case may be.
- Management should, therefore, match or fit its approach to the requirements of the particular situation. To be effective management policies and practices must respond to environmental changes.

- Organizational action should be based on the behaviour of action outside the system so that organization should be integrated with the environment.
- Management should understand that there is no one hard way to manage. They must not consider management principles and techniques universal.

A general framework for contingent management has been shown in the *Figure 2.10*. However, it is an abstract depiction of the contingency model. In order to operationalise the contingency approach, managers need to know the alternatives for different situations. It may be operationalized as a 'if then' approach to management. The environment (If) is an independent variable where as management (when) is a dependent variable. In this model, a manager has to take four sequential steps:

- Analyze and understand the situation,
- Examine the applicability or validity of different principles and techniques to the situation at hand,
- Make the right choice by matching the techniques to the situations,
- Implement the choice.

FIGURE 2.10 A CONCEPTUAL MODEL OF CONTINGENCY APPROACH

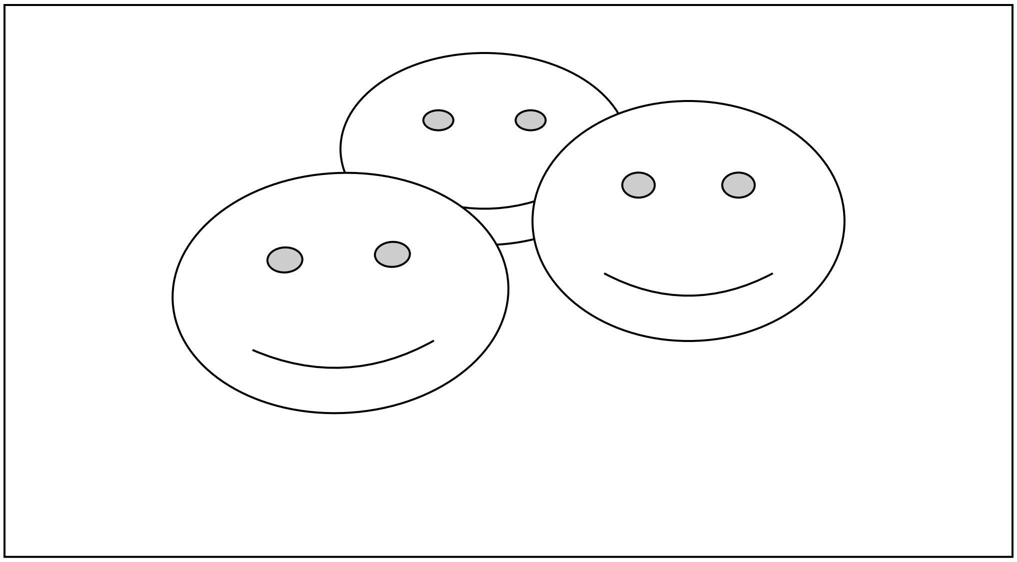


TABLE 2.8 SYSTEM APPROACH VS. CONTINGENCY APPROACH

Systems Approach	**Contingency Approach**
1. It treats all organizations alike irrespective of their size, cultural settings and dynamics	It treats each organization as a unique entity.
2. It stresses interactions and interdependencies among systems and sub-systems.	It identifies the exact nature of inter dependencies and their impact on organizational design and managerial style.
3. It studies organization at an abstract and philosophical level.	It is more down to earth and action oriented.
4. It is neutral or non-committal on the validity of classical principles of management.	It firmly rejects the blind application of principles regardless of realities of individual situations.
5. It stresses upon the synergetic effect of organizations and the external input.	It is related to organization structure and design to the environment.
6. It is vague and complex.	It is pragmatic and action oriented.

2.6 CHECK YOUR PROGRESS

Fill In the Blanks:

1. ------------- contribution in -------------------- outlined the economic advantage that organization and society can gain from the ----------------.
2. ---------------------- is known as ‘father of scientific management’.
3. -------------- was professor of mathematics at Cambridge University from ----------------------.
4. ----------------- of Harvard and his associates conducted a famous study on human behavior at the ---------------- of the Western Electric Company.
5. -----------------, president of Bell Telephone Company, developed theories about the functions of the manager as determined by constant interaction with the environment.

2.7 SUMMARY

The study of organization and management is a must to understand the underlying principles of management. The foregoing analysis reveals that management thought is the outcome of diverse contributions of several management thinkers and practitioners. Each of this approach discussed above is an extension of the previous one. A composite or synthesis of various contributions made over a period of more than a century is the best management theory. The new trends, developments and challenges in the evolution of management thought and movement which will make new demands on managers in India are listed below:

- Growing intervention in trade, industry and commerce by the government. Growth of Trade Union Movement, profoundly influenced by political considerations only.
- Greater consciousness and growth of organizations of consumers.

- High cost economy and expansion of the services sector including the social sector, public sector and public utility services.
- Emerging growth of industry and consequent stiff competition from foreign goods, growth of multinational corporations in the context of new liberalized industrial policy.
- Rapid advancement in the field of technology.
- Utilization of information as an input and spread of Management Information System.
- Increasing Demand for participation by subordinates in decision making process. India is heading towards a business management manned by properly trained and educated persons.
- Social Responsibility and prevention of environmental pollution have aroused much public attention. This is indeed a great challenge to future and government is required to take necessary action in this regard.

2.8 KEYWORDS

Scientific management: Scientific study of work to improve efficiency.

Bureaucracy: Highly specialized organization structure.

Classical Approach: It emphasizes organizational efficiency to increase organizational success.

Human Relations Theory: A movement in management thinking and practice that emphasized satisfaction of employees' basic needs as the key to increased worker productivity.

Hawthorne studies: A group of studies conducted at the Hawthorne plant of the Western Electric company during the late 1920s and early 1930s whose results ultimately led to the human relations view of management.

Scientific management: Scientific study of work to improve efficiency.

Systems theory: It tries to solve problems by diagnosing them within a framework of inputs, transformation processes, outputs and feedback.

2.9 SELF-ASSESSMENT TEST

1. What are some early evidences of management practice? Explain why division of labour and the industrial revolution are important to the study of management?
2. "F.W.Taylor is said to be the father of scientific management and Henri Fayol, the father of principles of management". Critically examine the statement.
3. Why is it important for every manager to understand the many different management theories that have been develop? Describe various School of Thoughts prevalent from time to time. Which school of management thoughts makes the most sense to you? Why?
4. Write a note on the evolution of management thought. What are the recent trends in management thoughts?
5. "Human Behavioral School of thought is a modified version of Human Relations School of thought". Comment.
6. Assess the role of following in development of management thoughts:

a) Henry Gantt

b) Weber

c) Maslow

d) Elton Mayo

2.10 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks:

1. **Adam Smith** contribution in **Wealth of Nations (1776)** outlined the economic advantage that organization and society can gain from the **division of labor**.
2. **Frederic W. Taylor** is known as 'father of scientific management'.
3. **Charles Babbage** was professor of mathematics at Cambridge University from **1828 to 1839**.
4. **Elton Mayo** of Harvard and his associates conducted a famous study on human behavior at the **Hawthorne plant** of the Western Electric Company.
5. **Chester Barnard**, president of Bell Telephone Company, developed theories about the functions of the manager as determined by constant interaction with the environment.

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COURSE: MANAGEMENT CONCEPTS AND ORGANIZATIONAL BEHAVIOUR

COURSE CODE: MC-101 **AUTHOR: Prof. M. C. Garg**
LESSON: 3 **VETTER:**

SOCIAL RESPONSIBILITY OF MANAGERS

STRUCTURE

3.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Define the concept of social responsibility.
- Group personal values of managers in terms of their general patterns.
- List out the reasons for increased social consciousness among businessman.
- Describe the arguments in favor of and against social involvement.
- Enumerate the social responsibilities of managers.

3.1 INTRODUCTION

The concept of the social responsibility of business managers in recent years has become a popular subject of discussion and debate within both business and academic circles. Nevertheless, a look back through business history reveals that people have always held some concept of the responsibility owed by business management to society. It is the contention here that concepts of social responsibility have moved through different distinct phases.

3.2 CONCEPT OF SOCIAL RESPONSIBILITY

The social responsibility of business refers to such decisions and activities of a business firm which provide for the welfare of the society as a whole along with the earning of profit for the firm. The business firm functions and acts in such a way that it will accomplish social gains (social output) along with the traditional economic gains (economic output) in which the business firm is interested.

There are some of the definitions of social responsibility.

Adolfe Berle has defined "social responsibility" as the management's responsiveness to public consensus." According to Prof. Andrews, "by social responsibility, we mean the intelligent and objective concern for the welfare of society that restrains individual and corporate behavior from ultimately destructive activities, no matter how immediately profitable and leads in the direction of positive contribution to human betterment variously as the latter may be defined." According to Keith Davis, "social responsibility" refers to "the businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest."

Howard Bowen is of the view that "the social responsibilities are obligations to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society."

An analysis of the above definitions of social responsibility reveals the following. Social responsibility refers to *"the objective concern of business firm for the welfare of the society and it involves following by the management of such policies, making of such decisions or following of such lines of action which are desirable in terms of objectives and values of our society."* Further, decisions are taken by the business for reasons at least partially beyond the firm's direct economic or technical interest.

The theme of social responsibility is that;

(i) A business firm should not ignore the welfare of the society,

(ii) Policies and decisions of the business enterprise, should focus on values of society,

(iii) Earning profit by honoring values of society and finally assist the promotion of welfare of the society.

3.3 PERSONAL VALUES

Values are the beliefs and attitudes of a person which form his frame of reference. They help to determine the behavior which an individual display. All managers have a set of values which affect their decisions, but the values are not the same for each manager; however, once they are ingrained in a manager, they do not change except over a considerable period of time. It is possible to group these values in terms of the general patterns of behavior which may characterize the three styles of managers-the profit maximizer, the trusteeship style, and the quality of life style of management.

Phase I

The Phase I profit maximizing manager has a personal set of values which reflects his economic thinking. He believes that raw self-interest should pre- vail in our society. His values dictate that "what is good for me is good for my country." Therefore, he rationalizes that making as much profit as is possible would be good for society. He bends every effort to become as efficient as possible and to make as much money as he can. To him, money and wealth are the most important goals of life.

In the pursuit of maximum profit, the manager's actions toward his customers would be reflected in a caveat emptor philosophy. "Let the buyer beware" would characterize his decisions and actions in dealing with his customers. He would not necessarily be concerned with product quality, safety, or sufficient and truthful information about his products and services. His views toward his employees would be stated as, "Labor is a commodity to be bought and sold in the market place." His chief accountability would be to the owners of the business, and chances would be good that he would be the owner or part owner of the organization.

To the profit maximizer technology would be very important. Machines and equipment would rank high on his scale of values. Materialism would characterize his philosophy.

Social values would not dominate his thinking. In fact, he would believe that employee personal problems should be left at home. The economic man should be separated from the social man or family man. His own leadership style would be as rugged individualist. "I am my own boss, and I will manage my business as I please." His values regarding minority groups would dictate that Blacks and Indians and foreigners are inferior to whites and that they should be treated accordingly.

His political values would be based on the doctrine of laissez faire. "That government is best which governs the least" would characterize his thinking. As a result, any dealing with politicians and governments would be foreign and distasteful to him.

His belief about the environment would be stated: "The natural environment controls the destiny of man. Therefore, use it to protect your interests before it destroys you. Do not worry about the physical environment because there are plenty of natural resources which you can use."

Aesthetic values to the profit maximizer would be of minimal concern. In fact, he would say, "Aesthetic values? What are they?" He would have very little concern for the arts and cultural aspects of life. He would hold musicians, artists, entertainers, and social scientists in low regard.

The values that a profit maximizing manager held were commonly accepted in the economic textbooks of the 1800s and early 1900s, although they obviously did not apply to all managers of those times. It is easy to see how these values would conflict with the values of those characterized by the quality of life and the trusteeship styles of management.

Phase II

The Phase II trusteeship manager recognizes that self-interest plays a large role in his actions, but he also recognizes the interests of those people who contribute to his organization-customers, employees, suppliers, owners, creditors, government, and community. He thus operates from self- interest plus the interests of other groups. He states, "What is good for G. M. is good for our country." He is a profit satisfice; that is, he balances the profits of the owners and the organization with the wages for employees, taxes for the government, interest for the creditors, and so forth. Money is important to him, but so are people, because his values tell him that satisfying people's needs is a better goal than just making money.

In balancing the needs of the various contributors to the organization, the trusteeship manager deals with the customers as the chief providers of revenue to the firm. His values tell him not to cheat the customers because cheating is not good for the firm. He is concerned with providing sufficient quantities of goods as well as sufficient quality at the right time and place for customer satisfaction. He views employees as having certain rights which must be recognized; they are more than a mere commodity to be traded in the marketplace. His accountability as a manager is to owners as well as customers, employees, suppliers, creditors, government, and the community.

To the trusteeship style of manager technology is important, but so are people. Technological innovation is to be commended because new ma- chines, equipment, and products are useful in creating a high standard of living for people. Materialism is important, but so is humanism.

His political values are reflected in a recognition that government and politics are important, but he views government and politics as necessary evils. He -distrusts both, recognizing that government serves as a threat to his existence if his firm does not live up to laws such as those passed in the 1930s.

His environmental beliefs are stated as follows: "Man can control and manipulate his environment. Therefore, let him do it for his benefit and incidentally for society's benefit."

The social values which he holds are more liberal than those held by the profit maximizer. He recognizes that employees have several needs beyond their economic needs. They have a desire for security and belongingness as well as for recognition. He knows that he is an individualist, but he also knows the value of group participation in managing the business. He views minority groups as having their place in society, but "their place is usually inferior to mine. Minority group members are usually not qualified to hold their jobs, but that is not my fault."

Aesthetic values are not alien to the trusteeship manager, but "they are not for our firm although someone has to support the arts and cultural values."

Phase III

In contrast to the values of the profit maximizer and the trustee manager are those of the Phase III quality of life manager. He believes in enlightened self-interest. He agrees that selfish and group interests are important, but that society's interests are also important in making decisions. "What is good for society is good for our company" would be his opinion. He agrees that profit is essential for the firm, but that profits in and of themselves are not the end objectives of the firm. As far as money and wealth are concerned, his set of values would tell him that money is important but people are more important than money.

In sharp contrast to caveat emptor in dealing with customers, his philosophy would be caveat venditor, i.e., let the seller beware. The company should bear the responsibility for producing and distributing products and services in sufficient quantities at the right time and place with the necessary quality, information, and services necessary to satisfy customers' needs. The Phase III manager would recognize the dignity of each employee, not treating him as a commodity to be bought and sold. Accountability as a manager is to the owners, to the other contributors to the business, and to society in general.

Technological values would be important, but people would be held in higher esteem than machines, equipment, computers, and esoteric products. He would be a humanist rather than a materialist.

His political values would dictate that government and politicians are necessary contributors to the quality of life. Rather than resist government, he would state that business and government must cooperate to solve society's problems.

The social values of a quality of life manager indicate that a person can-not be separated into economic man or family man. The philosophy would be, "We hire the whole man and all of his problems." The manager would recognize that group participation rather than rugged individualism is a determining factor in his organization's success. His values regarding minority groups are different from the other managers. His view is: "Blacks, Indians, and foreigners are people as you and I are. They need support and guidance like any other person."

Man must preserve the environment, not for environment's sake alone, but for the benefit of people who want to lead a quality life. As far as aesthetic values are concerned, the phase III manager recognizes that the arts and cultural values reflect the lives of people whom he holds in high regard. His actions would support the aesthetic values by committing re- sources to their preservation.

The contrast among the three sets of values creates an awareness of the differing ideologies of managerial decision makers. A managerial set of values is important because values determine the decisions the manager makes. They are the norms for managerial statements of an organization's objectives. They determine the managerial policies that an organization follows in trying to accomplish these objectives. They deter- mine the strategies and tactics which are used. They become the standards upon which the manager judges whether some action is right or wrong. They are the filters which a manager unconsciously uses to sort out one alternative from another. They determine the tones of his actions.

THE CURRENT STATE

The concept of social responsibility has gone through the three distinct phases described above-each corresponding to a described set of managerial values. Each new phase did not replace the earlier phase, but rather it was superimposed on it. Thus, a modern view of social responsibility would to some degree incorporate essential parts of all three phases of the concept. It would encompass not only a deep commitment to social problems, but also an understanding of the firm's responsibility to its contributors and, most importantly, a realistic comprehension of the need for profit as an essential prerequisite for operating at higher levels of social responsibility.

In today's business world and academic community there are people who subscribe to all three phases of the social responsibility concept. One rather vocal group follows the logic of Milton Friedman, who believes that Phase I logic still prevails. He feels that a corporate manager is an agent of the stockholders and any diversion of resources from the task of maximizing stockholder wealth amounts to spending the stockholders' money without their consent. Moreover, he argues that government, not business, is the institution best suited to attacking social problems. Although this position typically is supported vigorously by its proponents, in practice it often breaks down because of the extreme difficulty in drawing a line between spending the stockholders' money for charity and spending it in the enlightened self- interest of the firm.

Probably the majority of business managers today adhere to a Phase II concept of social responsibility. They understand the pluralistic nature of our society and are generally committed to being equitable in dealing with the various contributors to the firm and the concerned outside pressure groups. Typically, these businessmen emphasize good wages and good working conditions and being fair and forthright in dealing with their customers and suppliers.

A growing number of academicians and business executives, however, appear to be accepting the Phase III concept of social responsibility. A number of our largest corporations, such as IBM, Chase Manhattan Bank, Xerox, Eli Lilly, and Coca-Cola are becoming involved in major social action programs.

It must not be forgotten, however, that managers are constrained in their actions by the economic needs of their companies. Profit and positive cash flow are still the sine qua non for all firms. Thus, the top management of a large profitable corporation has much greater latitude in the social area than does the manager of a small marginal operation, although even small firms can make a contribution to a better quality of life through social action pro- grams. But in small as well as large companies, executives cannot afford to jeopardize their firm's financial position in the name of social involvement.

Boise Cascade Corporation, for example, promoted a minority enterprise in the heavy construction industry. The venture resulted in a pretax loss of approximately $40 million to Boise Cascade. As a result, the corporation's stock price plummeted 60 points and, undoubtedly, there was much serious soul searching within the organization. The point is that a business firm is still fundamentally an economic entity and must be concerned first with its own economic well-being. True, the public does expect business to become socially involved, but not at the expense of its primary mission, that of making a profit and thereby contributing to a healthy and vigorous economy. In summary, currently there is a three-way split or schizophrenia in business and academic circles over the subject of business management's social responsibility. This disagreement among those who study. teach, and practice business has contributed greatly to public confusion and disenchantment concerning the role of business in today's society. Despite this con- fusion and disenchantment, the public views business as the most productive and efficient institution in society and therefore as a major resource in the struggle to solve society's great social problems. Since business as an institution exists only because it is sanctioned by society, it is inevitable that business managers will fall in line with society's expectations. Hence, the modern concept, Phase III, of business' social responsibility will be increasingly accepted by businessmen in the future.

3.4 TRADITIONAL ECONOMIC GAINS AND SOCIAL RESPONSIBILITIES

The difference between traditional business decision-making and social responsibility is that while the traditional decision-makers are concerned primarily with economic and technical values, social responsibility extends thinking to social values as well. Further, the traditional decision-maker thinks in terms of the narrow interest of a single enterprise or a person, whereas social responsibility envisages thinking in terms of the entire society. The traditional business decisions are confined primarily to narrow economic and technical gains while decisions based on considerations of social responsibilities go beyond them. Keith Davis has stated that decisions relating to social responsibilities are taken for reasons at least partially beyond the firm's direct economic or technical interest. Thus, we find that the objectives of business and social responsibilities, are not contrary to each other. It is not objectives of business vs. social responsibilities but "objectives of business and social responsibilities."

3.5 VIEWS ON SOCIAL RESPONSIBILITY

The contemporary view of social responsibility of business is substantially broader and benevolent than the classical one. According to the classical view, business has only economic objectives and no other responsibility beyond that. Milton Friedman, a Nobel economist and a proponent of this view, argues that "there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine. The contemporary view of business is an ecological one according to which business is an integral part of the society to serve a social purpose. Proponents this view like Davis and

Blomstorm hold that business is a social institution, performing a social mission and having a broad influence on the way people live and work together. According to Steiner and Steiner, a reasonable approach to social responsibility is as follows.

1. Each business must take into account the situation in which it finds itself in meeting stakeholder expectations.
2. Business is an economic entity and cannot jeopardize its profitability meeting social needs.
3. Business should recognize that in the long run, the general social good benefits everyone.
4. The social responsibility expected of a business is directly related to its social power to influence outcomes.
5. Social responsibility is related to the size of the company and to the industry it is in.
6. A business should fickle only those social problems in which it has competence.
7. Business must assume its share of the social burden and be willing to absorb reasonable social costs.

3.6 SOCIAL ORIENTATIONS OF BUSINESS

The extent of social orientations of companies varies widely. Further, the social orientation or the extent of social involvement of a company may change over time.

3.6.1 SOCIAL RESPONSIBILITY MODELS

There are some models, which endeavour to describe the evolution and extent of social orientation of companies. Notables ones include Carroll's model, Halal's model and Ackerman's model.

Archie B. Carroll, who defines corporate social responsibility as the entire range of obligations business has to society, has proposed a three-dimensional conceptual model of corporate performance. According to Carroll, a firm has four categories of obligations of corporate performance: economic; legal; ethical; and discretionary.

The firm being an economic entity, its primary responsibility is economic, i.e., efficient operations to satisfy economic needs of the society and generation of surplus for rewarding the investors and further development. Legal responsibilities are also fundamental in nature because a company is bound to obey the law of the land. Ethical responsibilities are certain norms, which the society expects the business to observe though they are not mandated by law. For example, a company shall not resort to bribing or unethical practices, unfair competitive practices etc. Discretionary responsibilities refer to the voluntary contribution of the business to the social cause, like involvement in community development or other social programmes.

Carroll points out that these four categories are not mutually exclusive, and the boundaries between them are difficult, if not impossible, to define. Further, these terms are not value-free and different people may interpret them differently. Carroll later presented the different categories of responsibilities as a pyramid of corporate social responsibility. Economic responsibilities are at the base of the pyramid, succeeded by legal responsibilities, ethical responsibilities and, finally, philanthropic responsibilities. According to Carroll's pyramid, legal responsibilities come only at the second stage. This is not a right view. A company must inevitably obey the laws, even if it is unable to discharge some of the economic objectives, as long as it exists. Figure 3.1 presents the right perspective.

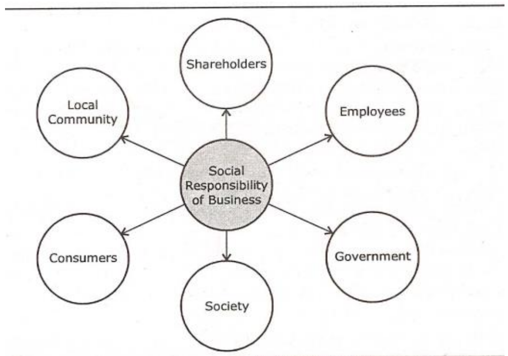

Figure 3.1

William E Halal's return-on-resources model of corporate performance recognises the fact that no corporate social posture will be value-free, and this is makes corporate social responsiveness a tremendously difficult task. He points out that a firm can only attempt to unite the diverse interests of various social groups to form a workable coalition engaged in creating value for distribution among members of the coalition. Beyond a certain level of economic activity, the social issues at stake may become conflicting. For example, large spending for social cause may affect the profitability of the firm, which could have implications for the stakeholders, and the future of the firm. This calls for tradeoffs, which involve both economic and ethical decisions that will not necessarily satisfy the needs of every stakeholder. According to Ackerman's model, there are three phases in the development of the social responsiveness of a company. The first phase is one when the top management recognizes the existence of a social problem, which deserves the company's attention and acknowledges the company's policy towards it by making an oral or written statement. The company appointing staff specialists or external consultants to study the problem and suggest ways of dealing with it characterizes the second phase. The third phase involves the implementation of the social responsibility programmes.

3.6.2 EXTENT OF SOCIAL ORIENTATION AND INVOLVEMENT

On the basis of the extent of social orientation and involvement of companies, this author would classify them in to the following categories.

1. **Anti-social:** Not only that these companies have no social orientation but also they are unfair and unscrupulous in the conduct of the business. Rather than respecting laws and norms in their letter and spirit, attempts may be made to take advantage of the loopholes/interpretational flexibility or to circumvent the rules and regulations by malpractices. Promoters and top managerial personnel of several organizations have been found to engage in insider trading, price rigging and the like. These businesses may even contribute a part of their ill-gotten money for social purpose to mask their real face or because of some compulsion to which they yield for fear of some reaction or for getting some favors or good will.

2. **Indifferent:** These are companies, which have no social orientation beyond discharging the legal as well as the economic responsibilities. The attitude is that going by the rules and regulations is good enough; there is the government and other organizations to work for the social cause and it is not the business of the business.

3. **Peripheral:** These companies are slightly a shade better than the indifferent category. They have little bit of social orientation, often for the name sake.

4. **Socially Oriented**: Companies in this category have a high level of social orientation but their real involvement is constrained by limitations of resource.

5. **Committed and Very Active**: These companies are characterized by high level of social orientation and real involvement in the societal welfare programmes. What distinguishes these companies from those in the preceding category is mostly their ability to commit significant amount of resources to make the social orientation meaningful.

3.7 FACTORS OR REASONS FOR INCREASED SOCIAL CONSCIOUSNESS AMONG BUSINESSMEN

In recent years, there has been an increased social consciousness among businessmen. The factors that have contributed to this increased awareness of social responsibility among businessmen are many. We give here a brief explanation of these factors.

1. Formerly, a business considered that the maximization of profit for the owner should be the sole objective of the business. But, today a businessman cannot strictly adhere to the only one objective of earning maximum profit for himself. No doubt, profits should be earned by the business firm for its survival and growth, to attract funds for investment and also to judge the success of the business enterprise. But, a business may tend to maximize profit without any consideration for the interests of consumers and employees. Thus, it may try to exploit society. Business earns profit with the help of society and if the business has no consideration or concern for society which helps it to earn profit, the very existence of the business may be threatened. Hence, businessmen are today conscious of their responsibility to the society.

2. Now in most countries, democratic governments are functioning. Under this system of government, the policies of the government are decided by Parliament consisting of the members elected by the people. Naturally, Parliament, which represent people, aims at protecting the interests of society by various legislative enactments which regulate the activities of the business enterprises and prevent them from indulging in anti-social business practices.

3. Further, in these days, different types of cooperative societies have come into existence for the purpose of protecting the interests of consumers from the exploitation by unscrupulous businessmen. The establishment of cooperatives act as a countervailing force against private business concerns. This factor also has influenced businessmen to think in terms of their responsibility to the society.

4. A social movement called "consumerism" has come into existence with the aim of protecting the interests of consumers against producers and traders. This factor also has made businessmen realize their responsibilities to society.

5. Realization on the part of businessmen that they cannot survive for long if they do not act in a responsible manner and if they do not supply quality goods at reasonable rate is also another factor which has made business alive to their social obligations.

6. The government has armed itself with powers to take over any business enterprise which deliberately neglects its responsibility to the society. This fear of "take-over by government" has also made businessmen think in terms of their social obligations.

7. The development of professional management class has resulted in a divorce between ownership and management. These professional managers exercise independent control over the business enterprises and adopt a new and enlightened management approach for managing their business concerns.

8. The development of well-organized labor unions has increased the bargaining position of employees considerably and because of this, there is less scope for employees to exploit the employees. Hence, development of trade unions also is one of the reasons for increased social consciousness among businessmen.

9. Recognition of the importance of human factor in creating an atmosphere would help in safeguarding businessmen's interests in the long run and also the realization of the fact by the employers that the workers should not be treated as herds of sheep and cattle to be hired and fired at will are also factors that influence businessmen's outlook.

3.8 ARGUMENTS IN FAVOUR OF AND AGAINST SOCIAL INVOLVEMENT

While there is a lot of appreciation of the idea of social responsibility of the business, there are also people who argue that social involvement of business has certain negative aspects. The important arguments for and against the social involvement of business are given below.

Arguments in favor of Social Involvement Business

1. Business, which survives using the resources of the society, has a responsibility to the society.
2. Business, which is an integral part of the social system, has to care for the varied needs of the society.
3. Business, which is resourceful, has a special responsibility to the society.
4. Social involvement of business would foster a harmonious and healthy relationship between the society and business to the mutual benefit of both.
5. Social responsibilities like recycling of waste may have favourable financial effects.
6. Social involvement may discourage additional government regulation and intervention.
7. Social involvement may create a better public image for the company, which may help it in attracting customers, efficient personnel and investors.

Arguments against Social Involvement of Business

1. Business should confine to its own business. There are government and social organisations to carry out social activities.
2. Involvement in social activities could adversely affect the economic health of a business enterprise. It may be noted that the expenditures on social welfare has been imposing severe burden on TISCO.
3. If the cost of the social involvement of the business is ultimately passed on to the consumers, there is no. point in exalting the social

involvement of business. Sometimes there could even be a net loss to the society because of the high cost of the corporate sector undertaking such activities.

4. Many companies involve themselves in social activities because of the tax exemptions on the income spent on special social purposes.

5. If the social involvement of a business enterprise causes an increase in the price of its products, it could affect its competitiveness both in the domestic and international markets.

6. Social involvement of business could lead to an increase in the dominance or influence of business over the society.

3.9 SOCIAL RESPONSIBILITIES OF MANAGERS

Social responsibility is defined as the obligation and commitment of managers to take steps for protecting and improving society's welfare along with protecting their own interest. The managers must have social responsibility because of the following reasons:

1. **Organizational Resources -** An organization has a diverse pool of resources in form of men, money, competencies and functional expertise. When an organization has these resources in hand, it is in better position to work for societal goals.

2. **Precautionary measure -** If an organization lingers on dealing with the social issues now, it would land up putting out social fires so that no time is left for realizing its goal of producing goods and services. Practically, it is more cost-efficient to deal with the social issues before they turn into disaster consuming a large part if managements time.

3. **Moral Obligation -** The acceptance of managers' social responsibility has

been identified as a morally appropriate position. It is the moral responsibility of the organization to assist solving or removing the social problems

4. **Efficient and Effective Employees -** Recruiting employees becomes easier for socially responsible organization. Employees are attracted to contribute for more socially responsible organizations. For instance - Tobacco companies have difficulty recruiting employees with best skills and competencies.

5. **Better Organizational Environment -** The organization that is most responsive to the betterment of social quality of life will consequently have a better society in which it can perform its business operations. Employee hiring would be easier and employee would of a superior quality. There would be low rate of employee turnover and absenteeism. Because of all the social improvements, there will be low crime rate consequently less money would be spent in form of taxes and for protection of land. Thus, an improved society will create a better business environment.

But, manager's social responsibility is not free from some criticisms, such as -

1. **High Social Overhead Cost -** The cost on social responsibility is a social cost which will not instantly benefit the organization. The cost of social responsibility can lower the organizational efficiency and effect to compete in the corporate world.
2. **Cost to Society -** The costs of social responsibility are transferred on to the society and the society must bear with them.
3. **Lack of Social Skills and Competencies -** The managers are best at managing business matters but they may not have required skills for solving social issues.
4. **Profit Maximization -** The main objective of many organizations is profit maximization. In such a scenario the managers' decisions are controlled by

their desire to maximize profits for the organizations shareholders while reasonably following the law and social custom.

Social responsibility can promote the development of groups and expand supporting industries.

3.10 CHECK YOUR PROGRESS

Fill in the Blanks:

1. The ------------of business refers to such decisions and activities of a business firm which provide for the ------------ of the society as a whole along with the earning of ------------ for the firm.
2. Profit maximizing manager has a personal set of -------- which reflects his economic ------------.
3. Values are the --------- and ------------- of a person which form his frame of reference.
4. Business is an integral part of the ------------ which has to care for the varied needs of the society.
5. Social involvement may create a better ----------- for the company.

3.11 SUMMARY

The rationale of the concept of social responsibility is that industry can no longer be regarded as a private arrangement for enriching shareholders. It has become a joint enterprise in which workers, management, consumers, the locality, Government and trade union officials all playa part. If the system which we know by the name private enterprise is to continue, some way must be found to embrace many interests who go to make up industry in a common purpose. It is argued that a manager has a number of social responsibilities to the employees, shareholders, consumers and the community. Social responsibility of business is advocated on the ground that the resources it makes use of are not limited to those of the proprietors and the impact of their operations is felt also by many a people who are in no way connected with the enterprises. The shareholders, the suppliers of resources, the consumers, the local community and society at large are affected by the way an enterprise functions.

3.12 KEYWORDS

Social Responsibility: It refers to the businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest.

Corporate Social Responsibility: This is the entire range of obligations business has to society

Values: These are the beliefs and attitudes of a person which form his frame of reference.

3.13 SELF-ASSESSMENT Test

1. What do you mean by social responsibility of a business?
2. Write a detailed note on personal values.
3. What are the reasons for increased social consciousness among businessman? Explain.
4. Explain the arguments in favor of and against social responsibilities.

3.14 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks:

1. The **social responsibility** of business refers to such decisions and activities of a business firm which provide for the **welfare** of the society as a whole along with the earning of **profit** for the firm.
2. Profit maximizing manager has a personal set of **values** which reflects his

economic **thinking**.

3. Values are the **beliefs** and **attitudes** of a person which form his frame of reference.
4. Business is an integral part of the **social system** which has to care for the varied needs of the society.
5. Social involvement may create a better **public image** for the company.

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Subject: Management Concepts and Organizational Behaviour

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Lesson No: 04 **Vetter: Dr. B. S. Bodla**

PLANNING

STRUCTURE

4.0 LEARNING OBJECTIVES

This lesson will make you to:

- Understand and the nature and process of planning.
- Appreciate, why it is necessary to do planning.
- Understand the merits and demerits of planning.
- Grasp the principles of planning and to understand the various kinds and level of plans.

4.1 INTRODUCTION

The necessity for planning arises because of the fact that business organizations have to operate, survive and progress in a highly dynamic economy where change is the rule, not the exception. The change may be sudden and extensive, or it may be slow and almost imperceptible. Some of the important forces of change may be: changes in technology, changes in population and income distribution, changes in the tastes of consumers, changes in competition, changes in government policies etc. These changes often give rise to innumerable problems and throw countless challenges. Most of these changes are thrust on managers thus, managers are forced to adjust their activities in order to take full advantage of favorable developments or to minimize the adverse effects of unfavorable ones.

4.2 THE CONCEPT OF PLANNING

Planning is the most fundamental function of management. An organization can succeed in effective utilization of its human financial and material resources only when its management decides in advance its objectives, and methods of achieving them. Without it purposive and coordinated effort is not possible, and what results are chaos, confusion and wastage of resources. Planning involves determination of objectives of the business, formation of programmes and courses of action for their attainment, development of schedules and timings of action and assignment of responsibilities for their implementation. Planning thus precedes all efforts and action, as it is the plans and programmes that determine the kind of decisions and activities required for the attainment of the desired goals. It lies at the basis of all other managerial functions including organizing, staffing, directing and controlling. In the absence of planning, it will be impossible to decide what activities are required, how they should be combined into jobs and departments, who will be responsible for what kind of decisions and actions, and how various decisions and activities are to be coordinated. And, in the absence of organizing involving the above managerial activities, staffing cannot proceed, and directing cannot be exercised. Planning is also an essential prerequisite for the performance of control function, as it provides criteria for evaluating performance. Planning thus precedes all managerial functions.

Definition of Planning: Planning is the process of deciding in advance what is to be done, who is to do it, how it is to be done and when it is to be done. It is the process of determining a course of action, so as to achieve the desired results. It helps to bridge the gap from where we are, to where we want to go. It makes it possible for things to occur which would not otherwise happen. Planning is a higher order mental process requiring the use of intellectual faculties, imagination, foresight and sound judgment. According to Koontz, O'Donnell and Weihrich, *"Planning is an intellectually demanding process; it requires the conscious determination of courses of action and the basing of decisions on purpose, knowledge and considered estimates".*

Planning is a process which involves anticipation of future course of events and deciding the best course of action. It is a process of thinking before doing. To plan is to produce a scheme for future action; to bring about specified results, at specified cost, in a specified period of time. It is deliberate attempt to influence, exploit, bring about, and control the nature, direction, extent, speed and effects of change. It may even attempt deliberately to create change, remembering always that change (like decision) in any one sector will in the same way affect other sectors. Planning is a deliberate and conscious effort done to formulate the design and orderly sequence actions through which it is expected to reach the objectives. Planning is a systematic attempt to decide a particular course of action for the future, it leads to determination of objectives of the group activity and the steps necessary to achieve them. Thus, it can be said that planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

Planning is thus deciding in advance the future state of business of an enterprise, and the means of attaining it. Its elements are:

a) What will be done – what are the objectives of business in the short and in the long run?

b) What resources will be required – This involves estimation of the available and potential resources, estimation of resources required for the achievement of objectives, and filling the gap between the two, if any.

c) How it will be done – This involves two things: (i) determination of tasks, activities, projects, programmes, etc., required for the attainment of objectives, and (ii) formulation of strategies, policies, procedures, methods, standard and budgets for the above purpose.

d) Who will do it – It involves assignment of responsibilities to various managers relating to contributions they are expected to make for the attainment of enterprise objectives. This is preceded by the breaking down of the total enterprise objectives into segmental objectives, resulting into divisional, departmental, sectional and individual objectives.

e) When it will be done – It involves determination of the timing and sequence, if any, for the performance of various activities and execution of various projects and their parts.

4.3 MYTHS ABOUT PLANNING

There are certain commonly prevalent myths and fallacies about planning. An attempt is being made to highlight some of the important concepts of planning by way of its distinguishing features, so as to clarify the misconceptions:

(i) **Planning does no attempt to make future decisions:** Planning choosing of the more desirable future alternatives open to a company, is the process so that better decisions may be made. Planning provides a frame of reference within which the present decisions are to be made. At the same time, a plan often leads to additional but related decisions. For example, a college plan to introduce a new degree or diploma, necessitates the need for decisions like what should be the duration of the course leading to the degree or diploma, together with detailed curricula in the specific courses to be included, the system of evaluation of examination, and the necessary practical training, if any, etc.

(ii) **Planning is not just forecasting or making projections**: Forecasts are mere estimates of the future, and indicate what may or may not happen. However, corporate planning goes beyond these forecasts and asks questions like:

(a) Are we in right business?

(b) What are our basic goals and objectives?

(c) When shall our present products become obsolete?

(d) Are our markets expanding or shrinking?

(e) Do we want to merge or go for takeover?

(iii) Planning is not a static process: Indeed, plans are obsolete as soon as they are executed, because the environment assumed in their preparation may have already changed. Planning is a continuous process. It involves continuous analysis and adjustments of the plans and even objectives in the context of changing circumstances.

4.4 NATURE AND SCOPE OF PLANNING

The nature of planning can be understood by focusing on its following aspects:

1. Planning is a Continuous Process

Planning deals with the future, and future, by its very nature, is uncertain. Although the planner bases his plans on an informed and intelligent estimate of the future, the future events may not turnout to be exactly as predicted. This aspect of planning makes it a continuous process. Plans tend to be a statement of future intentions relating to objectives and means of their attainment. They do not acquire finality because revisions are needed to be made in them in response to changes taking place in the internal as well as external environment of enterprise. Planning should, therefore, be a continuous process and hence no plan is final, it is always subject to a revision.

2. Planning concerns all Managers

It is the responsibility of every manager to set his goals and operating plans. In doing so, he formulates his goals and plans within the framework of the goals and plans of his superior. Thus, planning is not the responsibility of the top management or the staff of planning department only; all those who are responsible for the achievement of results, have an obligation to plan into the future. However, managers at higher levels, being responsible for a relatively larger unit of the enterprise, devote a larger part of their time to planning, and the time span of their plans also tends to be longer than that of managers at lower levels. It shows that planning acquires greater importance and tends to the longer in the future at higher than at lower management levels.

3. Plans are arranged in a Hierarchy

Plans are first set for the entire organization called the corporate plan. The corporate plan provides the framework for the formulation of divisional departmental and sectional goals. Each of these organizational components sets its plans laying down the programmes, projects, budgets, resource requirements, etc. The plans of each lower component are aggregated into the plans of successively higher component until the corporate plan integrates all component plans into a composite whole. For example, in the production department, each shop superintendent sets his plans, which are successively integrated into the general foremen's, works manager's and production manager's plans. All departmental plans are then integrated in the corporate plan. Thus, there is a hierarchy of plans comprising the corporate plan, divisional/department plans, sectional plans and individual manger's unit plans.

4. Planning Commits an Organization into the Future

Planning commits an organization into the future, as past, present and future is tied in a chain. An organization's objectives, strategies, policies and operating plans affect its future effectiveness, as decisions made and activities undertaken in the present continue to have their impact into the future. Some of the plans affect the near future, while others affect it in the long run. For example, plans for product diversification or production capacity affect a company long into the future, and are not easily reversible, whereas plans relating to the layout of its office locations can be changed with relatively less difficulty in the future. This focuses on the need for better and more careful planning.

5. Planning is Antithesis of States Quo

Planning is undertaken with the conscious purpose of attaining a position for the company that would not be accomplished otherwise. Planning, therefore, implies change in organizational objectives, policies, products, marketing strategies and so forth. However, planning itself is affected by unforeseen environmental changes.

It, therefore, needs examination and re-examination, continual reconsideration of the future, constant searching for more effective methods and improved results.

Planning is thus an all pervasive, continuous and dynamic process. It imposes on all executives a responsibility to estimate and anticipate the future, prepare the organization to cope with its challenges as well as take advantage of the opportunities created by it, while at the same time, influence tomorrow's events by today's pre-emptive decisions and actions.

4.5 IMPORTANCE OF PLANNING

While planning does not guarantee success in organizational objectives, there is evidence that companies that engaged in formal planning consistently performed better than those with none or limited formal planning and improved their own performance over a period of time. It is very rare for an organization to succeed solely by luck or circumstances. Some of the reasons as to why planning is considered a vital managerial function are given below:

1. **Planning is essential in modern business:** The growing complexity of the modern business with rapid technological changes, dynamic changes in the consumer preferences and growing tough competition necessities orderly operations, not only in the current environment but also in the future environment. Since planning takes a future outlook, it takes into account the possible future developments.

2. **Planning affects performance:** A number of empirical studies provide evidence of organizational success being a function of formal planning, the success being measured by such factors as return on investment, sales volume, growth in earnings per share and so on. An investigation of firms in various industrial products as machinery, steel, oil, chemicals and drugs revealed that companies that engaged in formal planning consistently performed better than those with no formal planning.

3. **Planning puts focus on objectives:** The effectiveness of formal planning is primarily based upon clarity of objectives. Objectives provide a direction and all planning decisions are directed towards achievement of these objectives. Plans continuously reinforce the importance of these objectives by focusing on them. This ensures maximum utility of managerial time and efforts.

4. **Planning anticipates problems and uncertainties:** A significant aspect of any formal planning process in collection of relevant information for the purpose of forecasting the future as accurately as possible. This would minimize the chances of haphazard decisions. Since the future needs of the organization are anticipated in advance, the proper acquisition and allocation of resources can be planned, thus minimizing wastage and ensuring optimal utility of these resources.

5. **Planning is necessary to facilitate control:** Controlling involves the continual analysis and measurement of actual operations against the established standards. These standards are set in the light of objectives to by achieved. Periodic reviews of operations can determine whether the plans are being implemented correctly. Well developed plans can aid the process of control in two ways.

First, the planning process establishes a system of advance warning of possible deviations from the expected performance. Second contribution of planning to the control process is that it provides quantitative data which would make it easier to compare the actual performance in quantitative terms, not only with the expectations of the organization but also with the industry statistics or market forecasts.

6. Planning helps in the process of decision making: Since planning specifies the actions and steps to be taken in order to accomplish organizational objectives, it serves as a basis for decision-making about future activities. It also helps managers to make routine decisions about current activities since the objectives, plans, policies, schedules and so on are clearly laid down.

4.6 ADVANTAGES AND LIMITATIONS OF PLANNING

The importance of formal planning has already been discussed. A vigorous and detailed planning programme helps managers to be future oriented. It gives the mangers some purpose and direction. A sound blue print for plans with specific objective and action statements has numerous advantages for the organization which are as follows:

1. **Focuses Attention on Objectives:** Since all planning is directed towards achieving enterprise objectives, the very act of planning focuses attention on these objectives. Laying down the objectives is the first step in planning. If the objectives are clearly laid down, the execution of plans will also be directed towards these objectives.

2 **Ensures Economical Operation:** Planning involves a lot of mental exercise which is directed towards achieving efficient operation in the enterprise. It substitutes joint directed effort for uncoordinated piecemeal activity, even flow of work for uneven flow, and deliberate decisions for snap judgement costs. This helps in better utilization of resources and thus minimizing costs.

3. **Reduces Uncertainty:** Planning helps in reducing uncertainties of future because it involves anticipation of future events. Effective planning is the result of deliberate thinking based on facts and figures. It involves forecasting also. Planning gives an opportunity to a business manager to foresee various uncertainties which may be caused by changes in technology, taste and fashion of the people, etc. Sufficient provision is made in the plans to offset these uncertainties.

4. Facilitates Control: Planning helps the managers in performing their function of control. Planning and control are inseparable in the sense that unplanned action cannot be controlled because control involves keeping activities on the predetermined course by rectifying deviations from plans. Planning helps control by furnishing standards of control. It lays down objectives and standards of performance which are essential for the performance of control function.

5. **Encourages Innovation and Creativity:** Planning is basically the deciding function of management. It helps innovative and creative thinking among the managers because many new ideas come to the mind of a manager when he is planning. It creates a forward looking attitude among the managers.

6. **Improves Motivation:** A good planning system ensures participation of all managers which improves their motivation. It improves the motivation of workers also because they know clearly what is expected of them. Moreover, planning serves as a good training device for future managers.

7. **Improves Competitive Strength:** Effective planning gives a competitive edge to the enterprise over other enterprises that do not have planning or have ineffective planning. This is because planning may involve expansion of capacity, changes in work methods, changes in quality, anticipation tastes and fashion of people and technological changes, etc.

8. **Achieves Better Coordination:** Planning secures unity of direction towards the organizational objectives. All the activities are directed towards the common goals. There is an integrated effort throughout the enterprise. It will also help in avoiding duplication of efforts. Thus, there will be better coordination in the organization.

Limitations of Planning: Sometimes, planning fails to achieve the expected results. There are many causes of failure of planning in practice. These are discussed below:

1. **Lack of reliable data:** There may be lack of reliable facts and figures over which plans may be based. Planning loses its value if reliable information is not

available or if the planner fails to utilize the reliable information. In order to make planning successful, the planner must determine the reliability of facts and figures and must base his plans on reliable information only.

2. **Lack of initiative:** Planning is a forward looking process. If a manager has a tendency to follow rather than lead, he will not be able to make good plans. Therefore, the planner must take the required initiative. He should be an active planner and should take adequate follow up measure to see that plans are understood and implemented properly.

3. **Costly process:** Planning is time consuming and expensive process. This may delay action in certain cases. But it is also true that if sufficient time is not given to the planning process, the plans so produced may prove to be unrealistic. Similarly, planning involves costs of gathering and analyzing information and evaluation of various alternatives. If the management is not willing to spend on planning, the results may not be good.

4. **Rigidity in organizational working:** Internal inflexibility in the organization may compel the planners to make rigid plans. This may deter the managers from taking initiative and doing innovative thinking. So the planners must have sufficient discretion and flexibility in the enterprise. They should not always be required to follow the procedures rigidly.

5. **Non-acceptability of change:** Resistance to change is another factor which puts limits on planning. It is a commonly experienced phenomenon in the business world. Sometimes, planners themselves do not like change and on other occasions they do not think it desirable to bring change as it makes the planning process ineffective.

6. **External limitations:** The effectiveness of planning is sometimes limited because of external factors which are beyond the control of the planners. External strategies are very difficult to predict. Sudden break-out of war, government

control, natural havocs and many other factors are beyond the control of management. This makes the execution of plans very difficult.

7. **Psychological barriers:** Psychological factors also limit the scope of planning. Some people consider present more important than future because present is certain. Such persons are psychologically opposed to planning. But it should not be forgotten that dynamic mangers always look ahead. Long-range wellbeing of the enterprise cannot be achieved unless proper planning is done for future.

4.7 MEASURES TO OVERCOME LIMITATIONS OF PLANNING

Some people say that planning is a mere ritual in the fast changing environment. This is not a correct assessment on managerial planning. Planning may be associated with certain difficulties such as non-availability of data, lethargy on the part of the planners, rigidity of procedures, resistance to change and changes in external environment. But these problems can be overcome by taking the following steps:

1. Setting Clear-cut Objectives: The existence of clear-cut objectives is necessary for efficient planning. Objectives should not only be understandable but rational also. The overall objectives of the enterprise must be the guiding pillars for determining the objectives of various departments. This would help in having coordinated planning in the enterprise.

2. **Management Information System:** An efficient system of management information should be installed so that all relevant facts and figures are made available to the mangers before they perform the planning function. Availability of right type of information will help in overcoming the problems of complete understanding of the objectives and resistance to change on the part of the subordinates.

3. **Carefully Premising:** The planning premises constitute a framework within which planning is done. They are the assumptions of what is likely to happen in future. Planning always requires some assumptions to be made regarding future happenings. In other words, it is a prerequisite to determine future settings such as marketing, pricing, Government policy, tax structure, business cycle, etc. before giving the final shape to the overall business plan. Due weightage should be given to the relevant factors at the time of premising. It may be pointed out that the premises which may be of strategic significance to one enterprise may not be of equal significance to another because of size, nature of business, nature of market, etc.

4. Business Forecasting: Business is greatly influenced by economic, social, political and international environment. The management must have a mechanism of forecasting changes in such environment. Good forecasts will contribute to the effectiveness of planning.

5. Dynamic Managers: The persons concerned with the task of planning should be dynamic in outlook. They must take the required initiative to make business forecasts and develop planning premises. A manager should always keep in mind that planning is looking ahead and he is making plans for future which is highly uncertain.

6. **Flexibility:** Some element of flexibility must be introduced in the planning process because modern business operates in an environment which keeps on changing. For achieving effective results, there should always be a scope to make necessary addition, deletion, or alternation in the plans as is demanded by the circumstances.

7. **Availability of Resources:** Determination and evaluation of alternatives should be done in the light of resources available to the management. Alternatives are always present in any decision problem. But their relative plus and minus

points are to be evaluated in the light of the resources available. The alternative which is chosen should not only be concerned with the objectives of the enterprise, but also capable of being accomplished with the help of the given resources.

8. **Cost-Benefit Analysis:** The planners must undertake cost-benefit analysis to ensure that the benefits of planning are more than the cost involved in it. This necessarily calls for establishing measurable goals, clear insight to the alternative courses of action available, premising reasonable and formulation of derivative plans keeping in view the fact that environment is fast changing.

4.8 BASIC PRINCIPLES OF PLANNING

The important principles of planning are as follows:

1. **Principle of contribution to objective:** The purpose of plans and their components is to develop and facilitate the realization of organizational aims and objectives. Long-range plans should be interwoven with medium-range plans which, in turn, should be meshed with short-range ones in order to accomplish organizational objectives more effectively and economically.

2. **Principle of limiting factors:** Planning must take the limiting factors (manpower, money, machines, materials, and management) into account by concentrating on them when developing alternative plans, strategies, policies, procedures and standards.

3. **Principle of pervasiveness of planning:** Planning is found at all levels of management. Strategic planning or long-range planning is related to top management, while intermediate and short-range planning is the concern of middle and operative management respectively.

4 **Principle of navigational change:** This principle requires that managers should periodically check on events and redraw plans to maintain a course towards a desired goal. It is the duty of the navigator to check constantly, whether his ship

is following the right direction in the vast ocean to reach the distinction as scheduled. In the same way, a manager should check his plans to ensure that these are processing as required. He should change the direction of his plans if he faces unexpected events. It is useful if plans contain an element of flexibility. It is the responsibility of the manager, to adapt and change the direction of plans, to meet the challenge of constantly changing environment that could not be foreseen.

5. **Principle of flexibility:** Flexibility should be built into organizational plans. Possibility of error in forecasting and decision-making and future uncertainties is the two common factors which call for flexibility in managerial planning. The principal of flexibility states the management should be able to change an existing plan because of changes in environment, without due cost or delay, so that activities keep moving towards established goals. Thus, an unexpected slump in demand for a product will require change in sales plan as well ass production plan. Change in these plans can be introduced, only when these possess the characteristics of flexibility. Adapting plans to suit future uncertainties or changing environment is easier if flexibility is an important consideration while planning.

4.9 CATEGORIES AND LEVELS OF PLANNING

Planning can be classified on different bases which are discussed below:

1. Strategic and Functional Planning: In strategic or corporate planning, the top management determines the general objectives of the enterprise and the steps necessary to accomplish them in the light of resources currently available and likely to be available in the future. Functional planning, on the other hand, is planning that covers functional areas like production, marketing, finance and purchasing.

2. Long-range and short-range planning: Long-range planning sets long-term goals of the enterprise and then proceeds to formulate specific plans for attaining these goals. It involves an attempt to anticipate, analyze and make decisions about basic problems and issues which have significance reaching well beyond the present operating horizon of the enterprise. Short-range planning, on the other hand, is concerned with the determination of short-term activities to accomplish long-term with the determination of short-term activities to accomplish long-term objectives. Short range planning relates to a relatively short period and has to be consistent with the long-range plans. Operational plans are generally related to short periods.

3. **Adhoc and Standing Planning:** Adhoc planning committees may be constituted for certain specific matters, as for instance, for project planning. But standing plans are designed to be used over and over again. They include organizational structure, standard procedures, standard methods etc.

4. Administrative and Operational Planning: Administrative planning is done by the middle level management which provides the foundation for operative plans. Operative planning, on the other hand, is done by the lower level mangers to put the administrative plans into action.

5. Physical Planning: It is concerned with the physical location and arrangement of building and equipment.

6. Formal and Informal Planning: Various types of planning discussed above are of formal nature. They are carried on systematically by the management. They specify in black and white the specific goals and the steps to achieve them. They also facilitate the installation of internal control systems. Informal planning, on the other hand, is mere thinking by some individuals which may become the basis of formal planning in future.

LEVELS OF PLANNING

In management theory it is usual to consider that there are three basic level of planning, though in practice there may be more than three levels of management and to an extent there will be some overlapping of planning operations. The three level of planning are as under:

1. **Top Level Planning:** Also known as overall or strategic planning, top level planning is done by the top management, i.e. board of directors or governing body. It encompasses the long-range objectives and policies of organization and is concerned with corporate results rather than sectional objective. Top level planning is entirely long-range and is inextricably linked with long-term objectives. It might be called the 'what' of planning.

2. **Second Level Planning:** Also known as tactical planning, it is done by middle level mangers or department heads. It is concerned with 'how' of planning. It deals with deployment of resources to the best advantage. It is concerned mainly, but not exclusively, with long-range planning, but its nature is such that the time spans are usually shorter than those of strategic planning. This is because its attentions are usually devoted to the step by step attainment of the organization's main objectives. It is, in fact, oriented to functions and departments rather than to the organization as a whole.

3. **Third Level Planning:** Also known as operational or activity planning, it is the concern of department managers and supervisors. It is confined to putting into effect the tactical or departmental plans. It is usually for short-term and may be revised quite often to be in tune with the tactical planning.

4.10 ESSENTIAL STEPS IN PLANNING

Planning is a process which embraces a number of steps to be taken. It is an intellectual exercise and a conscious determination of courses of action. Therefore, it requires a serious thought on numerous factors necessary to be considered in making plans. Facts are collected and analyzed and the best out of all is chosen and adopted. The planning process, valid for one organization and for one plan, may not be valid for all other organizations or all types of plans, because various factors that go into planning process may differ from organization to organization or plan to plan. For example, planning process for a large organization may not be the same as for a small organization. The steps generally involved in planning are as follows:

1. Establishing Verifiable Goals or Set of Goals to be Achieved: The first step in planning is to determine the enterprise objectives. These are most often set by upper level or top managers, usually after a number of possible objectives have been carefully considered. There are many types of objectives managers may select: a desired sales volume or growth rate, the development of a new product or service, or even a more abstract goal such as becoming more active in the community. The type of goal selected will depend on number of factors: the basic mission of the organization, the values its managers hold, and the actual and potential ability of the organization.

2. Establishing Planning Premises: The second step in planning is to establish planning premises, i.e. certain assumptions about the future on the basis of which the plan will be intimately formulated. Planning premises are vital to the success of planning as they supply economic conditions, production costs and prices, probable competitive behavior, capital and material availability, governmental control and so on.

3. **Deciding the planning period:** Once upper-level managers have selected the basic long-term goals and the planning premises, the next task is to decide the period of the plan. Business varies considerably in their planning periods. In some instances, plans are made for a year only while in others they span decades. In each case, however, there is always some logic in selecting a particular time range for planning. Companies generally base their period on a future that can reasonably be anticipated. Other factors which influence the choice of a period are as: (a) lead time in development and commercialization of a new product; (b) time

required to recover capital investments or the pay back period; and (c) length of commitments already made.

4. **Findings Alternative Courses of Action:** The fourth step is planning is to search for and examining alternative courses of action. For instance, technical know-how may be secured by engaging a foreign technician or by training staff abroad. Similarly, products may be sold directly to the consumer by the company's salesmen or through exclusive agencies. There is seldom a plan for which reasonable alternatives do not exit, and quite often an alternative that is not obvious proves to be the best.

5. **Evaluating and Selecting a Course of Action:** Having sought alternative courses, the fifth step is to evaluate them in the light of the premises and goals and to select the best course or courses of action. This is done with the help of quantitative techniques and operations research.

6. **Developing Derivative plans:** Once the plan has been formulated, its broad goals must be translated into day-to-day operations of the organization. Middle and lower-level managers must draw up the appropriate plans, programmes and budgets for their sub-units. These are described as derivative plans. In developing these derivative plans, lower-level managers take steps similar to those taken by upper-level managers – selecting realistic goals, assessing their sub-units particular strength and weaknesses and analyzing those parts of the environment that can affect them.

7. **Measuring and Controlling the Progress:** Obviously, it is foolish to let a plan run its course without monitoring its progress. Hence the process of controlling is a critical part of any plan. Managers need to check the progress of their plans so that they can (a) take whatever remedial action is necessary to make the plan work, or (b) change the original plan if it is unrealistic.

4.11 CHECK YOUR PROGRESS

Fill in the Blanks:

1. ------------- is also an essential prerequisite for the performance of control function.
2. Planning is a higher order --------- process requiring the use of intellectual faculties, imagination, foresight and sound judgment.
3. Planning is a ----------- process.
4. The effectiveness of ------------ is primarily based upon clarity of -------------------.
5. Planning serves as a basis for -------------- about -------------- activities.

4.12 SUMMARY

Planning has a primacy over other management functions and is a pervasive element in organizations. It involves the major activities such as setting objectives, determining policies and making decisions. Planning is a higher order mental process requiring the use of intellectual faculties, imagination, foresight and sound judgement. By planning managers minimize uncertainty and help focus the sight of their organization on its goals.

4.13 KEYWORDS

Planning: An act of formulating a program for a definite course of action.

Functional Planning: It is planning that covers functional areas like production, marketing, finance and purchasing.

Physical Planning: It is concerned with the physical location and arrangement of building and equipment.

4.14 SELF ASSESSMENT TEST

1. "Managerial planning seeks to achieve a coordinated structure of operations". Comment.

2. "Without planning an enterprise would soon disintegrate, its actions would be as random as leaves scampering before an autumn wind, and its employee as confused as ants in an upturned ant hill". Comment
3. What do you understand by planning? Define its objectives and assess its importance. What should be done to overcome its limitations?
4. "Planning involves a choice between alternative courses of action". Comment briefly.
5. Describe in detail the steps involved in the planning process.

4.15 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. **Planning** is also an essential prerequisite for the performance of control function.
2. Planning is a higher order **mental** process requiring the use of intellectual faculties, imagination, foresight and sound judgment.
3. Planning is a **continuous** process.
4. The effectiveness of **formal planning** is primarily based upon clarity of **objectives**.
5. Planning serves as a basis for **decision-making** about **future** activities.

4.16 REFERENCES/SUGGESTED READINGS

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Subject: Management Concepts and Organizational Behaviour

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Lesson No: 05 **Vetter: Prof. Harbhajan Bansal**

ORGANISING

STRUCTURE

5.0 LEARNING OBJECTIVES

After reading this lesson, the students will be able to:

- Understand the meaning, characteristics and nature of organization.
- Explain steps in designing effective organization; to analyze formal and informal organization.
- Understand the nature of different types of organizations.

5.1 INTRODUCTION

Organization is the backbone of management. Without efficient organization, no management can perform its functions smoothly. Sound organization contributes greatly to the continuity and success of the enterprise. Once Andrew Carnagie, an American industrialist said, "Take away our factories, take away our trade, our avenues of transportation, our money. Leave nothing but our organization, and in four years we shall have re-established ourselves". That shows the significance of managerial skills and organization. However, good organization structure does not by itself produce good performance – just as good constitution does not guarantee great presidents or good laws a moral society. But a poor organization structure makes good performance impossible, no matter how good the individuals may be. The right organizational structure is the necessary foundation; without it the best performance in all other areas of management will be ineffectual and frustrated.

5.2 MEANING AND CHARACTERISTICS OF ORGANISATION

The term 'organization' connotes different meanings to different people. Many writers have attempted to state the nature, characteristics and principles of organization in their own may. For instance, to the sociologists organization means a study of the interactions of the people, classes, or the hierarchy of an enterprise; to the psychologist’s organization means an attempt to explain, predict and influence behaviour of individuals in an enterprise; to a top level executive it may mean the weaving together the functional components in the best possible combination so that an enterprise can achieve its goals. The word 'organization' is also used widely to connote a group of people and the structure of relationships.

Some important definitions of organization are given below:

"It is grouping of activities necessary to attain enterprise objectives and the assignment of each grouping to a manager with authority necessary to supervise it". Koontz and O'Donnel

"The process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work more effectively together in accomplishing objects". Louis A. Allen

"The structure and process by which a cooperative group of human beings allocates its tasks among its members, identifies relationship, and integrates its activities towards common objectives". Joseph L. Massive

From the above definitions, it is clear that organizing is the process of determining the total activities to achieve a given objective, grouping and assigning of activities to individuals, delegating them authority necessary to perform the activities assigned and establishing authority relationship among different positions in the organization.

An analysis of the above definitions reveals the following characteristics of an organization:

1. It is a group of individuals which may be large or small.
2. The group in the organization works under the executive leadership.
3. It is a machine or mechanism of management.

4. It has some directing authority or power which controls the concerted efforts of the group.
5. The division of labour, power and responsibilities are deliberately planned.
6. It implies a structure of duties and responsibilities.
7. It is established for accomplishment of common objectives
8. It is a functional concept.

Sound organization brings about the following advantages:

1. Facilitates attainment of the objectives of the enterprise.
2. Facilitates optimum use of resources and new technological development.
3. Facilitates growth and diversification.
4. Stimulates creativity and innovation.
5. Facilities effective communication.
6. Encourages better relations between the labour and the management.
7. Increase employee satisfaction and decreases employee turnover.

5.3 NATURE OF ORGANISATION

The term 'organization' is used in two different senses. In the first sense it is used to denote the process of organizing. In the second sense, it is used to denote the results of that process, namely, the organizational structure. So, the nature of organization can be viewed in two ways:

(a) Organization as a process; and

(b) Organization as a structure or framework of relationship.

Organization as a process: As a process, organization is an executive function. It becomes a managerial function involving the following activities:

(i) Determining activities necessary for the accomplishment of the business objective.

(ii) Grouping of interrelated activities.

(iii) Assigning duties to persons with requisite competence,

(iv) Delegating authority, and

(v) Coordinating the efforts of different persons and groups.

When we consider organization as a process, it becomes the function of every manager. Organizing is a continuous process and goes on throughout the life time of an enterprise. Whenever there is a change in the circumstances or material change in situation, new type of activities springs up. So, there is a need for constant review and reassignment of duties. Right persons have to be recruited and necessary training has to be imparted to enable them to be competent to handle the jobs.

The process of organization thus, involves dividing the work into rational way and interpreting the activities with work situation and personnel. It also represents humanistic view of the enterprise since it is the people which are uppermost in the process of integration of activities. Continuous review and adjustment makes this dynamic as well.

Organization as a structure or framework of relationships: As structure, organization is a network of internal authority, responsibility relationships. It is the framework of relationship of persons, operating at various levels, to accomplish common objectives. An organization structure is a systematic combination of people, functions and physical facilities. It constitutes a formal structure with definite authority and clear responsibility. It has to be first designed for determining the channel of communication and flow of authority and responsibility. For this, analysis of different types has to be done. Peter F. Drucker suggests following three types of analysis:

(i) Activities analysis

(ii) Decision analysis, and

(iii) Relations analysis,

A hierarchy has to be built-up i.e., a hierarchy of positions with clearly defined authority and responsibility. The accountability of each functionary has to be specified. Therefore, it has to be put into practice. In a way, organization can be called a system as well.

The main emphasis here is on relationships or structure rather than on persons. The structure once built is not liable to change so soon. This concept of organization is, thus, a static one. It is also called classical concept. Organization charts are prepared depicting the relationship of different persons.

In an organizational structure, both formal and informal organizations take shape. The former is a per-planned one and defined by the executive action. The latter is a spontaneous formation, being laid down by the common sentiments, interactions and other interrelated attributes of the people in the organization. Both formal and informal organizations, thus, have structure.

5.4 STEPS IN THE PROCESS OF ORGANISING

The managerial function of organizing may be called as the 'process of organizing'. When the objectives have been set and policies framed, the necessary infrastructure of organization has to be built up. The concentration goes to activities and functions. These form 'the building blocks' of the organizational structure. There are no such rules as to which will lead to the best organizational structure. But the following steps can be of great help in the designing a suitable structure, which will have laid in achieving enterprise objectives:

1. **Clear definition of objectives:** The first step in developing an organizational structure is to lay down its objectives in very clear terms. This will

help in determining the type, stability and basic characteristics of the organization. In fact, organization activities are detailed in terms of objective to be achieved.

2. **Determining activities:** In order to achieve the objectives of the enterprise, certain activities are necessary. The activities will depend upon the nature and size of the enterprise. For example, a manufacturing concern will have production, marketing and other activities. There is no production activity in retail establishment. Each major activity is divided into smaller parts. For instance, production activity may be further divided into purchasing of materials, plant layout, quality control, repairs and maintenance, production research etc.

3. **Assigning duties:** The individual groups of activities are then allotted to different individuals according to their ability and aptitude. The responsibility of every individual should be defined clearly to avoid duplication and overlapping of efforts. Each person is given a specific job suited to him and he is made responsible for its execution. Right man is put in the right job.

4. **Delegating authority:** Every individual is given the authority necessary to perform the assigned activity effectively. By authority we mean power to take decisions, issue instructions, guiding the subordinates, supervise and control them. Authority delegated to a person should commensurate with his responsibility. An individual cannot perform his job without the necessary authority or power. Authority flows from top to bottom and responsibility from bottom to top.

5. **Coordinating activities:** The activities and efforts of different individuals are then synchronized. Such coordination is necessary to ensure effective performance of specialized functions. Interrelationship between different job and individuals are clearly defined so that everybody knows from whom he has to take orders and to whom he is answerable.

6. **Providing physical facilities and right environment:** The success of an organization depends upon the provision of proper physical facilities and right

environment. Whereas it is important to have right persons on right jobs, it is equally important to have right working environment. This is necessary for the smooth running and the prosperity of the enterprise.

7. **Establishment of structural relationship for overall control:** It is very essential to establish well defined clear-cut structural relationships among individuals and groups. This will ensure overall control over the working of all departments and their coordinated direction towards the achievements of predetermined goals of business.

It is thus clear from the foregoing analysis that organization provides a structural framework of duties and responsibilities. It not only establishes authority relationship but also provides a system of communication. The various processes of organization explained above are technically performed through (a) departmentation (b) delegation of authority and fixation of responsibilities and (c) decentralization of authority subject to central control through centralization of decision-making.

5.5 OBJECTIVES OF ORGANISING

Every economic activity which is deliberately done has some purpose. When a group of people assemble without any per-planed aim or purpose, it is not an organization but just a mob. But when, for instance they are invited to participate in a conference, an element of purpose has been introduced. A purpose refers to commitment to desired future. Objectives and purposes, generally, are interchangeable terms.

Why should business enterprise organize itself? The answer to this question brings out its objectives. Objectives of a business organization are distinguished from the objectives of other social organizations. To put it more precisely, the nature of an organization (i.e. political, social, religious or economic) can only be known by studying its objectives.

The following may be, generally speaking, the objectives (or purpose) of organizing business:

1. **Effective management of the enterprise:** Effective management largely depends upon effective organization. It is the effective organization which ensures proper balance between authority and responsibility. It achieves a clear line of communication, and defines the areas of work. It is the organization which allows the top management to concentrate on overall planning and supervision, leaving the routine work for the lower levels of administration. It saves the entire enterprise from adhocism, over-lappings and inefficiency.

2. **Maximum production at minimum cost:** The activities are allotted according to the principle of division of labour. The efficient system of organization encourages every employee to make his best contribution in raising output. The increase in output and control of wasteful expenditure helps to decrease the cost of production. The profitability of the concern will also go up.

3. **Sustained growth and diversification:** A business enterprise should be a growing organism. With the passage of time, an enterprise must expand its activities. It should also aim at diversification of products and markets.

A static business soon grows stale and get out of run. It should grow from a small scale concern to a medium scale one and from a medium scale concern to large scale one. Organization plays an important role in this respect. Execution of policies in organized manner builds the necessary capacity and confidence in undertaking bigger activities.

4. **Cooperation of employees:** The organizational structure will succeed only if employees cooperate in the work. The employees learn working in closer cooperation of others. The management introduces various incentive schemes and gives monetary and other benefits to the employees, so that they work in a team spirit.

5. **Discharging social responsibility:** Maximizing of profits, no doubt, is the motive of every business. Without profit, no business can exist. But business is a part and parcel of society at large. It cannot survive long by exploiting consumers and society. It has to serve the society by providing it with goods of good quality at reasonable prices. It has to ensure smooth supply of goods as per the needs to consumers. The service motto cannot be realized without a well-knit organization structure. So, to discharge social obligation is an important objective of building up sound organization.

The purpose of sound organization is:

(i) to establish an activity-authority environment in which people can perform most effectively.

(ii) to make group action efficient and effective by providing centres for decision making and a system of communication to effectively coordinate individual efforts towards group-goals.

(iii) to create relationships which minimize friction, focus on the objective, closely define the responsibilities of all parts and facilitate the attainment of the objective.

(iv) to subdivide the management process by which plans are translated into actions so as to make management most effective.

Thus, to sum up we can say that organization is a process by which the manger brings order out of chaos, removes conflicts between people over work or responsibility, and establishes an environment suitable for teamwork.

5.6 PRINCIPLES OF ORGANISATION

Effective and efficient working of any organization depends on how the managerial function of organization is being performed. The function of organization can be carried effectively with the help of under mentioned principles:

(i) **Division of work:** While structuring organization, division of work, at the very outset, should be considered as the basis of efficiency. It is an established fact that group of individuals can secure better results by having division of work. Therefore, while designing the organization we should aim at making suitable grouping of activities. This is also called the principle of specialization.

(ii) Attention to objectives: An organization is a mechanism to accomplish certain goals or objectives. The objectives of an organization play an important role in determining the type of structure which should be developed. Clearly defined objectives facilitate grouping of activities, delegation of authority and consequently effective coordination.

(iii) **Span of management:** Span of management also refers to span of control signifying the number of subordinates reporting directly to any executive. It is an established fact that larger the number of subordinates reporting directly to the executive, the more difficult it tends to be for him to supervise and coordinate them effectively. This important principle of management should also be kept in mind.

(iv) **Unity of command:** Organization structure should also be designed in such a way that there exists unity of command in the sense that a single leader is the ultimate source of authority. This facilitates consistency in directing, coordinating and controlling to achieve the end objectives.

(v) **Flexibility:** While designing the organization it should be kept in mind that organizational structure should not be regarded as static. Every organization is a living entity in a living environment which is fast changing. As such there must be sufficient room for changing and modifying the structure in the light of environmental changes so that the ultimate objective of the organization is achieved.

(vi) **Proper balance:** It is important to keep various segment or departments of an organization in balance. The problem of balance basically arises when an activity or a department is further divided and subdivided into smaller segments. The problems of balancing also crop up with the growing of any organization in its size and functioning.

(vii) **Management by exception:** It is a fundamental principle that makes any organization effective in its true sense. This principle signifies that problems of unusual nature only should be referred upward and decided by higher level executives in the managerial hierarchy, whereas the routine problems should be passed on to lower levels and resolved there. Application of this principle as such, certainly requires adhering to the principle of delegation of authority. The principle of exception is thus of significant practical utility and applies to all levels in the organization structure.

(viii) **Decentralization:** This principle is of great significance to big organizations. Decentralization implies selective dispersal of authority to help departments and units to run effectively and efficiently without frequent interruptions from the top of the enterprise. It requires very careful selection of what decisions to push down into the organization, of what to hold at or near the top specific policy making to guide the decision-making, selection and training of people and adequate control. Decentralization, as such, embraces all areas of management and evidently is of overwhelming significance in organization structure.

(ix) **Departmentation:** Departmentation is the process of grouping activities into units for purposes of administration. In other words, it denotes grouping of related jobs and activities without violating the principle of homogeneity over which an executive has authority to exercise and assert. The main advantages of departmentation are that it enables individual executive to mange his subordinates effectively since a manageable number of persons are brought under the direct supervision of individual executive.

(x) **Efficiency:** The organization should be able to attain the predetermined objectives at the minimum cost. It is done so, it will satisfy the test of efficiency. From the point of view of an individual, a good organization should provide the maximum work satisfaction. Similarly, from the social point of view, an organization will be efficient when it contributes the maximum towards the welfare of the society.

(xi) Scalar principle: Scalar chain refers to the vertical placement of superiors starting from the chief executive at the top through the middle level to the supervisory level at the bottom. Proper scalar chain or line of command is prerequisite for effective organization.

(xii) **Unity of direction:** This means that each group of activities having the same objectives should have one plan and one head. There should be one plan or programme for each segment of work which is to be carried under the control and supervision of one head or superior. If different plans or policies are followed in one department by the subordinates, confusion is bound to occur.

(xiii) **Continuity:** The form of organization structure should be such which is able to serve the enterprise to attain its objectives for a long period of time.

(xiv) Coordination: The principal of coordination underlines that there should be proper liaison and cooperation between different departments and units of work. Unity of efforts for the accomplishment of desired objectives is the main aim of organization. This can be achieved through the principle of coordination.

(xv) **Authority and responsibility:** Authority should commensurate with responsibility. While assigning the responsibility, authority should also be assigned. If authority is not granted, the subordinates cannot discharge their responsibility properly.

5.7 ADVANTAGES OF ORGANISATION

The primary duty of management is to achieve the objectives of the enterprise. The objectives may be social, economic, political or religious. Proper organization of men, materials, money and equipment is necessary. Organization is the mechanism through which management directs, coordinates and controls the business. A sound organization offers the following advantages, which summarizes its importance:

1. **Enhancement of managerial efficiency:** A sound organization brings a proper coordination among various factors of production and leads to their optimum utilization. It avoids confusion, duplication and delays in work. It motivates the worker by proper division of work and labour. It reduces the work load of executives by delegation of authority.

2. **Growth, expansion and diversification:** Organization provides the framework within which an enterprise can expand and grow. Through organization, management can multiply its strength. In a good organization, the money and effort spent on different activities are in proportion to their contributions. It is through proper organization setup that many firms have grown from humble beginning to a giant size.

3. **Specialization:** A sound organization structure provides the benefits of specialization. Various activities are allocated between different individuals according to their qualifications, experience and aptitude. It increases their efficiency. Systematic organization of activities helps to secure economics and to minimize costs.

4. **Adoption of new technology:** A properly designed and well-balanced organization permits prompt adoption and optimum use of technological improvements. It has the capacity to absorb changes in the environment of business and to provide a suitable reaction to such changes. A good organization helps in the development of new and improved means of doing things.

5. **Coordination:** Organization facilitates coordination of diverse activities. Different functions are welded together to accomplish the desired objectives. Clear lines of authority and responsibility between various positions, ensure mutual cooperation and harmony in the enterprise. A good organization enables people to work with team spirit.

6. Training and Development: By delegating authority to lower levels, training and development of future executives is made possible. A good organization puts 'right man at the right job' and provide them right training and managerial development programmes. By appointing employees in different department assigning them different jobs, their training needs can be ascertained.

7. **Creativity, initiative and innovation:** A good organization encourages initiative and creative thinking. Employees are motivated to break new grounds and try unconventional methods. A sound organization offers the scope for recognition of merit followed by financial incentives to the personnel showing creativity.

8. **Check on corrupt practices:** A weak and unsound organization is source of corruption and inefficiencies. Well organized, well-defined, disciplined and sound organizations boost the morale and motivation of workers. It develops a feeling of involvement, belongingness, devotion, honesty and sincerity among employees. It prevents corruption, inefficiencies and wastage in an enterprise.

9. **Proper weightage to all activities:** A sound organization divides the entire enterprise into different departments, sections and sub-sections according to the

functions to be performed by them. Each function of an enterprise has got its own importance. Emphasis is given according to their relative importance. Funds and manpower is allocated to their relative importance.

10. **Better human relations:** Human beings involved in an organization are only dynamic element of organization. A dedicated and satisfied group of persons proves an asset to any establishment. An organization, built on sound principles, helps harmony in human relations. With properly defined authority, responsibility and accountability, different persons enjoy job-satisfaction. Organization consists of human beings and their satisfaction helps in improving human relations.

Thus, organization is the foundation of management. Sound organization is an indispensable mean for efficient management and better business performance. It not only facilitates efficient administration but also encourages growth and diversification. It provides for optimum use of new technology, stimulates innovation and creativity.

5.8 FORMAL AND INFORMATION ORGANISATION

Formal organization refers to the structure of relationships deliberately built up by the top management to realize the objectives. In this form instructions, responsibility, authority, accountability, lines of command, and positions and authority are clearly defined and declared. Each person is aware of his duties and authority. Every subordinate is expected to obey his supervisor in the formal chain of command. Each individual is fitted in the organization like a cog in the machine. It is designed after careful identification, classification and assignment of business activities. So, it is conscious creation of relationships.

Informal organization refers to the network of personal and social relationships which arise spontaneously when people working together interact on personal whims, likes and prejudices. Such relations are not created by the top management and they are not recognized formally. The informal groups sometimes run parallel to the formal ones. Informal relations are not portrayed on organization charts and manuals. An informal organization provides an opportunity to workers to come close to each other, develop a feeling of cooperation and coordination among themselves.

Difference Between Formal and Informal Organizations

The difference between formal and informal organizations can be enumerated briefly as below:

1. **Formation:** Formal organization is deliberately created by management. It is the result of a conscious and deliberate effort involving delegation of authority. On the other hand, informal organization arises spontaneously and no conscious efforts are made to create it. It takes place on the basis of relationships, caste, culture, occupations and on personal interests etc. No delegation of authority is essential in informal organization.

2. **Basis:** A formal organization is based upon rules and procedures, while an informal organization is based upon attitudes and emotions of the people. It depends on informal, social contacts between people working and associating with one another.

3. **Nature:** A formal organization is stable and predictable and it cannot be changed according to the whims or fancies of people. But an informal organization is neither stable nor predictable.

4. **Set up:** A formal organization is a system of well defined relationships with a definite authority assigned to every individual. It follows predetermined lines of communication. On the contrary, an informal organization has no definite form and there are no definite rules as to who is to report to whom. Even a low-placed employee may have an informal relationship with an officer far above him in the formal hierarchy.

5. **Emphasis:** In a formal organization, the main emphasis is placed on authority and functions. In an informal organization the stress is on people and their relationships.

6. **Authority:** Formal authority is attached to a position and it flows from top to bottom. Informal authority is attached to a person and it flows either downwards or horizontally.

7. **Existence:** A formal organization exists independently of the informal groups that are formed within it. But an informal organization exists within the framework of a formal structure.

8. **Rationality:** A formal organization operates on logic rather than on sentiments or emotions. All activities follow a predetermined course. As an association between like-minded people, an informal organization has little rationality behind it. In an informal organization, activities are influenced by emotions and sentiments of its members.

9. **Depiction:** Formal organization can be shown in an organization chart or a manual. But an informal organization cannot be depicted in the chart or manual of the enterprise.

5.9 FORMS OF ORGANISATION STRUCTURE

Organization requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. The establishment of formal relationships among the individuals working in the organization is very important to make clear the lines of authority in the organization and to coordinate the efforts of different individuals in an efficient manner. In order to organize the efforts of individuals, any of the following types of organization structures may be set up: (i) Line organization, (ii) Line and staff organization, (iii) Functional organization, (iv) Committee organization, (v) project Organization, and (vi) Matrix organization. The nature, merits and demerits of line organization, and line and staff organization are discussed as under:

5.9.1 Line Organization

The line organization represents the structure in a direct vertical relationship through which authority flows. It is the simplest from of organization structure and is also known as scalar or military organization. Under this, the line of authority flows vertically downward from top to bottom throughout the organization. The quantum of authority is highest at the top and reduces at each successive level down the hierarchy. Every person in the organization is in the direct chain of command as shown in Fig.1

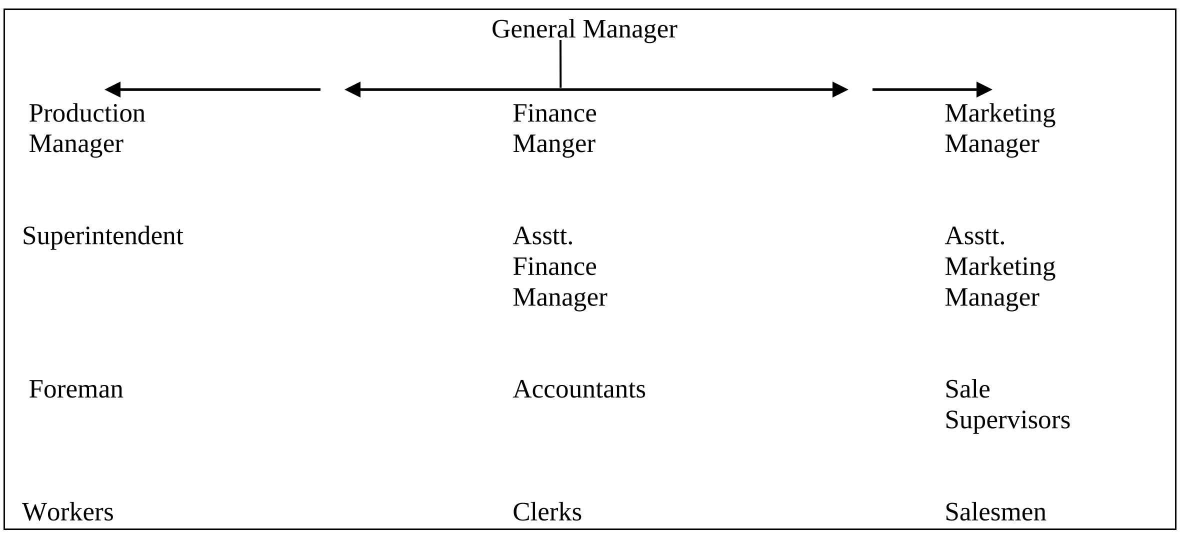

Fig. 5.1: Line Organization

In line organization, the line of authority consists of an uninterrupted series of authority steps and forms a hierarchical arrangement. The line authority not only becomes the avenue of command to operating personnel but also provides the channel of communication, coordination and accountability in enterprise.

Advantages of Line Organization

(i) It is very easy to establish line organization and it can be easily understood by the employees.

(ii) If facilitates unity of command and thus conforms to the scalar principle of organization.

(iii) There is clear-cut identification of authority and responsibility relationship. Employees are fully aware of the boundaries of their jobs.

(iv) It ensures excellent discipline in the enterprise because every individual knows to whom he is responsible.

(v) It facilitates prompt decision-making because there is definite authority at every level. An executive cannot shift his decision making to others, nor can the blame be shifted.

Disadvantages of Line Organization

(i) With growth, the line organization makes the superiors too overloaded with work. If the executive try to keep up with every activity, they are bogged down in myriad details and are unable to pay proper attention to each one. It will hamper their effectiveness.

(ii) There is concentration of authority at the top. If the top executives are not capable, the enterprise will not be successful.

(iii) Line organization is not suitable to big organizations because it does not provide specialists in the structure. Many jobs require specialized knowledge to perform them.

(iv) There is partially no communication from bottom upwards because of concentration of authority at the higher levels. If superiors take a wrong decision, it would be carried out without anybody having the courage to point out its deficiencies.

In spite of these drawbacks, the line organization structure is very popular particularly in small organizations where there are less number of levels of authority and a small number of people. A modification of this structure is line and staff organization under which specialists are attached to line executives to provide them specialized assistance on matters of great importance to be enterprise.

5.9.2 Line and Staff Organization

The line executive is often described as the individual who stands in the primary chain of command and is directly concerned with the accomplishment of primary objectives. Line organization provides decision-making authority to the individuals at the top of the organization structure and a channel for the flow of communication through a scalar chain of authority. Line executives are generalists and do not possess specialized knowledge which is a must to tackle complicated problems. With a view to give specialist aid to line executives, staff positions are created throughout the structure. Staff elements bring expert and specialized knowledge to provide advice to line managers so that they may discharge their responsibilities successfully.

In line and staff organization, the line authority remains the same as it does in the line organization. Authority flows from top to bottom. The main difference is that specialists are attached to line managers to advise them on important matters. These specialists stand ready with their specialty to serve line men as and when their services are called for to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line officers. Staff means a supporting function intended to help the line manager. In most organizations, the use of staff can be traced to the need for help in handling details, gathering data for decision-making and offering advice on specific managerial problems. Staff investigates and supplies information and recommendations to managers who make decisions. Specialized staff positions are created to give counsel and assistance in each specialized field of effort as shown in Fig 5.2

Line Authority	Board of Directors	Staff Authority
Executive Committee	Managing Director	Controller of Finance
		Assistant to Managing Director
Manager Division A	Manager Division B	Manger Division C

Fig. 5.2 Line and Staff Organization

Line and staff structure has gained popularity because certain problems of management have become very complex and, in order to deal with them, expert knowledge is necessary which can be provided by the staff officers. For instance, personnel department is established as staff department to advise the line executives on personnel matters. Similarly, finance, law and public relations departments may be set up to advice on problems related to finance and accounting, law and public relations.

The staff officers do not have any power of command in the organization as they are employed to provide advice to the line officers. In most organizations, the use of staff can be traced to the need for help in handing details, gathering data and offering advice on specific managerial problems.

Advantages of Line and Staff Organization

(i) **Specialized knowledge**. Line managers get the benefit of specialized knowledge of staff specialists at various levels.

(ii) **Reduction of burden**. Staff specialists relieve the line managers of the botheration of concentrating on specialized functions like accounting, selection and training, public relations, etc.

(iii) **Proper weightage**. Many problems that are ignored or poorly handled in the line organization can be properly covered in the line and staff organization by the use of staff specialists.

(iv) **Better decisions**. Staff specialists help the line executives in taking better decisions by providing them with adequate information of right type at the right moment and expert advice.

(v) **Flexibility.** Line and staff organization is more flexible as compared to the line organization. General staff can be employed to help line managers at various levels.

(vi) **Unity of command**. Under this system, the experts provide special guidance without giving orders. It is the line manager who only has got the right to give orders. The result is that the enterprises takes advantage of functional organization while maintaining the unity of command i.e., one subordinate receiving orders from one boss only.

Demerits of Line and Staff Organization

Line and staff organization suffers from the following drawbacks:

(i) There is generally a conflict between the line and staff executives. There is a danger that the staff may encroach on the line authority. Line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.

(ii) The allocation of duties between the line and staff executives is generally not very clear. This may hamper coordination in the organization.

(iii) Since staff men are not accountable for the results, they may not be performing their duties well.

(iv) There is a wide difference between the orientation of the line and staff men. Line executives' deals with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical.

Superiority of Line and Staff Organization over Line Organization

Line and staff organization is considered better than the line organization because of the following reasons:

(i) Staff makes available expert advice to line executives. This is necessary to deal with complex problems of management. For instance, personnel department is established as a staff department to advise the top executives and other line executives on personnel matters.

(ii) Better decisions are ensured in line and staff organization as compared to a simple line organization.

(iii) Line and staff structure is more suitable for large organizations as expert advice is always available. The line managers can make use of the knowledge of staff specialists to deal with complicated problems. Therefore, line and staff organization is certainly better than line organization.

5.10 CHECK YOUR PROGRESS

Fill in the Blanks

1. Organization as a process is an ---------- function.
2. An --------------- is a systematic combination of people, functions and physical facilities.
3. It is the effective------------- which ensures proper balance between --------------- and responsibility.

4. ---------------- is the process of grouping activities into units for purposes of administration.
5. Effective ------------- largely depends upon effective --------------.

5.11 SUMMARY

The word organization has two common meanings. The first meaning refers to the process of organizing. The second meaning signifies the institution or group which comes into existence as a result of organizing. The organizing process involves a number of steps, viz. consideration of objectives, grouping of activities into departments, deciding which departments will be treated line and which will be related staff, determining the levels at which various types of decisions are to be made, determining the span of supervision and setting up a coordination mechanism. There are a number of principles of organizing, which should be remembered in the process of organizing.

5.12 KEYWORDS

Organization: An organization is a social arrangement which pursues collective goals, which controls its own performance, and which has a boundary separating it from its environment.

Formal Organization: The formal organization refers to the formal relationships of authority and subordination within a company.

Organization Structure: The plan for the systematic arrangement of work is the organization structure.

Functional Organization: A functional structure is one that organizes employees around skills or other resources.

Informal Organization: The informal organization refers to the network of personal and social relations that develop spontaneously between people associated with each other.

5.13 SELF ASSESSMENT TEST

1. Define organization and discuss its characteristics.
2. Explain the meaning of organization and state its principles.
3. Discuss the nature and importance of organization.
4. What are the important steps in the process of organization?
5. "Organization is an important tool to achieve organizational objectives," Comment.
6. What do you understand by informal organization? How does it differ from a formal organization?
7. Explain the various steps in the process of organizing.
8. What do you mean by (a) line organization and (b) line and staff organization. Discuss their respective merits and demerits.

5.14 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks:

1. Organization as a process is an **executive** function.
2. An **organization structure** is a systematic combination of people, functions and physical facilities.
3. It is the effective **organization** which ensures proper balance between **authority** and responsibility.
4. **Departmentation** is the process of grouping activities into units for purposes of administration.
5. Effective **management** largely depends upon effective **organization**.

5.15 REFERENCES/SUGGESTED READINGS

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Subject: Management Concepts and Organizational Behaviour
Subject Code: MC-101 **Author: Dr. Karam Pal**
Lesson No: 06 **Vetter: Prof. Harbhajan Bansal**

AUTHORITY AND RESPONSIBILITY

STRUCTURE

6.0 LEARNING OBJECTIVES

After reading this lesson you should be able to understand:

- Meaning and sources of authority.
- To distinguish between delegation and decentralization.
- Appreciate advantages and disadvantages of decentralization.
- Understand relationship between Authority and Responsibility
- Distinguish between Responsibility and Accountability.

6.1 INTRODUCTION

Authority is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved. It is also related with decision making. It is vested in particular position, not to the person because authority is given by an institution and therefore it is legal. Authentic body of an organization is top level management; top level management direct the subordinates. Departmental managers and other personnel take the direction from top level management to perform the task. Authority is necessary to perform the work only authority is not provided to the people but obligation is also provided. So the obligation to perform the duties and task is known as responsibility.

6.2 THE CONCEPT OF AUTHORITY

Authority is a legal power which is possessed by a person from his superior officers and with the help of which he succeeds in getting the things done by his sub-ordinates. Authority is the key to managerial functions. If the managers do not possess required authority, they will not be able to perform their duties properly. A manager is in a position to influence his subordinates only by the use of his authority. It is the authority which enables him to discharge the important functions of planning, co-ordination, motivation and controlling etc. in an enterprise. If proper authority is not vested in him, he cannot perform these functions in the required manner and he cannot be held responsible for all these functions in the absence of proper authorities. It is only the authority by virtue of which he dominates his sub-ordinates and gets work done by them.

Definitions

- "Authority is the right to give order and the power to exact obedience". – Henri Fayol
- "Authority is the power to command, to act or not to act in a manner deemed by the possessor of the authority to further enterprise or departmental performance". – Koontz and O'Donnell

While concluding the meaning of authority it can be said that authority in ordinary sense of the term is nothing more than a legal right. It empowers an individual to take decisions. He is given a right to command and to exercise control over those who are responsible for the execution of policies and programmes of the enterprise. For decisions taken the authorized person is held responsible and is made answerable to his superiors and the organization as a whole.

6.3 FACTORS FOR SUCCESSFUL USE OF AUTHORITY

For the successful use of authority following factors may be taken into consideration:

1. Favorable Atmosphere: For the implementation of authority, favourable atmosphere must be created in the enterprise so that sweet human relations may be established in the enterprise.

2. **Justified Behavior:** The second important use for successful implementation of authority is the justified behaviour of the officers towards their subordinates. They must feel and treat all the employees on an equal ground. If

they do not do so, the employees may not contribute their efforts towards the attainment of objectives of enterprise.

3. **Mutual Co-operation and Faith:** There must be mutual co-operation and mutual trust between officers and employees of the enterprise for the successful use of authority.

4. **Interest in the work:** A very important condition of the successful use of authority is that the employees must have an interest in the work for which they are responsible. If they are not interested in their work, it may be very difficult for the higher officers to implement their authority.

5. **Respect to Superiors:** There must be an atmosphere in the enterprise in which the employees pay their best regards to their bosses. If they do not have a feeling of regard for them, they may not obey their orders.

6.4 SOURCES OF AUTHORITY

There are three different schools of thought about the sources of authority which are discussed below:

1 Formal Authority Theory: According to this theory, all authority originates in the formal structure of an organization. The ultimate authority in a joint stock company lies with the shareholders. Shareholders entrust the management of the company to the Board of Directors and delegate to it most of their authority. The Board of Directors delegates authority to the chief executive and chief executive in turn to the departmental managers and so on. Every manager or executive possesses authority because of his organizational position and this authority is known as formal authority. Authority conferred by law is also regarded as formal authority. Subordinates accept the formal authority of a manager because of his position in the organization. The subordinates are aware of the fact that if they disregard the formal authority they will be punished according to the rules and regulations of the company. The formal authority theory further states that the superiors have the right to delegate their authority. Thus, formal authority always flows from top to bottom.

2 Acceptance Theory: This theory states that authority is the power that is accepted by others. Formal authority is reduced to nominal authority if it is not accepted by the subordinates. The subordinates accept the authority if the advantages to be derived by its acceptance exceed the disadvantages resulting from its refusal. The subordinates give obedience to the managers because they visualize the following advantages:

(a) Receipt of financial incentives.

(b) Contribution in attaining the objectives of the enterprise.

(c) Fulfillment of responsibilities.

(d) Appreciation from colleagues.

(e) Setting of an example for others.

(f) Responsibility to leadership of superior

(g) Moral obligation because of regard for old age, experience, competence, etc.

According to acceptance theory, authority flows from bottom to top. A manager has authority if he gets obedience from the subordinates. Subordinates obey the manager because of the fear of losing financial rewards. This theory emphasizes sanctions that a manager can use and overlooks the influence of social institutions like trade unions.

3 Competence Theory: The supporters of this view assert that an individual derives authority because of his personal qualities and technical competence. Many persons derive informal authority because of their competence. For instance, a person possesses expert knowledge in a particular subject. People will go to him for guidance in that matter even though he has got no formal authority.

6.5 MEANING AND SOURCES OF POWER

Power is a method of operating in order to influence the behaviour of others. It is the power politics within the organization that gives rise to power centres in the organization. The power-centres need not necessarily be located at the position of higher authority. Nobody wants to lose power because power can be used in desirable or undesirable ways.

Power may be defined as "the ability to exert influence. If a person has power, it means that he is able to change the attitude of other individuals".

In any organization for sound organizational stability, power and right to do things must be equated, when power and authority for a given person or position are roughly equated, we may call the situations as "Legitimate Power".

Sources of Powers

If we study the origin and sources of power, we cannot forget the name of John French and Berhram Raven. They have written that there are five sources of power which are found at all levels of the organization. They are as follows:

(i) **Legitimate Power:** The power corresponds to the term authority. It exists when an influencer acknowledge that the influencer is lawfully entitled to exert influence. In this the influence has an obligation to accept this power.

(ii) **Reward Power:** This power is based on the influencer having the ability to reward the influence for carrying out orders.

(iii) Corrective Power: It is based on the influencer's ability to punish the influence for not carrying out orders or for not meeting requirements.

(iv) Referent Power: It is based on the influencer's, desire to identify with or imitate the influence. For example – a manager will have referent power over the subordinates if they are motivated to emulate his work habits.

(v) **Expert Power:** This power is based on belief that the influencer has some relevant expertise or special knowledge that the influence does not have. For example, a doctor has expert power on his patients.

In having the study of power the role of the influence in accepting or rejecting the attempted influence is very important. It must be noted that each of the five power bases is potentially inherent in a manager's position and his activities.

Difference between 'Authority' and 'Power'

If we study from close in practice the terms 'Authority' and 'Power' are generally used interchangeably but there is a clear-cut difference between these two words and they are as follows:

1. **Right to Command:** Authority is the right to command where as power is the ability or power to command.

2. **Right to Exercise:** Authority usually resides in the position in the organization, but power is exercised by the person. Authority includes the right to exercise which have been institutionalized.

3. **Positional and Legitimate:** Authority is always positional and legitimate and is conferred on the position. But power is not institutional, rather it is personal. It is acquired by people in various ways and then exercised upon others. It is acquired through political means or by having certain personal attributes.

4. **Authority Increases:** It has been observed that authority increases as soon as one goes up in the organizational hierarchy, but it need not necessary be accompanied by more power.

In actual practice – the power centres may be located at the power levels in the organization. Therefore, one cannot have an idea of power centres in an organization by merely looking at its organization chart.

5. **Authority Relationships:** In practice, authority relationships are modified by power politics in the organization. Some individuals may have more power and less authority or more authority and less power. It is the operating mechanism of the organization which is relevant for studying organizational behaviour.

6. Authority a Downward Concept: Authority is a downward flowing concept; whereas power flows in all directions.

7. **Delegation of Authority:** Authority can be delegated to the lower levels in the organization. The lower we go down the lesser is the authority.

6.6 DELEGATION OF AUTHORITY AND ITS METHODS

Delegation means devolution of authority on subordinates to make them to perform the assigned duties or tasks. It is that part of the process of organization by which managers make it possible for others to share the work of accomplishing organizational objectives. Delegation consists of granting authority or the right to decision-making in certain defined areas and charging the sub-ordinate with responsibility for carrying through the assigned tasks.

Delegation refers to the assignment of work to others and confer them the requisite authority to accomplish the job assigned.

1. In the words of F.G. Moore – "Delegation means assigning work to others and gives them authority to do it."

2. Louis A. Allen has said – "Delegation is the dynamics of management, it is the process a manager follows in dividing the work assigned to him so that he performs that part which only he, because of his unique organizational placement, can perform effectively and so that he can get others to help him with what remains".

3. E.F.L. Brech has also said – "Delegation is a process of sharing a few or all of the four elements of the management process, i.e. command, planning, co-ordination and control". He goes on to say that the delegation is not a question of

issuing instructions but is a bringing down of the executive's responsibility and transmission of part or all of it to other persons.

Since one person constitutes only one-man power, so F.G. Moore has once said that – "Delegation, therefore, is necessary for enlarging his capacity by asking trusted subordinates to share his burden." Without delegation says S.S. Chatterjee, "The very existence of organization is shattered at once. If there are no duties to be divided and no authorities to be shared in the enterprise, the existence of an organization structure is nullified and becomes absurd. Management of that organization becomes impossible without delegation." For this reason, activities are to be integrated, co-ordinated and unity of purpose to be achieved, this necessitates effective delegation.

METHODS OF DELEGATION

In a big manufacturing concern the following may be the methods of delegation of authority to ensure better result, unified direction and command and effective delegation:

1. **Administrative Delegation –** When a few of the administrative functions are delegated to sub-ordinate staff it is called administrative delegation. These functions are generally of routine nature, e.g. to maintain discipline, to supervise the work, to recommend for the reward or punishment etc.

2. **Geographical Delegation –** When the work of enterprise is located at different distant places it is not possible for an executive to mange the whole affairs single handed. He then proceeds to delegate his authority to those who are posted at the places where physically he cannot be present round the year. This is known as geographical method of delegating the authority.

3. **Functional Delegation –** When the enterprise is organized on the basis of functional organization, the delegation of authority is also done on the functional

basis. All the heads are given to manage their departments according to their skill, knowledge and experience of course, they are accountable to the chief executives.

4. **Technical Delegation:** This method of delegation of authority is based on technical knowledge and skill. Here the authority is delegated in order to get the advantages of expert and experienced hands and their technical skill.

6.7 ELEMENTS OF DELEGATION AND ITS TYPES

The elements of delegation of authority involve three steps:

1. **Authority:** The superior grants authority to the subordinate to carry out the assigned task or duty. This may include right to use resources, spend money, engage people, etc.

2. **Responsibility:** The superior entrusts some responsibility or duty to a subordinate.

3. **Accountability:** The last step in delegation is concerned with creating an obligation to carry out duty or responsibility and render an account of the results achieved through the use of delegated authority. The subordinate must be held accountable for the exercise of authority granted to him. By accepting the duties and authority, a subordinate becomes responsible to his superior.

6.7.1 Authority

Authority is the sum of the rights entrusted to an individual to make possible the performance of the work delegated. It includes such rights or powers as that spending money, of using certain kinds of quantities of materials, of hiring and firing people. Allen talks of authority of knowledge, authority of position and legal authority. Authority of knowledge according to him is possessed generally by the staff specialists appointed by the company. The consultants more often influence the action of persons in line by virtue of the knowledge possessed by them. Similarly, some persons acquire authority by virtue of their position. For instance, a person closes to the person having line authority wields considerable authority.

A Private Secretary to Managing Director or even a Staff Assistant may have no formal power and authority. Legal authority is the authority which is entrusted to a person by the law of the land. A company, for instance, is a legal person which enjoys several rights under the Companies Act. The organizations are built on authority relationships between their members. Authority is a building force in an organization and is the key to the executive job. An executive cannot get things done through others without the right to command them.

6.7.2 Responsibility

Responsibility represents the work or duties assigned to a person by virtue of his position in the organization. It refers to the mental and physical activities which must be performed to carry out the task or duty. That means every person who performs some kind of mental or physical activities as an assigned task has responsibility. In order to enable the subordinates, perform his responsibility well, the superior must clearly tell the former as to what is expected of him. In other words, the delegator must determine clearly the task or duty that is assigned to the delegatee. The duty must be expressed either in terms of function or in terms of objectives. If a subordinate is asked to control the operations of a machine, the duty is in terms of function. But if he is asked to produce a certain number of pieces of a product, the duty is in terms of target or objective. Determination of duties in terms of objective will enable the subordinate to know by what standards his performance will be evaluated.

According to Alwin Brown, responsibility is capable of being understood in two senses. In one, it denotes the definition of a part or role to be performed in administration. In the other, it denotes the obligation for the performance of that part. Two meanings are reciprocal. In most circumstances, there is so little difference between the concept of the part and the concept of the obligation that it is more useful to view them as inseparably-related aspects of the same concept, and to refer to them by single term. Taken in this sense, many authors have held that responsibility cannot be delegated. But authority and responsibility are co-extensive; and responsibility or duty can be delegated within the framework of authority. In fact, it is the accountability which cannot be delegated. Therefore, it is essential to make a distinction between responsibility and accountability.

Responsibility or duty implies the task assigned to a person to be completed in accordance with the standards laid down. It is his superior who has entrusted this task to him. He should not find any difficulty in expecting it because his superior knows his plus and minus points at work. He would not assign a task which the subordinate is unable to complete. In fact, he has divided and sub-divided the task pertaining to this division in such a manner that each one of his subordinates gets the task of his choice. Hence there is no ground for the subordinate to object the duty assigned to him by his superior unless the superior has acted deliberately in an indicative manner. If he does so, there are other ways to remedy the situation.

Whenever the superior assigns any task to his subordinate, it is implied that he has delegated his responsibility. In this process, though he may hold his subordinate accountable for the task delegated to him, but he continues to be accountable to his own boss on the ground that accountability can never be delegated.

The extent of authority delegated should be commensurate with the responsibilities or duties assigned. In other words, there must be a balance between responsibility and authority. However, in practice, it is very difficult to achieve a balance between responsibility and authority.

According to McGregor, the realities of business place most managers in situations where they cannot effectively control everything that affects the results they are attempting to achieve. Uncontrollable factors include unexpected changes in consumer preferences, action of labour unions, government legislations and the fluctuations of business cycles. The recognition of these problems does not reduce or destroy the utility of this concept. If a manager is abreast of the time, he will make allowance for the unforeseen events outside the control of the subordinate.

Many factors prevent a superior to delegate sufficient authority. The risk of losing control is an important factor. Real or presumed non-availability of qualified subordinates, lack of delegating skills and enhancement of one's indispensability are the other factors which cause an imbalance of responsibility and authority. An effective manager is willing to delegate authority as needed to accomplish the desired objectives.

Responsibility cannot be delegated or transferred. The superior can delegate to subordinate the authority to perform and accomplish a specific job. But he can not delegate responsibility in the sense that once duties are assigned, he is relieved for his responsibility for them. This delegation of tasks does not absolve the superior from his own responsibility for effective performance of his subordinate. In other words, we can say that responsibility is divided into two parts at the time of delegation: (a) operating responsibility; and (b) ultimate responsibility. The subordinate assumes only the operating responsibility for the task. The superior retains ultimate responsibility for getting the job done. If the subordinate fails to perform the job (operating responsibility), the superior is held responsible for this failure (ultimate responsibility). To explain that the ultimate responsibility cannot be shifted or reduced by assigning duties to another. Newman cites the example of a person borrowing money from the bank and then realigning it to his son. This transaction with his son in no way reduces his own obligation and responsibility to repay the money to the bank.

Responsibility may be specific or continuing. It is specific when on being discharged by a subordinate it does not arise again. Thus, a consultant's responsibility is specific. It ceases when the assignment is completed. The responsibility of a foreman is, however, of a continuing nature.

6.7.3 Accountability

Accountability is a logical derivative of authority. When a subordinate is given an assignment and is granted the necessary authority to complete it, the final phase in basic organization relationship is holding the subordinate responsible for results. In other words, the subordinate undertakes an obligation to complete the assignment by the fair use of authority and account for the discharge of responsibility assigned.

Accountability is the obligation to carry out responsibility and exercise authority in terms of performance standards established by the superior. Creation of accountability is the process of justifying the granting of authority to a subordinate for the accomplishment of a particular task. In order to make this process effective, the standards of performance should be determined before assigning a task and should be accepted by the subordinate. An important principle of management governing this basic relationship is that of single accountability. An individual should be answerable to only one immediate superior and no more.

The extent of accountability depends upon the extent of delegation of authority and responsibility. A person cannot be held answerable for the acts not assigned to him by his superior. For instance, if the production manager is given responsibility and authority to produce a specified quantity of certain product and the personnel department is given responsibility and authority for the development of workforce, the production manager cannot be held accountable for the development of workforce. "Accountability is, by the act which creates it, of the same quality and weight as the accompanying responsibility and authority".

6.7.4 Accountability cannot be delegated

Though it is incurred as a result of assignment of duty and conferring of authority, accountability in itself cannot be delegated. The diligent cannot abdicate responsibility. He remains accountable to his superior for that which the latter has delegated to him. Since accountability cannot be delegated, the accountability of persons higher in the hierarchy for the acts of subordinates is unconditional.

TYPES OF DELEGATION

The important kinds of delegation of authority are as follows:

1. General and Specific Delegation

(i) General Delegation: It is that delegation in which the authority is given to perform general managerial functions, like planning, organizing, directing etc. The sub-ordinate managers perform these functions and enjoy the authority required to carry out these responsibilities. The Chief Executive exercises over all control and guides the subordinates from time-to-time.

(ii) **The Specific Delegation:** Specific Delegation relates to a particular function or an assigned task. The authority delegated to the production manager for carrying out this function will be a specific delegation. Various departmental managers get specific authority to undertake their department duties.

2. **Formal or Informal Delegation**

(i) **Formal Delegation:** Formal delegation has been considered as a part of organizational structure. Whenever a task is assigned to a person, the required authority is also given to him. This delegation is a part of the normal functioning of the organization. Every person is automatically given authority as per his duties. When production manager gets powers to increase production then it is formal delegation of authority.

(ii) **Informal Delegation:** This delegation does not arise due to position but it arises according to the circumstances of the case. A person may undertake a particular task not because he has been assigned it but because it is necessary to do his normal work.

3. Written or Unwritten Delegation:

(i) Written Delegation: Written delegation is normally given through letters, instructions, circulars etc. Whatever has been delegated it must be in writing.

(ii) **Unwritten Delegation:** Unwritten delegation is given to the person concerned not in any particular way but through conventions, customs and usages the other party has to do work accordingly.

4. Downward or Upward Delegation

(i) **Downwards Delegation:** Downwards delegation is a common type of delegation and is used in every type of the working concern. This delegation has been considered as a superior's delegation of authority to his immediate subordinate.

(ii) **Upward Delegation:** This type of delegation takes place when a subordinate assign some of his tasks to his superiors. This is an uncommon type of delegation and its instances are very rare.

6.8 PRINCIPLES OF DELEGATION

The following principles may be considered as essential for effective delegation of authority:

(i) **There must be Proper Planning:** An executive must plan as to what is to be achieved, if delegation of authority is made. He should define clearly the objectives to be achieved and the functions to be performed by delegating the authority. The job should be designed and divided in such a way as to achieve the objectives. The subordinates must understand clearly what activities they must undertake and what delegator expects from him.

(ii) **Select appropriate subordinate of delegation:** The subordinate should be selected in the light of the work to be achieved. The qualification of the individual concerned may influence the nature of the delegation of authority. This is the purpose of the managerial function of staffing, most carefully considered.

(iii) **Maintain purity of authority and responsibility:** Authority should be delegated commensurate with responsibility. This is on the assumption that where subordinates are held responsible for performance of certain duties it is fair that they should be vested with the necessary authority to carry out such duties. Although technically it would be inaccurate to stress the questions of equality as the executive does without a certain amount of authority, there must be adequate correlation between duty and authority delegated.

(iv) **Ensure unity of command:** This is one of the common principles of organization advocated by Henry Fayol which stresses that subordinates should have only one boss to whom he should be accountable, to avoid confusion and friction. Of course, in practice, it is not possible to follow this principle.

(v) **Maintain adequate communication:** There should be free and continuous flow of information between the superior and the subordinate with a view to furnish the subordinate with relevant information to help him make decisions and also to interpret properly the authority delegated to him. Plans may change and decisions have to be taken in the light of the changed conditions.

(vi) **Reward effective delegation:** Effective delegation and successful assumption of authority must be rewarded. This will provide a proper environmental climate for fuller delegation and effective assumption of authority.

(vii) **Establish a climate of confidence:** The subordinate to whom authority is delegated must generally feel free from fear and have a feeling of confidence that delegation will not result in punishment but is an opportunity for his own self-development and growth.

(viii) **Establish a strong belief in delegation:** For delegation to be successful, the man who delegates must himself be convinced of the need and benefits of delegation. He must also be willing to allow his subordinates to make mistakes although he can be strict if the same mistake is repeated.

(ix) **Proper Selection and Training of Personnel:** Selection of personnel to various jobs should be fair and just. It should not be arbitrary but it must be based on certain principles. Only right persons should be placed on the right job. The person selected must also be given proper training to enable him to handle the post efficiently and to perform the assigned job properly. Proper selection and training helps to develop their self-confidence and morale.

(x) **Proper Control Techniques Be Developed:** In a good organization proper control techniques be developed and major deviations from standard should be checked. There should be no interference in day-to-day functioning of subordinates.

6.9 VARIOUS STEPS IN THE PROCESS OF DELEGATION

The following steps are essential and they must be kept in mind while delegating:

1. The delegation should define the result expected from his subordinates.

2. Duties should be assigned according to the qualifications, experience and aptitude of the subordinates. They may be described either in terms of activity or set of activities to be performed by a subordinate or in terms of results that are expected from the performance of activities.

For Example: How much sale is to be achieved by salesman? It is better to assign duties in terms of results expected, because the subordinate knows in advance the terms in which his performance will be judged, while assessing duties and responsibilities.

The delegator must ensure that subordinates understand and accept the assignment, otherwise delegation would be meaningless or ineffective.

3. Adequate authority must be given to sub-ordinates – The authority to be delegated to each particular sub-ordinate is determined in advance. The delegator confers upon the subordinate the right to act in a specified way within limited boundaries. It decides what actions we may take and what action we cannot take. Proper authority to any sub-ordinate not given in time, will not give or produce expected results.

For Example: A sales manager, charged with the responsibility of increasing sales of company's product should be given authority to hire competent salesmen, pay wages and incentives, allow concessions, within specified limits.

4. The subordinate must produce expected results from the task assigned to him – It is obligatory on the part of the subordinate that he must give satisfactory performance from the tasks assigned. He becomes answerable for the proper performance of the assigned duties and for the exercise of the delegated authority. Authority without accountability is likely to be misused. Accountability without authority may be frustrating to the subordinates. The extent of accountability depends upon the extent of delegated authority and responsibility. A subordinate cannot be held responsible for acts not assigned to him by his superior. He is accountable only to his immediate superior.

5. Proper Evaluation of the Performance must be made – In the end, information and control system must be established to check and evaluate the performance of the subordinates to whom authority has been delegated. Duties, authority and responsibility are the three interdependent essential steps in the process of delegation. In this connection an eminent authority H.W. Newman has said – "These three inevitable attributes of delegation are like a three legged stool, each depends on the others to support the whole and no two can stand alone." What to delegate and when to delegate are two ticklish questions which a delegator has to answer to himself within the framework of the organization?

An executive according to *Louise A. Allen* can follow the undermentioned rules while delegating:

1. Established goals that are to be attained.
2. Define and enumerate the authority which the delegatee can exercise and the responsibility he is to shoulder.

3. Motivate the subordinate and provide him sufficient guidance. If necessary proper and adequate training should also be given to the delegatee before authority is delegated to him.

4. Ask for the completed work. In between if any help is needed by the delegatee he should be provided with such help either directly through someone who knows the work and is writing of help.

5. Establish an adequate control so as to supervise and provide necessary guidance.

6.10 MERITS OF DELEGATION

(i) *It avoids wastage of time:* Present-day management is a complicated process. A manager has to perform various functions as a matter of routine work. It is not possible for him to give proper attention to all matters coming to him. Delegation helps him in transferring the less important subject to his juniors and attends to more important works.

(ii) *It helps in training the new incumbents:* The lower units that use the delegated power, get a spontaneous feel of their future responsibility. They become aware of the works at the higher level to which they may be promoted. Delegation also helps in developing the managerial personnel within the organization.

(iii) *It avoids over-work:* Delegation shifts some portions of the responsibility and work from the shoulders of the manager. To quote Beach: "The over worked manager who learns the art of delegation, is at one and the same time able to relieve himself of some of his burden, increase the competence of his men, and raise the level of accomplishment of his unit.

(iv) *It develops increased sense of responsibility:* Delegation generates an increased sense of responsibility in the subordinate personnel. It also increases their working capacity and helps in enhancing their unspotted caliber which could be helpful for management.

Delegation also helps in avoiding any kind of act at a higher level which may, otherwise undermine the powers vested in the lower level units.

(v) *It avoids delay*: Delegation helps in taking timely and accurate decisions. The personnel at lower level, being delegated, act quickly which serves the organization with due economy, efficiency and rapidly.

6.11 RELATIONSHIP OF AUTHORITY AND RESPONSIBILITY

In every business unit, internal organization is necessary for its efficient and smooth running. Under internal organization, duties are determined and distributed among the employees. All activities are combined and co-ordinated. The lines of authority are to be determined, a well recognized principle, to be followed for any organization and management.

In the internal organization of any concern, there must be a proper assignment of duties among the various personnel. This means that some people assign and some others have to perform those duties. The former people have an authority. The latter are subordinates to the former. The relationship of authority and subordination among the various personnel and groups should be properly determined. The position of each individual is to be fixed, i.e., whether he is to be in the position of authority or in the subordinate position. This work is very important. In this connection, the following principle is to be followed. The greater the responsibility attached to a post, the higher will be the position of the person holding the post, in the hierarchy. Thus, it is stated that authority should go with responsibility.

When the duties are assigned, there will be two types of employees. Some have authority and others take up responsibility. The former occupies a superior position, while the latter are placed in a subordinate position. Authority refers to the right to make decision and to command subordinate to follow these decisions. It is the supreme coordinating power and is very important for the managerial job. Responsibility refers to the obligation of a subordinate. Every subordinate has to perform the duty assigned to him. The essence of authority is obligation. It arises from the superior-subordinate relationship. It has a meaning, only when it is applied to a person. Authority seems to flow from the superiors to the subordinates. Every manager can see that his orders are executed by persuasion, coercion or economic social sanctions. Persuasion is the best means. Otherwise, the task may not be successfully accomplished, responsibility cannot be delegated. But authority can be delegated.

When these expressions 'Authority' and 'Subordination' are used, they should not create a sense of superiority or inferiority in the minds of the employees. Authority cannot be concentrated in the hands of one or a few individuals. It appears to flow from top to bottom. But it is not really so. There must be de-personalization of orders. This will help in developing good industrial relations among all the employees.

In management literature, responsibility is one of the most misunderstood words, usually, responsibility is referred to as 'Delegation of Responsibility' holding a person responsible or carrying out a responsibility. People use the word responsibility in different senses as referring to a duty, an activity or an authority. Actually responsibility can be defined as the 'obligation' of a subordinate to perform a duty which has been assigned to him.

Thus, obligation is the essence of responsibility. Normally the superior subordinate relationship gives rise to this responsibility as the superior is vested with the authority to require specified services from his subordinates. In case of business, this authority is generally a result of the contractual arrangement under which the subordinate has agreed to perform certain services in return for a monetary reward. In this sense, authority flows from the superior to the subordinate manager to whom certain duties are assigned and responsibility is the obligation of the subordinate to accomplish these duties. Responsibility can be discharged by a single action or it may be a continuous obligation.

6.12 DISTINCTION BETWEEN AUTHORITY AND ACCOUNTABILITY

The term 'Accountability' is used by a few writers in the field of management to indicate the managers' liability for the proper discharge of the duties by his subordinates. In the military, the concept of accountability is used to indicate the duty and an officer to maintain accurate records and to safeguard public property and funds.

Thus, the three words confusingly used in varying sense in management literature are authority, responsibility and accountability. A less confusing use would be to use the word 'authority' as referring to the power to get something done, the word responsibility as the liability of the individual for failing to discharge his responsibility. One is thus accountable for failures to his boss. Accountable is similar to tendering of accounts in its case, which refers to discharging of the responsibility. To carry out responsibility, a manager requires adequate authority or power.

6.13 DISTINCTION BETWEEN RESPONSIBILITY AND DELEGATION

Whilst a manager can delegate his authority to his subordinates, responsibility cannot be so delegated. A manager is responsible for the performance of his duties even though he may delegate to a subordinate, authority to accomplish a service and the subordinate also in his turn may delegate a part of authority received by him. Therefore, delegation does not absolve a manager of his own responsibilities to perform his duties. In short no manager can shift responsibility to his subordinates. For example, the managing director of a company employed by the board of directors cannot avoid total responsibility for the conduct of the enterprise. Therefore, responsibility cannot be delegated in this sense. A manager cannot relieve himself of his responsibility although he can delegate authority and assign duties to his subordinates.

6.14 DIFFICULTIES IN DELEGATION

There is a fear aspect in delegation which plays a dominant role in a decision as to "what to delegate" and "to whom to delegate". Executive knows for certain that once authority is delegated they will loose the grip over their subordinates and also control over the operations. It is natural that the executives may not like to lose either the grip or control over the operation. But the important psychology is that by their nature executives have no confidence in their subordinates. They feel that the subordinates are not capable of shouldering the responsibility, therefore, the question of delegation of authority does not arise.

Sometimes, executives suffer from inferiority psychosis. They know for certain that though they occupy a position of strength but their knowledge and skill are not up to the mark. Their subordinates are well equipped and thus they may do the assigned job well. No executive would like to delegate when he feels that his subordinate may surpass him.

From the above discussion we may come to a conclusion that there are three types of fears which discourage delegation and thus create difficulties in delegation. They are:

1. Fear of loosing the grip and control over the operations;
2. Fear of not a better performance by the sub-ordinate to whom the authority may be delegated; and

3. Fear of better performance by the subordinate to whom the authority may be delegated.

The above difficulties arise out of –

- (i) Luck of mutual confidence;
- (ii) Non-existence of atmosphere of team-work;
- (iii) Non independence in thinking and behaviour;
- (iv) No proper and ambiguous definition of common goals to be achieved;
- (v) No inter-exchange of ideas and suggestions;
- (vi) No favourable management climate;
- (vii) Existence of element of fear and frustration; and
- (viii) Incapable hands manning the executive positions.

Delegation is an important managerial technique. Every effort should be made to encourage delegation. This creates a sense of belonging among subordinates. It develops the personality of the subordinates and helps in evaluating the managerial performance. It also induces a sense of security among both the executives and their subordinates. A favourable management climate should be created for encouraging delegation.

6.15 MEANING OF DECENTRALISATION

Decentralization is a word that we frequently hear take about by political leaders and business managers. Many of them view decentralization as a panacea or a magical device that will compensate for poor management, encourage participation, increase efficiency, and raise morale. Most people do not have a clear view of what decentralization is and, as often as not when an organization is having "decentralization", it is for the wrong reasons and in the wrong way the term is understood and used.

Earnest Dale mentions four criteria to measure the extent of decentralization in an organization. He states that whenever decentralization is greater.

1. The greater is the number of decisions made at lower levels;
2. The more important are the decisions made lower levels;
3. The more is the number of areas in which decisions can be made at lower levels; and
4. The fewer are the people to be consulted the less is the checking required on the decisions made at the lower levels.

The way many people use the term, decentralization mean about the same thing as delegation–simply pushing authority down to subordinates. But decentralization means much more than simple delegation. Decentralization is a philosophy of the organization and management, one that implies both selectively determining what authority to push down into the organization; developing standing plans (such as policies) to guide subordinates who have this authority delegated to them; and implementing selective but adequate controls for monitoring performance. Thus, decentralization is a philosophy of organization and management which involves both selective delegation of authority as well as concentration of authority through the imposition of policies and selective but adequate controls.

According to McFarland, decentralization is a situation in which ultimate authority to command and ultimate responsibility for results is localized as far down in the organization as efficient management of the organization permits. According to Allen, decentralization refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points. Thus, decentralization means reservation of some authority (to plan, organize, direct and control) at the top level and delegation of authority to make routine decisions at points as near as possible to where action takes place.

6.15.1 Essential Characteristics of Decentralization

The essential characteristics of decentralization are:

(i) Decentralization not the same thing as delegation – It is something more than delegation. Delegation means demi-transfer of responsibility and authority from one individual to another. But decentralization means scattering of authority throughout the organization. It is the diffusion of authority within the entire enterprise. Delegation can take place from one person to another and be a complete process. But decentralization is completed only when the fullest possible delegation is made to all or most of the people. Under delegation control rests entirely with the diligent, but under decentralization, the top management may exercise minimum control and delegate the authority of controlling to the departmental managers. It should be noted that complete decentralization may not be possible or desirable, but it certainly involves more than one level in the organization.

(ii) Decentralization is distinct from dispersion – Decentralizing is often confused with the separation of physical facilities which is not correct. Dispersion occurs when plants and offices are located at different places with physical distance between them. Performance of work in dispersed plants and offices does not necessarily lead to decentralization. Decentralization can proceed without separation of facilities and facilities can be separated without decentralization. A company may be highly decentralized even though all physical facilities and employees are located in a single building. Thus, decentralization can take place even without dispersion.

(iii) Decentralization is not a type of organization. Some people believe that a company can decentralize by changing its organizational structure. This is not true. Decentralization may be achieved even without changing the organizational structure as it refers primarily to the systematic delegation authority throughout the organization industries in which markets are less uncertain, production processes technologically less dynamic and competitive relationships more stable, tend to become more centralized.

6.15.2 Gauging the Degree of Decentralization

How decentralized a particular organization is? There are no hard and fast rules, but the following guidelines may be used to test the degree of decentralization in a company:

(i) The narrower the breadth of the control imposed on managers, the greater the decentralization: Thus, a company in which each product-division manager simply has to report once or twice a year on the rate of return his division has earned on its investment is more decentralized. The division in which a variety of day-to-day production, marketing, and personnel decisions are monitored is less decentralized;

(ii) The greater the discretion permitted by the company's policies, procedures and rules, the greater the decentralization;

(iii) The greater the breadth of decision in terms of the number of functions they cover, the more the decentralization. Thus, the company in which division managers are authorized to take production, marketing and personnel decisions is more decentralized than one in which the managers can take only production and personnel decisions;

(iv) The less a subordinate has to check with his superior before taking decisions, the greater is the degree of decentralization – Thus, a company in which a manager does not have to check at all with his superior is more decentralized than one in which the manager must get most of his decisions approved beforehand;

(v) The closer the level to which the decision is made in the relation to the point where the problem arise, the greater the decentralization – Suppose a customer in Maharashtra has a problem, and the western division manager is authorized to make the necessary decisions, then to that extent the company is more decentralized than if the boss in the New Delhi had to make the decisions; and

(vi) The more important are the decisions that can be made at the lower levels, the greater the decentralization – For example, a company in which divisional managers can make equipment purchase decisions of up to Rs. 500,000 is more decentralized than one in which they are authorized to make these decisions up to a limit of Rs. 1,00,000.

6.15.3 Advantages of Decentralization

The merits of decentralization are listed below:

(i) It leads to a competitive climate in the organization.

(ii) It relieves the management of much workload;

(iii) It makes jobs at the lower levels of the organization more attractive and interesting. As a result, the level of motivation of the employee increases;

(iv) It encourages initiative at lower levels where the employees are allowed to participate in the decision-making process;

(v) Decision made closer to the actual situations is likely to be more realistic. Effective decisions are possible because of the speed and first-hand knowledge that decentralization provides.

6.15.4 Disadvantages of Decentralization

(i) It increases the administrative cost due to duplication of specialized services and the appointment of capable executives at lower levels;

(ii) It becomes difficult for top management to exercise control over what people at lower levels are doing or even to know what decisions they are taking;

(iii) Emergency situations cannot be tackled properly in decentralized structure. Adjustment to changing conditions may be difficult; and

(iv) It hampers uniformity in decision making and consistency of procedures.

6.16 DECENTRALISATION VS. DELEGATION

Though both delegation and decentralization are related concepts, but the distinction between the two terms must be clearly understood. Decentralization could be differentiated from delegation in the following way:

(i) Delegation creates authority-responsibility relationship between a superior and his subordinates, whereas decentralization refers to the creation of semi-autonomous decision-making units or even profit centres functionally related to the top management. In other words, decentralization is diffusion of decision making authority throughout the multiple layers of the organization;

(ii) Decentralization is simply not an extension of delegation. The purpose of delegation may be confined to relieve the excessive burden of key managerial personnel, but decentralization has a deeper meaning bordering on a new philosophy of organization and management;

(iii) Delegation is a process whereby the superior assigns certain tasks and responsibilities within his control to his subordinates, immediately vests part of his decision-making authority in them and precisely it is an obligation from them for proper discharge of authority conferred upon them and for effective performance in the area of delegated activity. But, on the other hand, decentralization refers to structural dispersal of authority for decision making in various facts of organizational operations throughout the organization in the form of semi autonomous units, subject to overall control by the top management.

(iv) Delegation takes place between a superior and a subordinate and is a complete process. It may consist of certain tasks alone. But decentralization involves spreading out the total decision-making power throughout the organization.

(v) Sheer pressure of managerial workload forces managers to delegate a part of their burden to their subordinates, as a matter of necessary with few alternatives. Decentralization, on the other hand, could be only one of the options open to an enterprise out of several alternative ways of organizing expanding operations. This means that delegation of authority could take place without decentralization, whereas there can be no decentralization without delegation of authority.

(vi) In case of delegation of authority, the diligent has directive responsibility in relation to his subordinates. But in a decentralized setting, direction is to a large extent substituted by control by the top management. The control mechanism is also elaborate so as to ensure that the dispersal of authority strengthens the entire organization and that the semi autonomous units have a central focus on viability and vitality of the organization; and

(vii) Delegation could be a routine administrative activity involving only managers and their subordinates while decentralization is a conscious and deliberate organizational action with strategy overtones, to manage growth and expansion under conditions of environmental pressures, challenges and opportunities.

6.17 CENTRALISATION OF AUTHORITY

According to Allen, centralization is the systematic and consistent reservation of authority at central points in an organization, while decentralization refers to consistent and systematic dispersal to the lowest levels all authority except that which can only be exercised at central points. Centralization denotes that a majority of the decisions having to do with the work being performed are not made by those doing the work but at a point higher in the organization. Everything that goes to increase the importance of the subordinate's role is decentralization, everything which goes to reduce it is centralization.

Centralization represents certain attitudes and approaches which the management follows. The major implication of centralization is the reservation of decision-making power in regard to planning, organizing, directing and control at the top level. The other implications will depend on the philosophy of management. For instance, in a company where the top management is very particular about the use of authority, it will make all the operations and decisions at lower levels subject to its approval.

Centralization of authority has certain merits also. In case of centralization, most of the decisions are taken not at a point where work is being done, but at a point higher in the organization. They may involve considerable cost and delay in making the decisions. Centralization of authority increases the burden on the top managers and hampers the growth of low level managers. Because of these disadvantages, absolute centralization is not found in practice. Different organizations follow centralization in different degrees. It should be noted that complete decentralization is also not a feasible proposition of creating an effective organization structure. Some authority must be reserved at the highest level of management. Greater the reservation of authority at the top level, higher is the degree of centralization and lower is the degree of decentralization and vice-versa.

6.18 CENTRALISATION VS. DECENTRALISATION

Centralization and decentralization are the opposite ends of an organization continuum. On the one hand, centralization brings uniformity of policy and action, utilizes the skills of centralized and specialized staff, and enables closer control over operating units. And on the other hand, decentralization tends to effect faster decision-making and action on the spot without consulting higher levels. Decentralization has the effect of motivating the subordinates since they have a greater share in management decision-making.

The question of centralization or decentralization is a matter of degree. It is not possible to conceive of an organization which is exclusively centralized as some decentralization of authority is bound to exist. Likewise, there can be no absolute decentralized structure as the top executive cannot delegate all his authority. The issue of centralization and decentralization has to be decided objectively taking into consideration the size and nature of enterprise, diversity of the company's product, economies of division of labour, location of markets, nature of services to be performed, availability of trained and efficient managers, philosophy of management, etc. Centralization is not a system of management good or bad by itself, capable of being adopted or discarded at the whim of managers or of circumstances; it is always present to a greater or less extent.

6.19 CHECK YOUR PROGRESS

Fill in the Blanks:

1. --------------- is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved.
2. ---------- is a method of operating in order to influence the ------------ of others.
3. Delegation means ------------- of authority on subordinates to make them to perform the assigned duties or tasks.
4. ----------------- is the obligation to carry out responsibility and exercise authority in terms of performance standards established by the superior.

5. --------------------- is the systematic and consistent reservation of authority at central points in an organization.

6.20 SUMMARY

This lesson highlighted the concepts of authority, responsibility, accountability, power, delegation, centralization and decentralization. Authority being the sum of the powers and rights entrusted to make possible the performance of the work delegated. According to Fayol, delegation of work permits reduction in the number of objects to which attention and effort must be directed and has been recognized as the best means of making use of individuals and group of people. Formal delegation is the delegation of authority as per the organizational structure. Whereas, informal delegation of authority is through informal relations. The other type of delegation is bottom up or lateral delegation. It could also be general or specific delegation.

There are three elements of delegation and these are (i) authority (ii) responsibility and (iii) accountability. Authority is the sum of the rights entrusted to an individual to make possible the performance of the work delegated. Responsibility denotes the work or duties assigned to a person by virtue of his position in the organization. Accountability is a logical derivative of authority. It is the obligation to carry out responsibility and exercise authority in terms. Decentralization is a philosophy of organization which involves both selective delegation and concentration of authority through the imposition of policies and adequate controls. The essential characteristics of decentralization are also discussed in this lesson.

6.21 KEYWORDS

Centralization: It is the systematic and consistent reservation of authority at central points in an organization.

Decentralization: This is a philosophy of organization and management which involves both selective delegation of authority as well as concentration of authority through the imposition of policies and selective but adequate controls.

Responsibility: Liability of the individual for failing to discharge his responsibility.

Accountability: It is the obligation to carry out responsibility and exercise authority in terms of performance standards established by the superior.

Delegation: Refers to the assignment of work to others and confer them the requisite authority to accomplish the job assigned.

6.22 SELF ASSESSMENT TEST

1. What are the types of authority? What are the sources of authority?
2. What is meant by decentralization of authority? Distinguish between delegation and decentralization of authority? How would you decide the degree of decentralization?
3. State the advantages and limitations of decentralization
4. "Delegation and decentralization are interchangeable terms in management and organization theory". Comment.
5. "Centralization is not necessarily bad, no is decentralization necessarily good". Elucidate the statement.
6. "Delegation is the key to administrative effectiveness". Elucidate.
7. What is the relationship between delegation, control and accountability?
8. Explain the term 'Decentralization' and give its principal advantages. What are the factors that govern the degree of decentralization in an organization?
9. Distinguish between:
   (a) Authority and responsibility
   (b) Authority and power
   (c) Responsibility and delegation

(d) Specific limits of authority

(e) Authority and accountability

6.23 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. **Authority** is the kind of right and power through which it guides and directs the actions of others so that the organizational goals can be achieved.
2. **Power** is a method of operating in order to influence the **behaviour** of others.
3. Delegation means **devolution** of authority on subordinates to make them to perform the assigned duties or tasks.
4. **Accountability** is the obligation to carry out responsibility and exercise authority in terms of performance standards established by the superior.
5. **Centralization** is the systematic and consistent reservation of authority at central points in an organization.

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Lesson No. 7	**Vetter:**

STAFFING

STRUCTURE

7.0 Learning Objectives

After reading this lesson, you should be able to:

- Explain the process of manpower planning.
- Make an appraisal of recruitment and selection.
- Describe the advantages and types of training.
- Discuss management development.

7.1 Introduction

Management is the art of getting things done through people. The process of recruitment, selection, development, training, identifying, assessing, placing, evaluating and developing people can be called staffing. Haimann states that staffing relates to the recruitment, selection, development, training, compensation of subordinate managers.

Staffing has become one of the very important functions of management, along with planning, organizing, directing and controlling. Staffing is more concerned with the human elements, which are dynamic in nature. But this job can introduce a lot of complexity and challenge also. Staffing has become very significant as it involves a lot of investment in the recruitment, selection, training and placement of workers. So to make the whole exercise meaningful, the best available people are to be secured, and their skills and abilities developed for the benefit of the organization. Staffing involves human resource planning, i.e. estimating the size and nature of the personnel required, the recruitment and selection of the best candidates, training them effectively, inducting them, rewarding them, and having regular and effective communication with them. It calls for comprehensive manpower planning.

7.2 MANPOWER PLANNING

Manpower planning is the process by which a firm ensures that it has the right number of people and right kind of people, at the right time, doing things for which they are economically most useful". So, manpower planning involves the determining of the manpower requirements for a period, which includes the acquisition, employment, and development of human resources. It helps in the selection and development of personnel, and also in effective control over labour costs by avoiding shortages and surpluses of manpower. Manpower planning as a process includes job analysis, skills, inventory and personnel forecasting.

(a) Job Analysis

Job analysis is the process of collecting the relevant job information and determining the component elements of a job by observation and study. It is the process of determining the pertinent information related to a specific job, and the record of such a process. Job analysis is the fundamental method through which proper manpower management can be done. Job analysis is the careful study of the activities of an employee on a job to determine different operations which may help in job description and job specification. It helps in the preparation of specifications for recruitment, placement, selection, training and guidance of employees. It can secure information about jobs through interviews, observation, activity sampling, questionnaires, etc. Job analysis as a report can help in time and motion study also.

Steps in the Process of Job Analysis

- Identification of the component tasks of a job
- Examining the causes, effects and the timings of task performance
- Identifying the main duties of the job
- Identifying the areas of responsibilities regarding the assignment of work, money, equipment, etc.
- Considering the personal demands of a worker

Methods of Securing Job Information

There are several methods of securing information for job analysis. These are as follows:

1. Interviews: To conduct interviews of workers and supervisors is the most common method of collecting such information. Personal conversation with the worker can provide vital information. It can be further checked with similar jobs.

But while conducting such interviews, care should be exercised on the study of the job or position of a person, rather than the study of the person himself.

2. Observation: There are certain situations where direct observation is possible while workers are in action. Experts may study the jobs at the performance centres where manual content in the job is significantly high. But after observation, it has to be followed up by interviews and discussions to make the job analysis accurate and meaningful.

3. Activity sampling: It is almost performing the job actually for getting first-hand knowledge of the job. But it takes a lot of time to select a sample job, and it is also a costly method.

4. Questionnaires: Different questions relating to the jobs can be listed and these can be sent out to the job holders to get their answers. Questionnaires should be so designed as to get the responses in time. They are very economical and time saving. In some cases, it is better to follow it u by personal discussions with selected job holders.

(b) Job Description

When the record of the job analysis is prepared with its result in a condensed form, it is called a job description. It is a written statement of the main duties and responsibilities of a particular job. It includes the job title, job number, function of the job and the responsibilities involved, the machinery used, equipment and tools used, how and why they are used, working hours involved, working condition, method of remuneration, job relationships, job sequence, and qualifications required. It provides task contents and occupational requirements.

A job description should emphasize the functional responsibilities. It should be clear, simple and informative. It should be descriptive, complete and comprehensive. But a job description has a serious limitation. It describes the job only and not how it should be done. It is essential to obtain the approval of the employee and the supervisor to finalize the job description, so that it becomes acceptable.

(c) Job Specification

If a job description is a detailed and complete one, a job specification will basically emphasize the personal requirements and inclinations necessary for the successful performance of a job. The mental or educational, technical or physical qualities required to do a job can be obtained from the job specifications for selecting the best persons for the best performance. A job specification is also called a man specification.

Advantages

1. It provides vital information for selecting the right man for the right job.
2. It helps in developing a fool proof training curriculum.
3. It helps in establishing physical requirements for workers from the standpoint of safety.
4. It helps in conducting salary surveys.

(d) Job Evaluation

It is a process by which the factors in each job are identified. Such factors are identified and measured so that the determination of the remuneration to be paid for the job becomes easy.

7.3 RECRUITMENT AND SELECTION

Selection of a suitable candidate is the most important function of personnel department. If a right candidate is not selected, such an error can prove to be very costly for an undertaking. Many organizations, therefore, have developed sophisticated recruiting and selection methods. Manpower planning must precede recruitment and selection. The present and future requirements should also be kept in mind while planning for manpower.

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization. In simple words, the term recruitment stands for discovering the sources from where potential employees will be available. The scientific recruitment leads to greater productivity, better wages, high morale, reduction in labour turnover and better reputation. It stimulates people to apply for jobs and hence it is a positive process.

SOURCES OF RECRUITMENT

Basically there are two sources of recruitment namely internal and external

(A) Internal Sources

Best employees can be found within the organization. When a vacancy arises in the organization, it is offered to an employee who is already on the pay roll. Internal sources include promotion and transfer. When a higher post is given to an employee who deserves that post, it stimulates all other employees of the organization to work hard. The employees can be informed of such a vacancy by internal advertisement.

1. **Transfer:** Transfer involves the shifting of an employee from one job to another. At the time of transfer, it is ensured that the employee to be transferred to the new job is capable of performing it. In fact, transfer does not involve any drastic change in the responsibilities and status of the employee. On the other hand, promotion leads to shifting an employee to a higher position carrying higher responsibilities, facilities, status and pay.

2. **Promotion:** Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions. Filling vacancies in higher jobs from within the organization has the following merits:

(a) Improves morale: When an employee from inside the organization is given the higher post, it helps in increasing the morale of all employees. Generally, every employee expects promotion to a higher post (carrying more status and pay) if he fulfils the requirements.

(b) No error in selection: When an employee is selected from inside, there is no possibility of errors in selection since every company maintains complete record of its employees and can judge them in a better manner.

(c) Promotes loyalty: It promotes loyalty among the employees as they feel secured on account of chances of advancement.

(d) No hasty decision: The chances of hasty decisions are completely eliminated as the existing employees are well tried and can be relied upon.

(e) Economy in training costs: The existing employees are fully aware of the operating procedures and policies of the organization. The existing employees require little training and it results in the economy in training costs.

(f) Self-development: It encourages self-development among the employees since they can look forward to occupy higher posts.

Disadvantages: The following are the disadvantages of internal sources:

(i) It discourages capable persons from outside to join the concern.

(ii) It is possible that the requisite number of persons possessing qualifications/experiences skills/attitudes required for the vacant posts may not be available in the organization.

(iii) For posts requiring innovations and original thinking, this method of recruitment cannot be followed.

(iv) If only seniority is the criterion for promotion then the person filling the vacant post may not be really capable.

In spite of the disadvantages, this is frequently used as a source of recruitment.

(B) External Sources

Every enterprise has to tap external sources for various positions. Running enterprises have also to recruit employees from outside for filling up positions whose specifications cannot be met by internally available employees, and for meeting the additional requirements of manpower. The following external sources of recruitment are commonly used by the enterprises:

1. Direct Recruitment: An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise specifying the details of the jobs available. It is also known as recruitment at factory gate. The practice of direct recruitment is generally followed for filling casual vacancies requiring unskilled workers. Such workers are known as casual or badly workers and they are paid remuneration on daily wage basis.

2. **Unsolicited Applications:** Many qualified persons apply for employment to reputed companies on their own initiative. Such applications are known as unsolicited applications. They serve as a good source of manpower. A proper record may be kept of such applications and the candidates may be called for interview whenever the need arises.

In a country like India, where there is large scale unemployment, unemployed persons also contact the employment sections of various organizations to ascertain if they can be casually employed. This source is very useful for recruiting unskilled workers. It does not involve any cost of advertising the vacancies. Whenever regular workers absent themselves in a large number or whenever there is a rush of work, this source of recruitment may be used. This is the cheapest method of getting labour supply on an adhoc basis.

3. **Advertisements:** Advertising the job has become a fashion of the day with the large scale enterprises, particularly when the vacancy is for a higher post or when there are a large number of vacancies. This helps in informing the candidates

spread over different parts of the country. This method increases the choice of the management. The necessary information about the company, job descriptions and job specifications may be given in the advertisement itself for the benefit of the candidates. Usually, this method brings in a flood of response from quite unsuitable candidates. This increases the cost of selection of employees. Therefore, advertisement copy should be drafted in such a way that only the suitable candidates are tempted to apply.

4. **Employment Agencies:** Employment exchanges run by the Government are regarded as a good source of recruitment for unskilled, semi-skilled operative jobs. In some cases, compulsory notification of vacancies to employment exchange is required by law. However, in the technical and professional areas, private agencies and professional bodies appear to be doing most of the work. Employment exchanges and selected private agencies provide a nation-wide service in attempting to match personnel demand and supply. They bring the job givers in contact with the job seekers.

5. **Education Institutions:** Jobs in industry have become increasingly varied and complexed to the point where school and college degrees are widely required. That is why, many big organizations maintain a liaison with the colleges, vocational institutes and management institutes for recruitment to various jobs. Recruitment from educational institutions is a well-established practice of thousands of business and other organizations. Organizations which require a large number of clerks or which seek applicants for apprenticeship programmes usually recruit from institutions offering vocational/professional courses.

6. **Labour Contractors:** Labour contractors continue to be a source of recruitment in some industries in India. Workers are recruited through labour contractors who are themselves employees of the organization. The disadvantage of this system is that if the contractor himself decides to leave the organization, all the workers employed through him may follow suit. This system of recruitment is

losing popularity these days. It has been abolished in the public sector enterprises in India.

7. Recommendations: Applicants introduced by existing employees, friends and relatives may prove to be a good source of recruitment. Indeed, many employers prefer to take such persons because something about their background is known. When a present employee or a business friend recommends a person, a type of preliminary screening takes place. Some organizations have agreements with the unions of employees to give preference to close relatives of existing or retired employees if their qualifications and experience are suited to the vacant jobs.

Filling a vacancy from external sources has the following advantages:

(a) The employees recruited under this system possess varied and broader experience.

(b) Under this system of recruitment, fresh viewpoints are attracted.

Filling a vacancy through external sources suffers from the following disadvantages:

(a) This system is more expensive. The concern has to make huge expenditure on advertisement, holding of written test, interview, training, etc.

(b) This system of recruitment reduces incentive to good work among the lower cadres.

(c) This system of recruitment results in young men being placed over the older and more experienced persons of the lower services. This causes among them more jealousy.

THE CONCEPT OF SELECTION

The process of selection leads to employment of persons having the ability and qualifications to perform the jobs which have fallen vacant in an organization. It divides the candidates for employment into two categories, namely, those who will be offered employment and those who will not be. This process is more of 'rejection' since more candidates may be turned away than are hired. That is why, selection is frequently described as a *negative process* in contrast with the positive process of recruitment. The basic purpose of the selection process is choosing right type of candidates to man various positions in the organization. In order to achieve this purpose, a well-organized selection procedure involves many steps and at each step more and more information is obtained about the candidates.

Difference between Recruitment and Selection

1. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. On the other hand, selection means employment of workers or establishing a contractual relationship between the employer and the worker.

2. Recruitment is a positive process of searching for prospective employees, whereas selection is a negative process because it involves rejection of unsuitable candidates.

3. The purpose of recruitment is to create a large pool of applicants for the jobs in the organization. But selection aims at eliminating unsuitable candidates and ensuring most competent people for the jobs.

4. Recruitment is a relatively simple process as the candidates are required to fill in the prescribed forms and deposit with the employer. But selection is a complex and lengthy process under which the candidates have to pass through a number of stages before getting the offer for a job.

Significance of Selection

Selection has become a critical process these days because it requires a heavy investment of money to get right types of people. Induction and training costs are also high. If the right types of persons are not chosen, it will lead to a huge loss of the employer in terms of time, effort and money. Therefore, it is essential to devise a suitable selection procedure. Each step in the selection procedure should help in getting more and more information about the applicant to facilitate decision-making in the area of selection.

Absenteeism and employee turnover are the important problems which are being faced by most of the organizations. The intensity of these problems can be reduced if, in the future, all selections are made carefully so that there are 'round pegs in the round holes'. Whenever unsuitable employees are appointed, the efficiency of the organization goes down. Such employees will shirk work and absent themselves from the work quite often. They may also be compelled to leave their jobs. If this happens, all the expenses incurred on the selection and training of such employees will go waste.

Proper selection and placement of personnel goes a long way towards building up a stable work-force. It keeps the rates of absenteeism and labour turnover low and increase the morale of the employees. If the employees are quite suitable according to the requirements of the jobs, they show higher efficiency and productivity. This enables the organization to achieve its objectives effectively.

STAGES IN SELECTION PROCEDURE

There cannot be a rigid procedure of selection suitable for all types of organizations. The number of steps in the selection procedure and the sequence of steps vary from organization to organization. For instance, some organizations do not hold preliminary interview, test or screening, whereas in other organizations such as commercial banks, preliminary tests are given to eliminate a large number of unsuitable applicants. Similarly, in some cases, medical examination is given before final selection and in others, medical check up follows final selection. Thus, every organization designs a selection procedure which suits its requirements. However, the main steps which could be incorporated in the selection procedure are discussed below:

1. **Preliminary Interview:** In most of the organizations, the selection programme begins with preliminary interview or screening. The preliminary interview is generally brief and does the job of eliminating the totally unsuitable candidates. The preliminary interview offers advantages not only to the organization, but also to the applicants. If an applicant is eliminated at this stage, the organization will be saved from the expenses of processing him through the remaining steps of the selection procedure and the unsuitable candidate will be saved from the trouble of passing through the long procedure. Preliminary interview may take place across the counter in the organization’s employment office. It may consist of a short exchange of information with respect to organization’s interest in hiring and the candidate's enquiry. It may serve primarily to determine whether it is worthwhile for the applicant to fill in an application blank. Candidates who pass this crude screening are usually asked to fill in the application blank.

2. **Receipt of Applications:** Whenever there is a vacancy, it is advertised or enquiries are made from the suitable sources, and applications are received from the candidates. Standard application forms may be drawn up for all jobs and supplied to the candidates on request. The application form is useful for several reasons. It gives a preliminary idea of the candidate to the interviewer and helps him in formulating the questions to be asked from the candidate. The written information about age, qualifications, experience, etc. may prove to be of great value to the interviewers. Forms make the processing of application very easy since there is uniformity of filling the data in the application form.

3. **Screening of Applications:** After the applications are received, they are screened by the screening committee and a list is prepared of the candidates to be interviewed. Applicants may be called for interview on some specific criteria like gender, desired age group, experience and qualifications. The number of

candidates to be called for interview is normally five to seven times the number of posts to the filled up.

4. **Employment Tests:** Employment tests are used to select persons for various jobs. They help in matching the characteristics of individuals with the vacant jobs so as to employ right kinds of personnel. The following types of tests have gained popularity these days:

(a) **Intelligence Tests:** Intelligence tests are used to judge the mental capacity of the applicant. They evaluate the ability of an individual to understand instructions and make decisions. They are widely used in all types of organizations for the purpose of proper selection.

(b) **Aptitude Tests:** Aptitude means the potential which an individual has for learning the skills required to do a job efficiently. Aptitude tests measure an applicant's capacity and his potential of development. Aptitude tests are the most promising indices for predicting a worker's success.

(c) **Proficiency Tests:** Proficiency tests are designed to measure the skills already acquired by the individuals. They are also known as performance, occupational or trade tests. They are used to test the level of knowledge and proficiency acquired by an applicant. A trade test takes a sample of individual's behaviour which is designed as replica of the actual work situation such as typing. A trade test should be differentiated from the aptitude test. An aptitude test measures the potentials of the applicant to learn skills required on a job.

(d) **Interest Tests:** Interest tests identify patterns of interest in those areas in which the individual shows special concern, fascination and involvement. These tests suggest what types of jobs may be satisfying to the employees. Interest tests are more often used for vocational guidance. They help the individuals in selecting occupations of their interest.

(e) **Personality Tests:** Personality tests probe for the qualities of the personality as a whole, the combination of aptitude, interest and usual mood and temperature. It is very difficult to devise and use personality tests because they are concerned with discovering clues to an individual's value system, his emotional reactions, maturity, etc.

(f) **Interview:** Although application blank and employment tests provide a lot of valuable information about the candidate, yet they do not provide the complete set of information required about the applicant. Hence, interview may be used to secure more information about the candidate. The main purposes of an employment interview are: (i) to find out the suitability of the candidate, (ii) to seek more information about the candidate, and (iii) to give him an accurate picture of the job with details of terms and conditions and some idea of organization's policies. The actual data of the applicant given in the application form may also be checked and more information may be taken from the candidate. This occasion is also utilized for testing the capability and personality of the applicant. Thus, interview affords an opportunity to develop a clear picture of the candidate.

It is customary to have an interview in several stages especially for senior positions. There may be a preliminary interview by the head of the department. The final interview is taken by the interview or selection committee consisting of chairman of the organization, head of department, personnel manager and may be some outside experts. During the interview, the members of the selection committee appraise each candidate according to merits. At the end of interview of each candidate, the chairman consults the members and after a brief discussion finalizes the grading of the candidate. After the completion of interview of all the candidates, a panel is prepared. The number of persons in the panel is generally about two to three times the number of vacancies to be filled up.

Although personal interview is perhaps the most widely used method for selecting the personnel, it has certain limitations too. *Firstly,* it can test only the personality of the candidate and not his skills and ability for the job. *Secondly*, it depends too much on the personal judgement of the interviewer which may not always be accurate. That is why, in most of the organizations, occupational and other tests are given to the candidates before they are called for the final interview.

5. **Medical Examination:** The pre-employment physical examination or medical test of a candidate is an important step in the selection procedure. Though in the suggested selection procedure, medical test is located near the end, but this sequence need not be rigid. The organizations may place the medical examination relatively early in the process so as to avoid time and expenditure to be incurred on the selection of medically unfit persons. Some organizations either place the examination relatively early in the selection procedure or they advise the candidates to get themselves examined by a medical expert so as to avoid disappointment at the end.

The objectives of physical examination are: (i) to ascertain the applicant's physical capabilities to meet the job requirements; (ii) to protect the organization against the unwarranted claims under the Workmen's Compensation Act or against law suits for damages; and (iii) to prevent communicable diseases entering the organization. The physical examination should disclose the physical characteristics of the individual that are significant from the standpoint of his efficient performance of the job he may be assigned or of those jobs to which he may reasonable be expected to be transferred or promoted. A qualified medical expert appointed by the organization should certify whether the candidate is physically fit to the requirements of a job. A proper medical examination will ensure higher standards of health and physical fitness of the employees and will reduce the rates of accident, labour turnover and absenteeism.

6. Background Investigation: A referee is potentially an important source of information about the candidate's ability and personality if he holds a responsible position in some organization or has been the boss or employer of the candidate. Prior to final selection, the prospective employer normally makes an investigation on the references supplied by the applicant and undertakes more or less a thorough search into the candidate's past employment, education, personal reputation, financial condition, police record, etc. However, it is often difficult to persuade a referee to give his opinion frankly. The organization may persuade him to do so by giving an assurance that all information will be treated as strictly confidential.

7. Final Selection: After a candidate has cleared all the hurdles in the selection procedure, he is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment and pay scale and other benefits associated with the job.

7.4 TRAINING

Training is the art of increasing the skill of a worker in doing work more effectively and efficiently, and is essential for every type of worker. It refers to the transfer of know-how to the worker. It will change the level of work of the workers who are trained. A manager should develop a scheme of training, of employees so that they can acquire the knowledge, skill, attitudes and understanding needed to perform their jobs effectively.

Training is a continuous process, in fact, a service-long process for every worker. Continuous development of the skill and performance standard of the worker depends upon such continuous training. In China, the traditional practice of training is to improve the specialized skill in a job or for the performance of some important and exclusive tasks. This traditional system of training is based on the teachings of Confucious, popularly known as the Confucious approach. Promotion of a worker, improvement in status and financial conditions, are the essential considerations for such a Confucious approach to training. But in Japan, the system of training is totally different. They trust the system of continuous training. They have confidence in the continuous and constant development of the skill and personality of a worker. From the day of selection to the day of retirement, every worker has to go through the process of continuous training regularly. From an ordinary worker to the topmost executive, everyone must participate in this training programme throughout her/his career. This system has been used widely in the field of education in Japan, which is popularly known as the Kaizen approach.

Advantages

1. Training helps in the learning of job skills quickly by a worker.
2. It helps in increasing the efficiency and performance standards of workers.
3. It decreases breakage and the rate of accidents.
4. Absenteeism and labour turnover will be reduced by.
5. It helps in increasing the quantity and quality of output.
6. Standard procedures can be established for work performance.
7. Trained workers require less supervision.
8. The resources of the organization can be utilized effectively.
9. Employee morale will improve.
10. It will provide a good management development programme.
11. It will improve the job status and pay of the workers
12. It improves human relations in the organization.

Essentials before Training

Developing people to accomplish the objectives of the organization requires good training programmes. The training department has to study the needs of the organization, its policies, culture and environment. It should determine the nature of training and the different techniques of training. It has to understand the merits of different techniques of training. These training programmes may be apprenticeship, off-the-job instruction, vestibule training, supervisory training, motion pictures, sounds, charts, pictures, demonstrations, supervised tours, plant visits, discussions, conferences, seminars, group discussions, case studies and role playing. Training should not be considered by workers as a waste of time or as ineffective. Training materials should be organized and made available to all employees. Discussions and free exchange of opinion should be encouraged.

Types of Training

Orientation training: It is training which aims at acquainting the newly-appointed employee with the procedures, rules, regulations and culture of the organization. It may range from the type of the business down to the attitudes of people. New recruits will get acquainted with the work environment and get more confidence and a sense of belonging.

Refresher training: It is a special type of training designed exclusively for the existing workers to make them acquainted with the latest developments. As Dale Yodar states, refresher training is a retraining programme designed to avoid personnel obsolescence. Fast technological changes will compel workers to acquire up-to-date knowledge of them. Young and dynamic workers can make use of this training for their betterment. It is popularly known as training for promotion.

Apprenticeship training: Many governments in different parts of the world have made it obligatory for employers to give apprentice training to youngsters. It is a harmonious blend of on-the-job training and classroom lectures. It is also a system of “earn while you learn”.

Internship training: A business organization may have arrangements with professional or vocational institutions to impart practical knowledge to the students of such institutions. Advanced theory is followed closely by practical experience on the job. If there are brilliant students, the company can absorb such trainees after their training and education.

METHODS OF TRAINING

On-the-job training: This is the most popular method of training people. Workers learn while working on the job, and supervisors instruct or guide regarding new work systems. Workers learn by observing and working with senior workers. It develops the worker in his present job. Unskilled and semiskilled workers can be trained in this method effectively. There are various methods of getting on-the-job training.

Experience. Learning by experience is the oldest method. In fact, after the Industrial Revolution, many people thought that experience alone could take a worker to higher positions. But that may not be sufficient: it has to be aided properly by other methods also.

Coaching. In this method, a supervisor teaches job-knowledge and skills to the worker. A coach is entrusted with the responsibility of training workers while they are on the job. It provides guidance to the worker.

Understudy programme. This is a training programme designed to prepare a subordinate to fill the vacancy caused by death, retirement, resignation, promotion or transfer of the superior. A trainee will work as an understudy or assistant of a supervisor. Training is given in the real work situation, and helps in imparting important skills to the worker.

Job rotation. To prepare a worker to take up different responsibilities, he may be shifted from job to job. But it should be carefully planned and arranged in a suitable order.

Temporary promotions. If a senior person goes on leave, a trainee may be asked to be in charge, till that place is vacant. This temporary promotion provides authority and experience for the trainee. Institutions can develop their trainees by taking such opportunities.

Committees. If a trainee is made a member of a committee of the enterprise, he can participate in decision-making tasks. He can gain much from the company of experienced managers, and interaction with them will benefit him.

Off-the-job training

Vestibule training. Before entering the main hall of a house, one has to pass through a vestibule. Likewise, before taking up the actual task, which will have all the qualities of a real work environment, specialists train the workers to get accustomed to their work. But it is a very expensive method of training people.

The lecture method or class-room training. One can learn more from hearing a lecture than reading a voluminous book. Effective lectures will improve the knowledge and influence the attitudes. The lecture method is the most economical method of training. While hearing a lecture, a trainee can also take notes as an aid to learning. For large groups, it is most effective, but the problem is that it cannot provide practical work situations. Sometimes, lectures can also be boring. The above-average people can gain more out of such lectures. In many cases, lectures become one-way communication: it is better to combine other techniques like demonstrations, films, and posters along with the lecture method of training.

Booklets and circulars. Free and attractive booklets can motivate trainees to go through them in detail. They can re-read them if they are attractive and interesting. The company, its history, growth, future plans, performance standards, technical details of the functioning, and machine data can be provided in such literature. But people often may not read them at all, or they may just glance through them. If there are educated people with a preference for reading, this can be a better way of training,

Conferences, programmes and seminars. These are the best ways of improving communication skills and developing the personality of trainees, and the best method to train fresh managers, as they are exposed to group discussions, question and answer sessions, etc. A detailed analysis of a specific problem may be made and there may be exchange of ideas in conferences. Case studies may be conducted in seminars. But they must be well planned.

Role-playing. This is a method in which trainees project themselves in the roles of others and similar interpersonal situations are created. Each trainee enacts the role of a supervisor and the other of a worker. It improves the skill of human relations. It helps in influencing attitudes constructively, upgrading human relations skills and increasing sensitivity for the feelings of others. It helps in developing insight. Interpersonal skills, emotional control, and sensitivity to feelings are central to role-playing.

Business games. These are extensive training programmes. In the defence forces, they have a practice of training the staff through war games techniques. Likewise, business games simulate a real situation where groups participate in-decision making and problem solving. It involves different teams. One after another, all the teams take decisions on product lines, expansion, pricing, and advertising policy. After the game, all the decisions of different teams are fed into a computer which is programmed to give a real market trend. The computer gives indications on the decision-results of the different teams. The team which shows the largest profit is declared the winner. In business games, participants have a lot of emotional involvement, and deeper understanding of decision-making techniques.

Motion pictures. Large companies can afford to have their own film projectors and even produce their own films, or borrow films from other companies. Film teaching has an immediate impact on trainees. It has attention-getting value. The company's policies, philosophy, values, history, growth, diversification, key functional areas and technology can be shown in motion pictures. Films have the great advantage of visual learning,

The case method. This method was first developed at the Harvard School of Business. Its special feature is that the teacher or trainer is not the source of knowledge: a participative attitude and problem analysis teach the trainee. In the profession of law, cases are used as a basis for arguments. The trainee has to use the facts effectively and take decisions on his own. The case method is very useful for executive training, and useful in group problem solving.

The in-basket. In this a trainee is given an emergency problem, like a rush situation, with limited information. In his "basket" or "tray" a list of alternatives will be available. He has to dispose of that problem either by delegation or meeting, delaying action, and so on. This method can train the executive to take decisions under pressure, or to manage crises. It can also develop insight.

T-Group training. This is also called sensitivity training or encounter group or leadership training. This had its origin at the National Training Laboratories in Bethel, Maine, and is a product of the school of social psychology known as group dynamics. T-group refers to training group. This training involves a small group called a T-group. It has no planned structure. Sensitivity refers to the sensitivity to self and to relationships with others. It is basically emotional rather than conceptual. Chris Argyris states that a group experience is designed to provide the maximum possible opportunity for individuals to expose their behaviour, give and receive feedback, experiment with new behaviour and develop awareness of self and others. In a small unprogrammed group of 10 to 15 people, each member is encouraged to have a dialogue with the group, and in the process to know about himself and others in a non-structured environment. After this, an individual can know how others see him or how he affects them. The basic assumption of this method is that one cannot understand others until he understands himself.

An organization can spot the personnel from within who need to communicate and work better with others. They are sent to “hide outs” for T-group training. Some are hurt by the frankness of this method, others endorse the experience strongly. But it is the skill of the trainer that decides the success of this method. This method is a much-publicized and controversial technique of managerial development.

Its advantages are as follows:

1. It provides better insight
2. It gives better understanding of others.
3. It leads to better interaction in a group.
4. It gives better perception.
5. It gives better skills in social, interpersonal, and intergroup situations.
6. It improves the ability to intervene successfully.

However, it is criticized on the grounds that it creates stress and strain; its outcome cannot be judged precisely; people may be harmed psychologically as it invades their privacy; group pressure may expose them beyond necessity, and the trainer may not be competent. But one can overcome these by training the trainee properly, to increase motivation and to establish favourable social interrelations.

Principles of Training

A sound training programme must be based on the following principles:

1. Principle of individual ability: Each individual will differ in abilities and capacity to learn. Training programmes should be designed only after taking into consideration these individual capabilities.

2. Principle of job analysis: Job analysis should be done to decide the type of training, its need and methodology.

3. Principle of incentives: Sufficient incentives must be provided so that employees are motivated to participate effectively in the training programme.

4. Principle of combined effort: Supervisory personnel and trainees should come together to participate actively in making training activities effective. Sincere interest is essential on the part of both parties to make training programmes successful.

5. Principle of trainers' training: The people who train should themselves be trained properly first. They should undergo objective and specialized training and get training not only in the technical skill of the concerned job, but also in the art of training other people.

7.5 MANAGEMENT DEVELOPMENT

Management development programmes have become both popular and essential in modern organizations. Long-term corporate plans should include plans to develop future managers also. Management development includes all such activities which are directed towards increasing the capacity of the individual to perform better and to increase her/his potential for future management assignments. It is a systematic process of learning and growth. It will provide a lot of insight, skills and new knowledge. Present-day managers are made and not born, and they have to be created through a system. Today's programme will be tomorrow's progress.

A management development programme should include a well-thought- out plan and organization to implement the programme. Regular appraisal of managerial performance in the process of development should be made, and managers during their development process should be motivated properly.

Managers can be developed in management institutes or universities and academic bodies of higher management learning. Management associations and educational institutions can conduct seminars/conferences where managers can be developed. Within the organization itself, management development programmes can be organized effectively. Job rotation, delegation, committee assignments, special courses, promotion and transfers are some of the methods of management development.

Management development is a conscious effort to enhance the capability of potential managers. It involves a programme of training and planned development or forward personnel planning. The responsibility for staffing rests on all managers at all levels of the organization; it increases as one goes up in the organizational hierarchy. For example, a chief executive takes active interest in the selection of personnel, particularly at higher levels. Similarly, managers at other levels are involved in some form of staffing function, for example, besides selection of subordinates for their departments, they are involved in their training and performance appraisal.

Staffing requires an open-system approach. It implies that staffing is a basically dynamic process, and is affected by several variables both within and outside the organization. Moreover, the staffing function is affected by various elements of the management process, but at the same time it affects other elements also. Therefore, the staffing function of managers can be integrated with their other functions. Manpower planning enables an organization to forecast its manpower requirement. It helps the organization to match its manpower with the skills necessary for achieving its objectives, and also to know how its personnel are employed and how their skills are being used. Systematic manpower planning facilitates a similar approach in other aspects of staffing.

7.6 CHECK YOUR PROGRESS

1. ---------------- is the process of collecting the relevant job information and determining the component elements of a job by observation and study.
2. ----------------------- is a written statement of the main duties and responsibilities of a particular job.
3. A ---------------- will basically emphasize the personal requirements and inclinations necessary for the successful performance of a job.
4. --------------------- is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization.
5. --------------- is the process of employment of workers or establishing a -------------------- relationship between the employer and the worker.

7.7 SUMMARY

Staffing is one of the important functions of management. Staffing requires manpower planning, job analysis, job description, job specifications and job evaluation. The required staff have to be employed, based on the job. A recruitment and selection process is required to take the right person for the right job. The sources of recruitment are both external and internal. Personal interviews are required in the selection process. Induction and placement are followed by the selection process. The selected staff are provided training related to their jobs. Training methods are both on-the-job and off-the-job. Management development is being given importance in Indian industries.

7.8 KEYWORDS

Job Analysis: It is the process of collecting the relevant job information and determining the component elements of a job by observation and study.

Recruitment: Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization.

Coaching. In this method, a supervisor teaches job-knowledge and skills to the worker.

Training: This is the art of increasing the skill of a worker in doing work more effectively and efficiently.

Transfer: Transfer involves the shifting of an employee from one job to another.

Management Development: Management development is a conscious effort to enhance the capability of potential managers

7.9 SELF ASSESSMENT TEST

1. Why does staffing become an important managerial function in an organization?
2. Briefly explain the selection procedure followed by an industrial organization with which you are familiar.
3. Briefly explain the steps of the staffing process.
4. What are the various sources of recruitment?
5. Discuss the different types of employment tests.
6. What do you mean by job analysis, job description and job specification?
7. What are the different types of training? Explain.
8. Discuss management development in the Indian environment.

7.10 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in Blanks

1. **Job analysis** is the process of collecting the relevant job information and determining the component elements of a job by observation and study.

2. **Job description** is a written statement of the main duties and responsibilities of a particular job.
3. A **job specification** will basically emphasize the personal requirements and inclinations necessary for the successful performance of a job.
4. **Recruitment** is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization.
5. **Selection** is the process of employment of workers or establishing a **contractual** relationship between the employer and the worker.

7.11 REFERENCES/SUGGESTED READINGS

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Lesson No. 8	**Vetter:**

DIRECTING

STRUCTURE

8.0 Learning Objectives

8.1 Introduction

8.2 Concept of Direction

8.3 Nature or Characteristics of Direction

8.4 Importance of Direction

8.5 Principles of Direction

8.6 Scope, Techniques or Components of Direction

8.7 Approaches for style of Direction

8.8 Check Your Progress

8.9 Summary

8.10 Keywords

8.11 Self-Assessment Test

8.12 Answer to Check Your Progress

8.13 References/Suggested Readings

8.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Define directing and explain the nature of direction.

- Enumerate the importance and principles of direction.
- Explain the scope and approaches of directing.

8.1 INTRODUCTION

Direction is a vital function of management as it is concerned with action, and not thought. For the effective execution of any managerial decision, direction is needed. Once plans are formulated, the organisation is designed, and the competent employees are recruited, managers must provide direction to people. They must stimulate action by guiding subordinates through orders. They must supervise their work, communicate with them and motivate their efforts.

8.2 CONCEPT OF DIRECTION

Direction is the process of instructing, guiding, supervising, and motivating people towards the accomplishment of organisational goals. It is the function by which actual performance of persons is guided towards common goals. Ernest Dale writes, “The directing phase of the management job is what many people think of as management itself telling people what to do and seeing that they do it,” The scope of directing is very wide. It includes staffing, communicating, motivating, and developing group performance.

In the words of Lloyd Baird and others, “Directing, the process of guiding the activities of a group of people towards goal accomplishment, involves staffing, communicating, motivating, and working with groups.”

In the words of Jon Pierce and Dunham, “Directing is the process through which employees are led and motivated to make effective, efficient contributions to the realization of organisational goals.”

According to Koontz and O’Donnell, “Direction is a complex function that induces all those actions which are designed to encourage subordinates to work effectively and efficiently in both the short and long run.”

In the words of Theo Haimann, "Directing consists of the process and techniques utilised in issuing instructions and making certain that operations are carried on as originally planned. Directing is the process around which all performance revolves, the essence of operations and coordination is necessary by-product of good managerial directing.

According to Ernest Dale, "Direction is telling people what to do and seeing that they do it to the best of their ability."

According to E.F.L. Brech, "Direction is that part of management which is concerned with the determination of objectives and policy and the checking of overall progress towards their fulfilment.

8.3 NATURE OR CHARACTERISTICS OF DIRECTION

The above definitions reveal the following features of directing function:

1. **Managerial Function:** Direction is a managerial function performed by all managers at all levels in an enterprise. Every manager has to guide, motivate, supervise, and communicate with his subordinates to get the work done.

2. **Dynamic Function:** It is a dynamic function because the methods and styles of directing people vary with changes in people and organisational relationships. It is a management in action.

3. **Challenging Function:** Direction is a challenging function because it involves people, the organisation's most valuable and complex resource. Also, because it is unpredictable and unstable resource.

4. **Direction Initiates at the Top Level:** Direction initiates action from the top level and it goes downwards through the scalar chain. Top management directs middle management which, in turn, directs lower management. Thus, each manager directs the men under his charge.

5. **Guiding Process:** Direction is not limited to the issuing of instructions or giving information only, but it also includes the process of guiding, motivating and inspiring the persons. In fact, a manager is a guide, interpreter and teacher.

6. **Leadership Skill:** Directing is highly dependent on leadership abilities. Leadership skills are the most crucial to directing because in directing manager attempts to influence other persons to accomplish some goals.

7. **Performance-oriented:** Directing is specifically related to action and performance. Directing is a process around which all performance revolves. It is the essence of operation and coordination is necessary by-product of good managerial directing.

8. **Integrating Function:** Direction is also an integrating and connecting function. There may be and often is a conflict between the ends of the organisation and of the individuals. The purpose of direction is to see that individual interests do not interfere with the general interest. It is the function of the commander to strike a balance between the interests of various groups.

9. **Core of Human Resource Management:** Directing is the core of human resource management, because it deals directly with interpersonal relationships. It involves human factor. It involves shaping of individual and group behaviour. Fulmer says, “Direction is the human side of control.” It develops people to contribute to the attainment of enterprise goals. It entails guiding and leading people and establishing inter-personal relations between people.

10. **Creates Work Environment:** Directing is creating effective work environment. Through directing, managers harness the efforts, communicate goals and strategy and make sure their employees are working together effectively.

11. **Continuing Function:** Directing is a continuous function of the managers. A manager cannot just relax after issuing instructions. He tries to ensure that orders are executed properly. There is no end to guiding activity. The manager never ceases to direct, guide, teach, coach, and supervise his subordinates.

12. **Two-fold Objectives:** Directing function has two-fold objectives:

    (i) To achieve organisation goals,

    (ii) To develop managers.

    The directing function includes not only the superior manager's teaching function, but also the task of getting the work accomplished.

13. **Wide Scope:** Directing includes many activities. It consists of issuing orders, explaining procedures to the subordinates, motivating and leading employees and seeing that they perform their tasks with full efficiency.

14. **Communication-based Function:** Directing is based on effective communication system. In fact, communication is a vehicle of-direction.

15. **Pervasive Function:** Directing is a managerial function performed by all managers at all levels of organisation. Every manager, regardless of the number of subordinates, performs the directing function. The amount of time and effort an executive spends in directing, however, will vary depending on his level, the number of subordinates he has, and other duties he is expected to perform.

16. **Covers Routine Activities:** Direction covers the day-to-day activities between the supervisor and his subordinates, and a large part of the communications that flows back and forth between them is the transmission of orders.

8.4 IMPORTANCE OF DIRECTION

Directing is the spark of the management process because it sets the organisational machine into motion. Planning and organising are merely preparatory functions and work actually starts with directing the activities. Theo Haimann has said, “In order to make any managerial action really meaningful, it is necessary to convert it into effective action, which the manager accomplishes by directing. Without this managerial function, nothing or at best very little is likely to come about.” The importance of direction in organisation can be described under the following headings:

I. Heart of Administration

Direction is an essential function of management as it gets things done through others. It provides guidance for action and performance. M.E. Dimock writes, “The heart of administration is the directing function which involves determining the course, giving orders and instructions and providing the dynamic leadership.”

2. Initiates Action

An organisation can make good plans, set up a sound organisation structure, but nothing will happen unless it is directed into operation. According to Koontz and O’Donnell, the difference between all other executive functions and direction is comparable to the difference between sitting in an automobile with the motor idling and putting the car into gear.

3. Helps to Achieve Objectives

Every organisation has certain objectives to achieve and a mission to fulfil. Through direction, a manager can focus people’s skills, time, and energy on organisation goals. A proper direction can help people in attaining their goals.

4. To Execute the Decisions

Decisions are implemented through the directives. Policies and procedures determined by the top management are also executed through direction provided by the top managers. Faulty direction can nullify efficient planning and sound decisions.

5. Irreplaceable Task

Even in the age of robots, computers, and machines, the function of direction cannot be replaced. It will always be necessary for managers to guide people in their work and to provide the appropriate environments for these people to work effectively. It will continue to be an important function of management. According to John Seymour, *direction in business is similar to 'strategy in war*.'

6. Helps Utilize Capabilities

Direction helps in getting maximum out of individuals. It helps explore their inner talents. Dale writes, "Not only must the manager have plans he wants carried out, not only must he divide the work and hire people who are capable of doing it, he must also compel or induce people to use their capabilities."

7. Crucial to an Organisation's Success

Effective management of all aspects of directing function–staffing, motivating, leadership, working with groups, and communicating–is crucial to an organisation's success. Directing function provides a test of managerial capability in running a business enterprise successfully. The success of an institution depends on the directional skill of the management.

8. Attempts to get Maximum Results

Good direction motivates persons to produce maximum results. It provides proper supervision and valued guidance which induce workers to improve their capacity to produce. Melvin Copeland wrote, "Results are achieved not merely by precept, inspiration and example; under some conditions in every organization leadership calls for forceful driving" This drive is provided through direction.

9. Getting Things Done

Directing is a fundamental function of getting things done through others. Without issuing orders and instructions and without guiding and motivating, no manager can get the work done. Directing is the process around which all performance revolves. Comparison can be made with an automobile with its motor idling, where nothing happens until and unless the car is put into gear and the accelerator depressed. Without the issuance of directives, without guiding and overseeing, nothing, or at best very little, would be accomplished."

10. Connecting and Actuating Link

Theo Haimann has rightly asserted when he says that without directing nothing is likely to come about. In his words, "Planning, organizing, and staffing are not enough; they can be considered only preparatory managerial functions; the purpose of controlling is to find out whether or not the goals are being achieved. The connecting and actuating link between these functions is the managerial function of directing, which means the issuance of directives and the guidance and overseeing of the subordinates."

11. Creates will and Enthusiasm for Work

It is wrong to assume that good planning, good organising, and proper selection and development of subordinate managers will automatically result in subordinates' performance of the assigned duties. Executive function of direction deserves equal attention along with the other functions of planning, organising, staffing, and controlling because it is the function of getting subordinates to work willingly and enthusiastically to achieve the corporate objectives.

12. Helps Achieve Coordination

Direction contributes to coordinating the activities in organisation. Direction is the essence of operations, and coordination is a necessary by-product of good managerial directing."

13. Helps Develop Managers

Directing is the superior manager's teaching function. It is the task to direct, guide, teach, coach, supervise, and develop the potential future managers. It develops work talents, work qualities, and work culture.

14. Creates Work Environment

Through proper directing, managers can mobilize, motivate, and energize the employees and influence their working culture. They can create a cooperative and trusting environment of work.

15. Other Points of Significance

(i) It integrates individual's efforts.

(ii) It facilitates change in the organisation.

(iii) It ensures stability and balance in the organisation.

(iv) It is helpful in securing the cooperation of employees.

(v) It facilitates management of change.

(vi) It motivates employees.

8.5 PRINCIPLES OF DIRECTION

Direction is one of the most complex functions of manager, because it deals with actual work and human behaviour. Effective direction is a matter of practice which can be learned and perfected only through experience. The following principles may be helpful in achieving successful direction:

1. Principle of Directing Objective: This principle states that the more effective the directing process, the greater will be the contribution of subordinates to organisational goals. The manager should get people to understand their goals and roles clearly.

2. Principle of Harmony of Objective: An organisation functions best when the goals of its members are in complete harmony with the goals of the organisation. Thus, in directing subordinates, a manager must take advantage of individual motives to attain group goals. He should direct the subordinates in such a way that they perceive the enterprise objectives to be in their personal interest. Effective direction should facilitate integration of individual goals with enterprise goals.

3. Principle of Unity of Direction: This principle states that directing can be most efficiently carried on by one person. Hence, it should move from a single chain of command so that disorder and confusion can be avoided. A single superior may be in the best position to understand the nature of his subordinates and to select appropriate directing techniques.

4. Principle of Direct Supervision: Direction succeeds most when it maintains face-to-face or direct contact with subordinates. Direct supervision improves the loyalty and morale of employees. It also provides immediate feedback, removes doubts, promotes informal relations and facilitates communication. Therefore, guiding and supervising process must have the personal touch with employees.

5. Principle of Effective Leadership: This principle requires that managers should adopt an appropriate style of leadership to make direction effective. The style should be democratic and participative which can satisfy the feelings and emotions of followers. It should invite the views and opinions of employees.

6. Principle of Communication: Direction becomes effective when the manager knows the feelings and difficulties of his subordinates. The manager should ensure that the policies, plans, and procedures are effectively communicated to his subordinates. He should also explain the results expected of them and ensure that the message is understood in a right sense.

7. Principle of Maximum Individual Contribution: Success is achieved when every person in the organisation contributes to the organisational objectives in a maximum way. Therefore, the techniques of direction should be such as to enable the subordinates to do their best to attain enterprise goals.

8. Principle of Human Relations: This principle states that a manager's success in directing depends on his ability to create a healthy human relations climate. He can do o by satisfying interpersonal relationships, by respecting their feelings, and by treating them as 'human beings'.

9. Principle of Participation: Effective direction can be achieved by involving subordinates in decision making process. Hence, the manager should invite ideas and suggestions. It will contribute to the acceptance of decisions by those who have to implement them. It will also produce a sense of commitment towards the directions given.

10. Principle of Informality: Direction should not be too much formal and based on directives. It should have a touch of informal relations. Hence, the managers should make the strategic use of informal groups. They should secure the cooperation of informal leaders to increase the effectiveness of their direction.

11. Principle of Follow-through: Direction cannot be fully effective without an efficient control and feedback system. Mere issuing of orders is not enough, the managers should monitor the information on behaviour and performance of their subordinates. Follow-up mechanism will help in keeping a check on deviations and wrong behaviour. It will also show a manager where his deficiency, if any, lies so as to revise the direction.

8.6 SCOPE, TECHNIQUES OR COMPONENTS OF DIRECTION

The activities of subordinates are directed through a number of techniques, although the importance attached to each one may vary at different times. Some important methods of direction are described as under:

1. Orders and Instructions

The order is a device employed by a line manager in directing the activities of his immediate subordinates. The terms–orders, instructions, directive or command have nearly similar meaning in management literature. Orders and instructions imply managerial decisions and initiate action on the part of subordinates. According to Koontz and O'Donnell, "as a directional technique, an instruction is understood to be a command by a superior requiring a subordinate to act or refrain from acting in a given circumstance." An order is enforced by official power. A manager can employ penalties against subordinates if they do not follow his instructions.

Orders may be communicated verbally or in writing. To ensure compliance of orders, various methods such as force, bargain or harmony of objectives may be used. Mary Follett, Chester Barnard and others have described certain essential conditions which make an order acceptable. These are:

(i) Order should be clear and complete.

(ii) It should be compatible with the purpose of the organisation.

(iii) It should be feasible.

(iv) It should be reasonable and attainable.

(v) It should follow the chain of command.

(vi) It should be depersonalised and made an integral part of a given situation.

(vii) It should be constantly followed up.

2. Supervision

Supervision is an important means of directing. It is a function of every manager at every level. It involves personal contact with subordinates and serves as a linking process between management and workers. Top managers supervise the work of middle level managers who in turn supervise first line managers or operating personnel. In fact, supervision is very much needed at the operating or shop level of management. A supervisor has, an important place in the chain of command. He plays vital roles in directing or overseeing the work of operating persons. McFarland states, “The supervisor is often a key individual in the lives of the men who work for him. To the extent that he earns their confidence as a leader, they depend on him for ideas, information, suggestions, approval, guidance, and even criticism. They look to him for decisions, for timely information, for friendly counsel, and for answers to questions that arise.”

Supervision is an integral part of directing function. A supervisor generally performs the following functions.

(i) To assign tasks and define responsibilities.

(ii) To explain management plans and establish work methods.

(iii) To develop harmony, cooperation, and teamwork.

(iv) To keep superiors informed of progress of work.

(v) To listen subordinates’ suggestions and complaints.

(vi) To coordinate work with other sections.

3. Leadership

Leadership is a process or activity of guiding, directing, and influencing the actions of followers so that they willingly strive towards the attainment of mutual goals. A leader guides and directs other people and creates enthusiasm among them. He gives their efforts a goal. He initiates actions, administers plans, interprets the reasons to work, and represents the institution. That is why leadership is so important in connection with the directing function.

In directing role, a leader performs the following functions:

(i) to advance the purpose of the group;

(ii) to inspire greater activity and set the pace for the group;

(iii) to resolve the differences by providing guidance;

(iv) to create group cohesiveness and team spirit;

(v) to develop an environment conducive to work;

(vi) to motivate the group to work effectively.

4. Motivation

Without motivation, a manager cannot get the work done through others. Motivation is a force that causes people to do the job. It influences human behaviour and creates human energy to attain goals. It is putting the other people into motion. It is a process of channelling a person's drives. It is the process of initiating and directing behaviour. Michael Jucius writes, "It is the act of stimulating someone to get a desired course of action, to push the right button to get a desired reaction." Motivating worker is to create a need and a desire on the part of a worker to improve his present performance. Good motivation leads to better work. It is intimately connected with goals, performance, morale, 'readiness to work,' vigour etc. It directs behaviour towards action. Thus, motivation is an important element of direction.

5. Communication

Communication is an important technique of the managerial function of directing because it is needed to enable employees to perform their work effectively. Employees need to know their duties, roles and relationships. They also want to know managerial decisions, plans, policies, and work procedures. Thus, through communication, a manager passes all these information to his subordinates. It is an exchange of facts, ideas and understanding between superior and his employees.

In essence, communication is an important component and tool of direction through which a superior:

(i) directs the efforts of his employees;

(ii) defines the goals of the organisation and the sub-units;

(iii) tells the subordinates what is expected of them and what resources are available;

(iv) explains job instructions, policy statements, and work procedures;

(v) maintains conformance with the rules, policies and standards;

(vi) achieves co-ordination; and -

(vii) administers rewards and penalties.

6. Indoctrination

Indoctrination is an additional aspect of managerial direction. Direction becomes effective if the subordinates absorb and accept the general philosophy and the general attitude of the enterprise. Indoctrination goes further than merely explaining the philosophy, policies, procedures, and standard practices; it imbues the subordinates with a set of beliefs and attitudes. Indoctrination sets the proper stage for direction.

8.7 APPROACHES OF STYLES OF DIRECTION

There are several approaches or styles used in directing the efforts of workforce towards the attainment of objectives. There are three broad patterns of direction:

1. Consultative Direction
2. Free-rein Direction
3. Autocratic Direction

1. Consultative Direction

The consultative or participative style of giving direction is one whereby the manager consults with his subordinates and seeks their ideas before making a decision or issuing a directive. He tries to know the subordinates' suggestions and reactions about a problem with an open mind. The right to decide still remains with the superior. Thus, consultative direction means a sharing of the information between the manager and the subordinates and a thorough discussion of the alternate solutions.

For consultative direction to be successful it is necessary that the subordinate is in a receptive frame of mind and he is consulted only in those areas in which he has an adequate knowledge.

The major advantages of this type of direction are that:

(i) a directive is not treated as an order, rather it becomes a 'solution'; it assures the subordinates' best cooperation and enthusiasm in carrying it out;

(ii) it provides an outlet for ideas and imagination;

(iii) it raises morale of the subordinates and improves the quality of the directive;

(iv) it provides an opportunity to make a worthwhile contribution; thus it develops managers.

(v) it brings the subordinates closer to the managers and improves communications.

2. Free Rein or Laissez-faire Direction

Using this style, the superior does not participate actively in giving direction. Rather, he enables the subordinates to contribute their own initiative, independent thought, drive, intelligence, and ingenuity to the solution of the problem. He assigns the task not in a specific way but in general terms. He gives the subordinates an opportunity to learn by doing. He acts primarily as a liaison man. The initiative remains with the subordinate and superior keeps himself available for discussion and consultation, even on short notice. This type of direction is employed when the subordinates are usually of high intelligence and possess a strong drive for achievements.

The free-rein direction has some merits as under:

(i) it gives subordinates a pride in their work;

(ii) it develops their self-confidence and managerial talent;

(iii) it creates freedom of activity and team spirit;

(iv) it encourages them to contribute independent thought; and

(v) it develops informal relationship in a formal set up.

Free-rein direction requires certain conditions. The superior should be a good listener. He should be prepared to let his subordinates make mistakes. Also, the subordinates should be highly educated, mature, brilliant, and solo-performers. They should have a keen sense of responsibility. Otherwise, it may lead to inefficiency and poor performance. At times, the subordinates may prefer their own interests over the organisational goals.

3. Autocratic Direction

The manager who chooses the autocratic style of direction keeps the entire decision authority and control with him. He gives direct, clear, and precise orders to his subordinates with detailed instructions. He maintains close supervision over subordinates and delegates as little authority as possible. He believes that he can do the job better than any of his subordinates. He feels that subordinates are “not paid to think”, and he alone is to make decisions and do the planning. He believes that only he can specify the best method.

This kind of direction is useful where the subordinates are inexperienced, new on the job and prefer to receive clear commands as to what they are to do. Autocratic direction provides for quick decision-making. It often brings orderliness and firmness into a chaotic situation. Under the conditions of crisis and emergency, it is the only method that will achieve the best results.

But this type of direction has certain fatal consequences too. These are as follows:

(i) Subordinates may lose interest and initiative. They stop thinking for the organisation. They rejoice the boss's mistakes.

(ii) It does not produce future managers.

(iii) It is not suitable in democratic and permissive society.

(iv) It leads to low productivity in the long run due to the dissatisfaction and low morale of workers. It discourages ambitious subordinates.

8.8 CHECK YOUR PROGRESS

Fill in the Blanks

1. ------------ is the process of instructing, guiding, supervising, and motivating people towards the accomplishment of organisational goals.
2. Direction initiates action from the ------------- and it goes ----------- through the scalar chain.
3. Directing is a managerial function performed by all ------------ at all -------- of organisation.
4. The ---------- is a device employed by a line manager in ----------- the activities of his immediate subordinates.
5. ------------- is a force that causes people to do the job.

8.9 SUMMARY

Management is getting things done by people. This process requires directing the people, motivating them and leading them towards doing the work. The managers have to direct the people, tell them how to do the work and order them to achieve the targets after they plan and organize various activities. All these activities constitute direction.

8.10 KEYWORDS

Direction: This is the process of instructing, guiding, supervising, and motivating people towards the accomplishment of organisational goals.

Motivation: It is a force that causes people to do the job.

Leadership: A process or activity of guiding, directing, and influencing the actions of followers so that they willingly strive towards the attainment of mutual goals.

8.11 SELF ASSESSMENT TEST

1. Define ‘Direction’. Explain its nature and importance in management.
2. Discuss the principles and techniques of direction.
3. Discuss the patterns of direction. How can directing be made effective?
4. “Direction is management in action.” Discuss. Also describe the techniques of direction.
5. Write short-notes on:
   (i) Elements of direction
   (ii) Consultative direction
   (iii) Orders and instructions
6. Explain the following principles of direction:
   (i) Harmony of objectives
   (ii) Direction supervision
   (iii) Informal relations

8.12 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. **Direction** is the process of instructing, guiding, supervising, and motivating people towards the accomplishment of organisational goals.
2. Direction initiates action from the **top level** and it goes **downwards** through the scalar chain.
3. Directing is a managerial function performed by all **managers** at all **levels** of organisation.
4. The **order** is a device employed by a line manager in **directing** the activities of his immediate subordinates.
5. **Motivation** is a force that causes people to do the job.

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Subject: Management Concepts and Organizational Behaviour

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Lesson No: 9 **Vetter: Dr. B. S. Bodla**

LEADERSHIP

STRUCTURE

9.0 LEARNING OBJECTIVES

After going through this lesson, you will be able to:

- Define the meaning of leadership.
- Explain the various leadership styles.
- Describe the various approaches to leadership styles.

9.1 INTRODUCTION

There is a profound difference between manager and leader, and both are essential in a sound management system. To 'manage' means "to bring about, to accomplish, to have charge of or responsibility for, to conduct".

On the other hand, the ‘Leading’ is “influencing, guiding in direction, course, action, opinion”. The distinction is critical. Managers are people who do things right and leaders are people who do the right thing. In this lesson, you’ll learn that leadership is a very complex art that is essential for the success in mission. In fact, your knowledge of effective leadership principles and concepts coupled with their application at your work place may prove to be rewarding both professionally and personally.

Let’s start with a simple definition of leadership. Leadership is the process of influencing an organized group towards a common goal. This definition sounds easy, but the application can provide a real challenge.

Your goal as a leader in the organization is to do the best job you can at influencing your people towards a common goal. Since you are dealing with a very diverse group of people, it is important to understand the different approaches to motivate them to meet their goals. Leadership style is the pattern of behaviors you use when you are trying to influence the behaviors of those you are trying to lead. Each leadership style can be identified with a different approach to problem solving and decision-making. Possessing a better understanding of the various leadership styles and their respective developmental levels will help you match a given style for a specific situation. The challenge is to master the ability to change your leadership style for a given situation as the person’s development level changes.

How can you help your followers increase their development level? Here are some practical ideas:

1. Explain to them what you want to get done.

2. Provide the guidance they might need before they start.

3. Give them the opportunity to complete the task on their own.

4. Give them a lot of positive encouragement.

Your goal should be to help your followers increase their competence and commitment to independently accomplish the tasks assigned to them, so that gradually you can begin to use less time-consuming styles and still get high quality results. Your organization depends on positive, effective leaders at all levels to perform the mission. There is no single leadership style that is appropriate in every situation; therefore, for you to be effective leaders you need to learn to understand your environment, your situation and the circumstances to help you act accordingly. Remember, your success as a leader will depend on your assessment of the situation and your ability to communicate what you want in such a way that others will do as you wish - that is the art of leadership.

9.2 What is Leadership

It is difficult to define the term "leadership". However, as a starting point, we may proceed with the workable definition that a leader is one who leads others and is able to carry an individual or a group towards the accomplishment of a common goal. He is able to carry them with him, because he influences their behavior. He is able to influence their behavior, because he enjoys some power over them. They are willing to be influenced, because they have certain needs to satisfy in collaboration with him. *French and Raven* have proposed the following bases of power for a person exerting influence:

1. **Legitimate-** That the targets of influence, followers or sub-ordinates understand that the power the leader enjoys is legitimate and they should comply with his orders in order to meet their own goals.

2. **Reward-**That the followers know that the leader has the power to grant promotions, monetary inducements or other rewards if his orders are complied with.

3. **Coercive-** That the followers know that if the leader's orders are not complied with, he has the power to hire, fire, perspire and discharge the followers.

4. **Expert-** That the followers know that the leader possesses specialist's knowledge in the field they lack it.

5. **Referent-** That the followers feel attracted towards him because of his amiable manners, pleasing personality or they feel that he is well connected with high-ups.

It is apparent then that the first three power bases indicate positional power, which one derives from one's position. The other two indicate personal power, which is based on the individual's own characteristics. In any case, the leader exercises his influence because of one or more of these types of power and obtains compliance from the followers. How far he succeeds in his attempts will depend upon several other factors that we will discuss during the course of this lesson.

Leadership is, therefore, regarded as the process of influencing the activities of an individual or a group in efforts towards goal achievement in a given situation. This process, as *Heresy and Blanchard* suggest, can be explained in the form of the following equation:

$$L = f\ (L, F, S,)$$

That is, the leadership is a function of the leader(L), the follower(F) and other situational variables(s). One who exercises this influence is a leader whether he is a manager in a formal organization, an informal leader in an informal group or the head of a family. It is undoubtedly true that a manager may be a weak leader or a leader may a weak manager, but it is also equally probable that a manager may be a true leader or a leader may be true manager. *A manager who is a true leader as well is always desirable*. Situational variables include the whole environment like the task, the group, organizational policies, etc.

9. 3 Leadership Styles

Leadership style is the way a managerial leader applies his influence in getting work done through his subordinates in order to achieve the organizational objectives. The main attitude or belief that influences leadership style is the perceived role of the manager versus the role of the subordinates. It depends upon the role of the leader whether he likes to work more of a colleague, facilitator and decision maker and on the other hand the response of the subordinates would determine the particular style to be in application. Broadly speaking, there are three basic leadership styles: -

1. **Autocratic or Dictatorial Leadership:** In this leadership style the leader assumes full responsibility for all actions. Mainly he relies on implicit obedience from the group in following his orders. He determines plans and policies and makes the decision-making a one-man show. He maintains very critical and negative relations with his subordinates. He freely uses threats of punishment and penalty for any lack of obedience. This kind of leadership has normally very short life.

2. **Democratic Leadership:** In this case, the leader draws ideas and suggestions from his group by discussion, consultation and participation. He secures consensus or unanimity in decision-making Subordinates are duly encouraged to make any suggestion as a matter of their contribution in decision-making and to enhance their creativity. This kind of leadership style is liked in most civilized organization and has very long life.

3. **Laissez-faire Free Rein Leadership:** Quite contrary to autocratic leadership style, in this leadership style the leader depends entirely on his subordinates to establish their own goals and to make their own decisions. He let them plan, organize and proceed. He takes minimum initiative in administration or information. He is there to guide the subordinates if they are in a problem. This kind of leadership is desirable in mainly professional organization and where the employees are self-motivated. Leader works here just as a member of the team.

We shall now discuss the roots of such leadership styles i.e. we shall try to understand as to how these different leadership styles have been evolved by the management scholars.

9. 4 Approaches to the Study of Leadership Styles

There are broadly three major approaches to the study of the leadership phenomenon. Attempts have been made to understand this phenomenon by studying (i) traits of the leader, (ii) behavior of the leader or (iii) situations in which leadership is exercised. The trait approach was followed during the 1930s-1960. The behavioral approach attempted to explain leader behavior in terms of his styles or practices, but altogether neglected the follower and situational characteristics.Therefore, an approach, called the situational approach, which had the potential to incorporate important variables, developed during the 1970s.

I. Trait Approach

There have always been very few persons in society or organizations who are leaders. The vast majority of people constitute the followers. But what is it that distinguishes leaders from non-leader? Or what make a person the successful leader? It is, perhaps, something that is in-born in him and which the followers lack. This approach stresses the in-born qualities or characteristics of an individual.

One way to identify the traits is to ask the leader himself how he considers himself different from his followers or what distinguishing characteristics he possesses. Another way is to analyze the past and the present of the leader in terms of his family background, education, career events, etc. and build up a list of traits or attributes that the leader possesses. In both cases, a leader's life becomes highly interesting only when he has emerged as a leader. This compilation of a list of traits or attributes does not give any predictive power and therefore, investigators have tended to relate leadership even with handwriting [graphology], skull shape [phrenology] and occult influence of stars [astrology].

A number of studies have been conducted to identify traits or characteristics that can be used to distinguish successful from un-successful leaders or followers. As *Ivancevich et al* have suggested, the most researched traits include the following: -

1. Physical characteristics — Age, appearance and height

2.	Social background	—	Education, social status and mobility
3.	Intelligence	—	Judgement, knowledge, decisiveness and fluency of speech
4.	Personality	—	Alertness, dominance, extroversion, independence, creativity and self-confidence
5.	Task-related Characteristics.	—	Achievement drive, initiative, persistence, enterprise and task orientation.
6.	Social characteristics	—	Attractiveness, popularity, sociability and interpersonal skills.

Different studies have identified different numbers of traits. With each study, the list of traits studied has become longer and longer. Some traits are, however, common to all the studies. In general, there appears to be a consensus that effective leaders possessed intelligence, social maturity and breadth, inner motivation and achievement drive, and a human relations attitude. However, inability to value the followers' ideas, poor human relations, display of emotional immaturity, and poor communication skills have been regarded as dysfunctional to effective leadership.

Criticism

The trait approach is weak in several respects. But before we list the basic criticisms, we would like to give some examples of leadership that will themselves throw up the main shortcomings of this approach. Mahatma Gandhi, a frail man, not even adequately clothed, but wedded to truth, became the Father of the Indian nation. Lal Bahadur Shastri, a short stature person, after becoming the Prime Minister, used to be an object of amusement, but not very long thereafter, when the Indian Army marched into Pakistani territory, he became a hero and died at the height of his glory while negotiating a settlement at Tashkent. Indira Gandhi, without much formal education, was in 1971, after the Bangladesh war, acclaimed as ‘Chandi’ and ‘Durga’ in Ramlila grounds and presented with a sword, etc. by her staunch critics. But the same “pride of the nation” fell from grace in 1977.

Our purpose is not to comment upon anyone’s leadership, but to highlight the fact that the leader remaining the same, his effectiveness has varied in different situations. His or her inborn characteristics are given but whether one succeeds or fails as leader, perhaps, depends upon something else. It seems a person is at his best when he comes across a situation, which needs him. Further, not many things were common among those who succeeded or failed.

In times of crisis, a simpler form of leadership is required. Leaders emerge more easily in unstable situations. Decisions in such situations relate to either/or. Many alternatives are not available. Full cooperation is forth-coming from all corners but the complexity of decision making is heightened in the not-so unstable situations when on the spot decisions are not needed and consultation and generation of the search process is possible. Most organizations, no doubt, dynamic but not so unstable as to be crisis-torn, have complex tasks and so, a hierarchy of leaders is required. Therefore, most leadership situations are highly complex and cannot be adequately explained by the trait approach.

We now list criticisms leveled against this approach.

1. There is no finite set of traits to distinguish successful from unsuccessful leaders. Rarely, if ever, do two lists agree on the essential characteristics of the effective leader. A survey by *Bird and Stogdill* shows: [i] Less than 5 per cent of the traits are common in four or more of the studies surveyed, and [ii] leaders are not markedly different from their followers.The same traits are widely distributed among the non-leaders as well.
2. It is difficult to indicate what mix of traits is necessary to make an effective leader. Its measurement is problematic.
3. No consistent relationship is discernible between attributes and leader behavior.

4. This approach stresses the inborn qualities or characteristics of individuals and therefore, in turn, questions the value of training individuals to assume leadership positions. Training may help improve a person if he possesses the basic traits. Therefore, it was essential first to identify those who possess these traits and then impart training only to such persons. According to this approach, training would be fruitless in the case of others. This view seems to be inappropriate in the light of the aforesaid criticisms and inconsistent with the results of training programs.

5. Different traits appear necessary for different roles even in the same organization. At lower managerial levels where there is a direct contact between the worker and the supervisor, technical knowledge is of paramount importance. At middle management levels where they interpret and elaborate policies, human relations skills are more important than technical knowledge. At higher managerial levels where ideas are generated, policies are framed, strategic and long-term planning is undertaken, ideational resource possessing conceptual skills gains pre-eminent position. Organizations compete, not with products, with people. So uniformity of traits across all levels is questioned.

6. Leadership in a large organization demands a specialized limited role, but a multiplicity of roles has to be played in a small organization. Therefore, a different combination of traits for the two roles would be required.

7. The approach does not consider what the leader does, ignores followers and their effect on the leader. The effectiveness of leadership is dependent to a large extent on the situation or environment surrounding the leadership or influence process.

8. It requires an initial separation of people into “leaders” and “non-leaders” or “good leaders” and “not so good leaders”. But there appears to be no particular correlation between a man’s ethics and morals and his power to attract followers.

9. When an individual is faced with a problem, then only the presence or absence of the trait required in that situation becomes known. That is, a trait in order to get expressed needs a situation, without which, the presence or absence of that trait in a particular individual may not be known.

There is, therefore, an increasing recognition of wide variations in the characteristics of individuals who become leaders in similar situations and of even greater divergence in the traits of leaders working in different situations. Despite its shortcomings, no approach is entirely worthless. It is on the basis of its weaknesses that the foundations of new approaches are laid. Thus, the trait approach paved the way for later approaches like the behavioral and the situational.

II. Behavioral Approach

When it was apparent that the trait basis was not adequate to explain the leadership phenomenon, the theorists directed their attention to the study of leader behavior. This approach was advocated during the 1950s-1960s. The roots of this approach lie in how the management viewed the workers. Under the spell of the traditional management approach, men were regarded as inert appendages to the machine. It was the function of management to coerce, direct and motivate them through the offer of economic rewards. Management attempted to reduce wastes of time and material to increase efficiency and no consideration was shown to men as assets. In other words, the philosophy was that people were, by nature, lazy uncreative and irresponsible, and so leadership has to be directive. However, during the 1930s, the Hawthorne experiments exploded the myth of management thinking. *Elton Mayo* and his associates discovered the existence of informal groups and informal leaders and laid stress on interpersonal relationships as a significant influence on productivity. Therefore, the scientific management advocates ignored human behavior and expressed some concern for output, whereas the human relations movement showed an overriding concern for people.

These two movements gave birth to leaderships studies which characterized leaders as basically adopting a particular leadership style, say, dictatorial/ autocratic/authoritarian/democratic/supportive/consultatie/participative or the laissez faire/free-rein type. These studies were organized to examine the impact of a particular leadership style over individual and group behavior. The dictatorial leader was one who had absolute authority and used threats and punishments to extract work out of people. An authoritarian leader was one who claimed recourse to authority vested in him to hire, fire and reward people. He issued directions and maintained formal relationship with people. Democratic or participative leaders considered subordinates' views in organizational matters, provided guidance on their work problems and emotionally involved themselves in helping workers achieve organizational as well as individual goals. The laissez-faire or free-rein leader supplied information to the group members, but displayed little emotional involvement and a minimum of participation in the group activities. He lets them decide themselves without laying down any procedures. This amounts to virtual absence of formal leadership or is analogous to abdication of responsibility.

Studies of the type just mentioned were inconclusive and brought out conflicting results. On the whole, it was revealed that authoritarian or autocratic leaders improved production temporarily, but depreciated human assets seriously. In the case of democratic leaders, output was not as high as in the case of the autocratic ones, but quality was better and human problems were minimum. Laissez-faire or free rein leaders evoked an altogether a different response. Here, organization suffered on both the counts-products as well as human relations. In the final analysis, these studies appeared to suggest that leadership style could be either/or, i. e., just of one particular type and the best leadership style was the democratic type involving all workers in decision-making.

In somewhat similar vein, *Tannenbaum and Schmidt* considered a range of leader behavior [7 points] from the manager able to make decisions which non-managers accept at one extreme of the continuum, and the manager and non-managers jointly making decisions within limits defined by organizational constraints at the other end of the continuum. This continuum suggests that there is scope for a variety of leadership practices, but it is again indicative of the dominant philosophy of a leader. It does not predict that different departments of the same organization could follow different leadership styles. Perhaps, the authoritarian style may be appropriate for the production department, but a democratic style may have to be used in the research and development department. It is also silent in regard to the fact that the same leader could adopt different styles for different matter. *Golembiewski* suggests that different kinds of leadership styles are appropriate for different kinds of problems. There are some roles that are peculiar to the superior, such as setting general goals. The generally appropriate leadership style in such a case is leader centred. For "mixed" roles like relocating machines on which individuals have worked for many years, an appropriate leadership style is group-centred. However, there are some roles that are peculiar to the subordinates such as deciding how to use a tool. In such a case, one may even use the free-rein leadership style.

A number of studies have lent support to the two basic styles of leadership-authoritarian and democratic. Before we discuss some of the important studies, we may point out that various terms like authoritarian, autocratic, leader-centred, task-oriented, job-centred, goal attainment, initiating structure or concern for production leaders have been treated in most studies at par. Terms like democratic, participative, group-centred, employee-centred, relationship-oriented, group maintenance, consideration or concern for people leaders have again been taken to mean more or less the same thing.

i) University of Michigan Studies

The Institute for Social research at the University of Michigan conducted a number of studies to identify styles of leader behavior that result in increased work-group performance and satisfaction. Their studies resulted in the development of two distinct styles of leadership: [I] the job-centred {task-oriented} leadership style emphasizing the use of rules, procedures, and close supervision of subordinates, and [ii] the employee-centred {relationship-oriented} leadership style emphasizing delegation of authority and responsibility and concern for employee welfare, needs, advancement and personal growth.

The use of both styles led to increase in production, but it was slightly higher in the case of the job-centred leadership style. However, the use of direct pressure and close supervision led to decreased satisfaction and increased turnover and absenteeism. The employee-centred approach led to improved work flow procedures and more cohesion in interaction. This resulted in increased satisfaction and decreased turnover and absenteeism. This fact would obviously suggest the superiority of the employee-centred leadership style.

Criticism

These studies have met with the following criticisms:

1. A serious point of criticism is that these studies fail to point out whether leader behavior is the cause or effect. A productive group may suggest it to the leader to adopt an employee-centred approach. Whether the employee-centred leadership style makes the group productive or whether the productive group induces the leader to be employee-centred is not clear.

2. It suggests leader behavior to be of one particular type and static whereas, in practice, it changes from situation to situation. A particular leadership style is appropriate in a normal circumstance and an altogether different one when there is pressure is an extra-ordinary situation.

3. The use of a questionnaire completed by subordinates introduces an element of employee bias in it and may not present the true view of the leadership style. The individuals and groups that are satisfied and attracted towards the leader are more likely to describe the leader as considerate than those who are conflict-ridden and dislike the leader.

4. As in the trait approach, these studies also did not take into consideration the nature of the subordinate's task or the personal characteristics, group characteristics or other situational variables.

ii) Ohio State Studies

Initiated in 1945, the Bureau of Business Research studies by *Fleishman and others* at the Ohio State University identified two independent leadership dimensions called Initiating Structure and Consideration which meant more or less the same thing as task behaviour and relationship behavior of a leader. These concepts were identified as a result of two types of questionnaires: [I] Leader Behavior Description Questionnaire [LBDQ] completed by the peers, superiors and subordinates; and [ii] Leader Opinion Questionnaire [LOQ] scored by the leaders themselves. The scores derived from the responses to the questionnaire were used to indicate a manager's style of leadership. These studies revealed that it was just not a question of either/or, rather many shades of styles or combinations of styles are possible. A management may score high on both dimensions, low on both, or high on one and low on the other. A large number of individual research efforts were undertaken to determine the effect of the initiating structure and consideration on group performance and morale. In the beginning, it was widely believed that the most effective leadership style was high on both the initiating structure and consideration But later the results amply demonstrated that no single style emerged as being the best. In some situations, high initiating structure and high consideration style would prove effective, but in some others, even low initiating structure and low consideration style could prove effective.

Studies show that low consideration and high initiating structure go with grievances and turnover; and so improved consideration and reduced structure would lead to decline in grievances and turnover. However, as *Fleishman and Harris* suggest, there must be certain critical levels beyond which increased consideration or decreased structure have no effect on grievance or turnover rates. But leader behavior characterized by low consideration is more critical than behavior characterized by high structure. Apparently, a manager can compensate for high structure by increased consideration, but a low consideration manager cannot compensate by decreasing his structuring behavior.

Criticism

The Ohio State studies and Michigan studies were being carried out at the same time, but the Ohio State studies marked a break from the rest in the sense that instead of a single continuum, they used two separate dimensions. This was a significant step forward in itself. However, these studies suffered from more or less the same weaknesses as the Michigan studies. A few of such weaknesses are listed here:

1. These studies again did not consider the situational factors and the influence of these factors on leader effectiveness. Very little is known about how these styles affect work group performance. An individual's productivity is influenced by many other factors such as his social status within the group, type of technological process employed, his psychological reward from working with a particular type of leader, his expectations of a certain style, etc. Even the formality of the organizational structure was an important influence on the effectiveness of a given leadership style.

2. The use of two questionnaires- one to be completed by the subordinates and the other by the leaders themselves has also come in for severe criticism. The perceptions of the two are not likely to agree. This presents a serious measurement problem: how is leadership style measured – as perceived by the leader or the subordinates?

iii) Managerial Grid Study

Blake and Mounton have used "Concern for Production" and "Concern for People" in their Managerial Grid on horizontal and vertical axes respectively. These two terms convey the same meaning as used in the Ohio state studies with the difference that "concern for" shows a predisposition about something and so is an attitudinal dimension, whereas initiating structure and consideration represent behaviors as perceived by others and so, are observed behavior.

An Axis can be divided into 9 points. As the leader advances from 1 to 9 on horizontal scale, his concern for production increases and it becomes maximum when the leader has reached point 9, Similarly, when he travels along the vertical scale, his concern for people becomes maximum when he reaches point 9.

The five leadership styles mentioned in the figure above mean the following:

Impoverished (1-1)	Extension of minimum effort to get required work done.
Country Club (1-9)	Thoughtful attention to needs of people for satisfying relationship
Middle of the Road (5-5)	Balancing the necessity to get out work while maintaining the morale of people at a satisfactory level.
Task (9-1)	Interference from human elements permitted to a minimum degree.
Team (9-9)	Committed people having common stake in Organizational purpose.

Behavioral Theories: A final Look

As distinct from the trait approach, behavioral theories endeavored to explain the leadership phenomenon in terms of the behavior of the leader. What the leader does was regarded as more important than the leader's personal characteristics. Therefore, the investigators examined the practices or styles that leaders adopted and gave the impression that a leader had a dominant philosophy. A leader was either, say, authoritarian or democratic. For the first time, the Ohio State studies considered two independent leadership dimensions and revealed that leadership style could be any mix of the two dimensions. (They isolated two dimensions of a leader's style, perhaps, only for statistical convenience. In a later work, four to twelve dimensions have been studied.) This research, no doubt, advanced our knowledge, but its stress on effective leader behavior being characterized by high initiating structure and high consideration or ineffective leader behavior being marked by low scores on both dimensions, however, seems misplaced.

There is a lot of evidence to question this inference. In the military organization during wartime in the field, a high initiating structure and low consideration style would be most appropriate. A similar parallel may be drawn in the case of the fire-fighting department when a house is on fire. Moreover, there are contradictory findings in regard to relationship between supervision and productivity.   Likert has found general supervision to be associated with high productivity. In contrast, in Nigeria, Hersey's study has found close supervision to be associated with high production.

In the light of these facts, the search for the most effective leadership style appears to be a wild goose chase. The research findings suggest that a universally accepted "best" style is inappropriate for the complexities of modern organizations. If one considers a single style of leadership to be the best for every kind of organization at every level with any kind of subordinates, one ignores important influencing factors like subordinate characteristics, task characteristics, group cohesiveness, cultural differences, customs, traditions, level of education, standard of living and the like. As a leader's style does not operate in a vacuum and is intended to influence other's behavior, these situational factors cannot be ignored. It is highly unrealistic to talk of a single best or normative style of leadership.

Measurement of these concepts poses another problem. These approaches used questionnaires to measure leadership styles. The questionnaire method has limitations and is controversial. Scientific rigor cannot be applied in studies which are likely to by affected be perceptual differences and a variety of interpretations of questions. However, behavioral researchers have universally accepted no measurement methodology-questionnaire, observation, or interviews. This is, therefore, an unavoidable limitation.

III. Situational Approach

Behavioral approach advanced our knowledge in understanding the leadership phenomenon by explaining various combinations of leadership styles. What characteristics an individual possesses did not explain his emergence as a leader nor did it explain what mix of traits one should have to prove effective if one happens to be placed in a leadership position. The trait approach, in effect, explained some of the desirable characteristics that leaders had or a leader should have. But it could not suggest with certainty that one who possesses particular characteristics shall be a leader. The behavior approach, learning from the weaknesses of the trait approach, went a step further to explain the practices available to a leader in order to discharge his leadership dimensions are available. But this again failed to indicate a “best” style of leadership, which was universally appropriate. As a result, it was recognized that it is not style that matters; in fact, no style is good or bad, it is the situation that makes it so. What makes a style to be effective or ineffective is the situational difference. The behavioral approach failed to consider this situation as an important element. It merely thought of various leadership practices that prove productive or not so productive, but it did not consider its “why”

It is, therefore, clear that it is not a matter of the best style, but of what style is likely to be effective in a particular situation. What is relevant for an industrial setting may not be relevant for an educational institution. What is relevant for an administrative office in an educational institution may not be relevant for the teaching staff. A number of leader behavior styles may be effective or ineffective depending on the important elements of the situation.

Leader behavior is affected by several situational factors like managerial characteristics, subordinate characteristics, group factors, organizational factors, etc. which, in fact, constitute the environment of the leader. It is difficult to list all these factors, but it suggests that leadership is a very complex process. The situational theories attempt to provide at least partial examination of how these factors impact on leaderships.

i) *Fiedler's Contingency Theory*

Fiedler's Contingency Theory specifies that the performance of a group is contingent upon both the motivational system of the leader and the degree to which the leader has control and influence in a particular situation. That is, a leader's effectiveness is contingent upon the favorableness or unfavourableness of the situation. The favorableness of the situation is dependent upon leader-member relations, the task structure and leader position power. If leader member relations are good, task is structured and leader position power is weak, the situation is regarded as highly favorable. A leader operates in a particular situation and its favorableness or unfavourableness determines the effectiveness of his orientation. It is obviously a question of the kind of leadership style is effective only in a particular situation. Let us now understand these variables.

Leadership style is measured by using an instrument called "esteem for least preferred co-worker" {LPC}. According to this, the respondent has to think of all co-workers he or she has ever had and to describe the one person with whom he or she has been least able to work well, that is, the person he/she least prefers as a co-worker. This need not be someone with whom, he works at the time. The description is made by rating that person on a simple bipolar scale scored from 1 to 8, with 8 representing the most favorable perception of one's least preferred co-worker. The lower the LPC score {an average item value of about 2}, the greater is the task-orientation of the least preferred co-worker. Such a person is described in a very negative, rejecting manner with the basic goal of task accomplishment. The higher the LPC score [in the neighborhood of 5 to 8], the greater is the willingness to perceive even the worst co-worker as having some reasonable positive attributes. Such a person has as his basic goal the desire to be related with others. The person seeks to have strong emotional ties with the co-workers.

Over twenty items were used in LPC scales and the score is obtained by summing the item values.

Leader-Member Relations: This variable measures the referent power of the leader, whether the group accepts or rejects him as its leader.

Task Structure: If the task is highly specific, can be done only in one way and the rules and procedures for the task are clearly laid down, leaving no scope for different interpretations, it is said to be highly structured. In this situation, the leader's ability to influence the group is restricted because the task dilutes the leader's potential influence. If the task is completely non-routine, paths to reach the goal are many, the task is regarded as highly unstructured and if the leader possesses more knowledge than the followers do, he has great potential for influence.

Leader Position Power: This indicates the extent to which the leader possesses reward, punishment and legitimate power bases. In most business organizations, leaders have high position power. In most voluntary and social organizations, leaders tend to have low position power.

As Fiedler has considered three additional variables, viz. leader-member relations, task structure and leader position power in addition to leader's employee-orientation, eight combinations of these additional variables are possible ranging from a highly favorable situation to a highly un-favorable situation. The middle position between these two extremes represents a situation intermediate in favorableness for the leader. He plotted his responses indicating the degree of favorableness of the situation on the horizontal scale and employee-orientation [high and low] or LPC score on the vertical scale. Figure given on next page has emerged as a result.

Above the midline in the figure is positive relationship between LPC score and group performance, i.e., high LPC or employee-oriented leaders performed better. Below that line is negative relationship, i. e., low LPC or task-oriented leaders performed better than high LPC or employee-oriented leaders. Thus, the employee-oriented leader succeeded in situations intermediate in favorableness, whereas the task-oriented leader was successful in highly favorable or un-favorable situations.

These results seem to be quite plausible. The task-oriented leaders performed most effectively in highly favorable situations. Low LPC leaders are basically motivated by task accomplishment. In favorable situations, when tasks are structured but leader member relations are good, even the task-oriented behavior of the leader seems to be friendly and considerate. The workers perceive it as appropriately fitting the situation and support him. In an un-favorable situation, when the task is unstructured, relations between the two are not good, power position is weak, he becomes more concerned with performance. Employees who wish to perform well are quite anxious and so, they engage themselves in achieving the primary goal of the group. If the leader possesses a more knowledge than the followers, the followers are willing to accept his task-orientation to improve their knowledge for handling unstructured tasks.

A high LPC leader obtains better group performance in conditions of moderate or intermediate favorableness in which (i) the task is structured but the leader is disliked and therefore, demonstrates that he cares for the unstructured task and the leader depends upon the willingness and creatively of the group's members to accomplish the goals.

The whole idea can be summarized as follows:

Leadership Style	***Effectiveness is Contingent upon***
Task-oriented	Favorable leadership situation Un-favorable leadership situation
Relationship Oriented	Situation intermediate in favorableness for the leader

Fielder's Contingency Model: An Evaluation- In the past, both consideration and structure have been observed to be effective under different conditions, but Fiedler's contingency theory goes a step ahead and helps resolve confusion about optimum conditions for a considerate, people-oriented leader compared with a more structured, task-oriented leader. It is also one of the first approaches to leadership that included situational factors within its theoretical framework. No doubt, it has not covered subordinate characteristics, group characteristics, etc. - some of the most important elements in the situation, but it has covered some ground in these directions and so, will continue, to inspire researchers in the field. It does not talk in terms of good or bad style, but states that each of the leadership styles can be effective in certain situations. As leadership effectiveness is a function of the leader's motivational base and the interaction of situational factors, the organization may improve the effectiveness of a particular work environment by either modifying the situational factors or attempting to change the manager's leadership style. Here also, Fiedler is of the opinion that it is difficult to train task-oriented leaders to behave as the considerate type and so it is expedient to match existing leadership style with jobs calling for that type of leader. Change in the job assignment may be preferred to change in the leader.

Despite this added understanding of the phenomenon, the theory is not free from criticisms:

(i) The first problem is, what is LPC? It is a measure of the leader's personality or his motivational base. As the manager's motivational bases are in a flux, it may be a futile effort to engineer the job to fit the manager's style.

(ii) Fielder's model suggests that leaders are either task-oriented or employee-oriented and therefore, according to him, leadership style is essentially a one-dimensional concept which we have earlier shown is of doubtful validity.

(iii) His model does not take into account that the leader can influence the situation once he knows the existence of a particular kind of the situation.

(iv) The theory is based on small samples and therefore, its empirical validity is questioned.

(v) The theory is static in nature and ignore the long-range influence of the situation on the leader and the group.

ii) Tri-Dimensional Leader Effectiveness Model and Situational Leadership Theory.

Hersey and Blanchard at the Centre for Leadership Studies, Ohio University, have used tow concepts-task behavior and relationship behavior. Taking a cue from Reddin's 3-D Management Style Theory, they have also added and effectiveness dimension which, in their analysis, represents environment. According to them, what matters is not the actual behavior as such, but its appropriateness to the environment in which it is used. They regard the leader's basic style as stimulus and it is the response to this stimulus that can be considered effective or ineffective. Unlike those who argue that there is one best style of leadership and make value judgement about the stimulus; the situationalist or environmentalists evaluate the response or results. One may agree that a high concern for both production and people is desirable in organizations, but is may be appropriate even for high-task high-relationship managers to engage in a variety of different behaviors as they face different contingencies or situations in their environment. For example, they suggest that if a manager's subordinates are emotionally mature and can take responsibility for them, the appropriate style of leadership may be low task and low relationship. Thus, any leadership style can be effective or ineffective depending on the environment.

It is, therefore, obvious that it is the interaction of the basic style with the environment that results in a degree of effectiveness or ineffectiveness. Hence, effectiveness may be regarded as a continuum and it is only a question of the degree of effectiveness of a particular style ranging from extremely effective to extremely ineffective.

SITUATIONAL LEADERSHIP THEORY: An Evaluation-This seems to be, by so far, the most comprehensive leadership theory and suggests appropriate leadership styles for the varying levels of maturity of the followers. Depending upon the level of maturity of his followers, a leader, in order to be effective, should use a corresponding leadership style from among the four quadrants. The theory is still in a nascent stage and we are not yet aware of any researches based on this theory. However, it appears to us that the leader's judgement of maturity of followers is conditioned by several factors including his personal prejudices. Based on this subjective judgement - for which, in fact, there is no way to be objective, one may adopt an undesired leadership style and prove the theory to be wrong. It is also quite possible, that swayed by other situational variables such as the individual's needs, a leader may adopt a style which, according to theory, is inappropriate for a particular maturity level, but still it may prove to be effective. That is, if the lower order needs of an individual are potent, even the high task and low relationship behavior may prove effective despite the fact that the individual has high levels of maturity. The theory seems to be sound theoretically, but it may prove to be difficult for application in practice.

iii) Path - Goal Theory

House was baffled by the contradictory findings in the leadership area and so, advanced his own situational theory of leadership. It was, first of all, Evans who talked of the effects of supervisory behavior on the path-goal relationship and later, *House* developed it into the theory based on Vroom's Expectancy Theory of motivation.

In Vroom's Expectancy Theory of motivation, there are, among others, two key variables: expectancies and valences. Expectancy is the perceived belief concerning the likelihood that a particular behavioral act will be followed by a particular outcome. This degree of belief varies between 0 and 1. Valence is the strength of an employee's preference for a particular outcome. Obviously, for certain things, employee's valences will be positive and for certain others, negative. Expectancy and valence combine multiplicatively to determine one's motivation.

The Path-Goal theory states that an individual's attitude or behavior can be predicted from (i) the degree to which the job or behavior is seen as leading to various outcomes (called "expectancy") and (ii) the evaluation of these outcomes (called "valence"). One is satisfied with the job if one thinks that it leads to things that are highly valued and works hard if one believes that efforts will lead to things that are highly valued. It is the function of the leader to influence the valence (i. e, goal attractiveness) and expectancy (i.e, goal paths) perceptions of subordinates, by increasing personal pay-offs, making the path to these pay-off's easier by clarifying it, reducing road blocks and pitfalls and increasing the opportunities for personal satisfaction in route. This will increase the motivation of the subordinates. In order to enable the leader to help the subordinates reach their highly valued job-related goals, the specific style of leader behavior is determined by two situational variables—characteristics of the subordinates and the characters of the work environment.

The theory envisages four types of leader behavior:

(i) Instrumental behavior is the planning, organizing, controlling and coordinating of subordinate activities by the leader.

(ii) Supportive behavior shows consideration for employees' needs and their welfare.

(iii) Participative behavior implies consultation with subordinates and sharing of information with them.

(iv) Achievement-oriented behavior suggests setting challenging goals for subordinates and also displaying confidence in their ability to do a good job.

The two situational variables mentioned earlier, i.e, characteristics of the subordinate and the characteristics of the work environment moderate the relationship between the leader style and the behavior of the subordinate. The Path-Goal Theory proposes that leader behavior will be viewed acceptable to the subordinate to the extent that the subordinate sees such behavior as either an immediate source of satisfaction, or as needed for future satisfaction. But the subordinate's own characteristics, such as, ability, being internals or externals (whether they believe what happens to them is under their control or because of fate) and needs and motives, influence their perceptions. Accordingly, they view a particular leadership style favorably or un-favorably. For example, a subordinate having the ability to effectively accomplish a task is not likely to view favorably a directive or instrumental behavior. A subordinate having high safety and security and security needs may accept an instrumental leader style, but those with high social and esteem needs may react more positively to a supportive leader.

The second major variable is the characteristics of the work environment which include three broad aspects: (i) the subordinate's tasks - structured or unstructured; (ii) the primary work group- its characteristics and stage of development; and (iii) the formal authority system or organizational factors such as (a) the degree to which rules, procedures, and policies govern a subordinate's work; (b) high pressures or stressful situations; and (c) situations of high uncertainty. These characteristics of work environment will influence subordinate behavior in relation to a particular leadership style. For example, the axle assembler in an auto plant-securing front and rear assemblies to chassis springs performs a highly structured and repetitious task. In such a situation, instrumental behavior would be regarded as unnecessary and inappropriate. A leader who is supportive is likely to have more satisfied subordinates than one who is directive. But a directive leadership style would be welcome where the task is unstructured and there is need for providing clarifications as, for example, if a manager of an industrial relations team gives guidance and direction on how to process a grievance for arbitration.

Thus, the leader behavior, modified by the characteristics of the subordinates and the work environment, influences the perceptions of valences and expectancies which can result in higher motivation, satisfaction, and performance. Figure given below shows the effect of the work environment or task structure on leader behavior and subordinates' job satisfaction.

On the vertical axis, we have shown job satisfaction, ranging from low to high. On the horizontal scale is represented leader directiveness, ranging from low to high. The task structure moderates the relationship between leader behavior and subordinates' job satisfaction. It may be seen that when the task is structured, the leader who is low in directiveness is more satisfying to the employees, whereas if the task is unstructured, a more directive leader is highly satisfying as the clarifies the ambiguities and therefore, paths to their goals.

Path-Goal Theory: Evaluation- House's Path-Goal Theory of leadership has been formulated and developed only very recently. A few researches that have been undertaken on the basis of the theory have confirmed its basic propositions - that instrumental leader behavior is more effective than supportive behavior for subordinates working on unstructured tasks, and supportive leader behavior results in high employee satisfaction when subordinates are performing structured tasks. The main contribution of this theory lies in the fact that it has identified key leadership styles and situational factors and has shown the relationship between these variables in a complex organizational setting. It highlights that the relationship between the leader and the subordinates does not exist in a vacuum. A number of situational factors have to be considered before a leader can decide a particular style for a particular group of subordinates. In general, tasks are structured at lower levels and unstructured at higher levels and therefore, it also implies that different leadership style will be required for different occupational groupings and levels of the organization's hierarchy. The chief merit of this theory is in the fact that it not only suggests what type of style may be most effective in a given situation, but also attempts to explain why it is most effective. It gives situation, but also attempts to explain why it is most effective. It gives some indications to the leader of the style he should use in a situation.

Despite this contribution, the theory appears to suffer from the following shortcomings:

(i) The theory is quite complex and its testing poses a serious problem. The measurement of leadership style itself is difficult. Researches have not yet been conducted on participative or achievement-oriented leadership styles to indicate any measurement methodology.

(ii) It looks rather surprising that with subordinates performing routine tasks a leader has to be supportive. This, perhaps, signifies greater emphasis on motivation and satisfaction than performance.

Being very recent in formulation, it is still more a tentative tool than a theory.

IV. An Integrative Model of Leadership

We have examined various approaches to study and understand the leadership phenomenon. The Trait approach identified the traits only when a person had emerged, as a leader and therefore, it had no predictive power. Learning from the weaknesses of the trait approach, the foundations of the Behavior approach were laid, but this approach wholly concentrated on leader behavior as if it was occurring in a vacuum while other variables were ignored. Situational theories attempted to fill in these gaps. But no single theory can ever accommodate all the variables and as more and more elaborate theories are advanced, their complexity increases. This fact reduces their applicability in practice. In fact, leadership is such a complex phenomenon that even after integrating the knowledge generated by the formulation and testing of various approaches to the study of leadership, we are not yet nearer the solution. However, to have a full view of the present state of knowledge in this area, we may talk about an integrative model of leadership as developed by Ivancevich et al.

An Integrative Model of Leadership

Situation

Task	Group	Organization
Routine/ Non-rout	Structure	Rules
Clarity	Development	Professionalism
Predictability	Norms	Time
Difficulty	Cohesion	Environment

Leader

Characteristics	Behaviour	Performance Outcomes
Personality	Instrumental	Productivity
Needs & Motives	Supportive	Satisfaction
Ability	Participative	Motivation
Past experiences	Achievement	Turnover
	Oriented	

Position Power Subordinates

Characteristics	Perceptions
Personality	Valence
Needs & Motives	
Ability	Expectancies
Past experiences	

9.5 Check Your Progress

Fill in the Blanks

1. ---------------- are people who do things right and ---------------- are people who do the right thing.
2. ----------------- is the process of influencing an organized group towards a common goal.
3. Leadership ------------- is the way a managerial leader applies his influence in getting work done through his ------------ in order to achieve the organizational objectives.

4. The ------------- approach stresses the in-born qualities or characteristics of an individual.
5. A -------------- is one who leads others and is able to carry an individual or a group towards the accomplishment of a common goal.

9.6 Summary

It is beyond doubt that your goal as a leader in the organization is to do the best job you can at influencing your people towards a common goal. Since you are dealing with a very diverse group of people, it is important to understand the different approaches to motivate them to meet their goals. Leadership style is the pattern of behaviors you use when you are trying to influence the behaviors of those you are trying to lead. Each leadership style can be identified with a different approach to problem solving and decision-making. Possessing a better understanding of the various leadership styles and their respective developmental levels will help you match a given style for a specific situation. The challenge is to master the ability to change your leadership style for a given situation as the person's development level changes.

Some modern management scholars like Ivancevich et al have identified three major issues in leadership, which have received only scant attention from researchers and theorists. These issues include: (i) leader reward behavior (ii) the casual relationship between leader behavior and subordinate behavior; and (iii) substitutes for leadership.

Management scholars have generally examined the effect of leadership style on subordinate behavior and have rarely related it to the leader reward behavior. But whatever little research exists on this issue has shown the strength of the relationship between the positive leader reward behavior and subordinate satisfaction and performance to be significantly greater than that reported for relationships involving the leader style components. Similarly, the use of negative rewards has been found to have different effects on subordinates, depending on the individual's organizational level. At higher levels, because of ambiguous and vague descriptions of the task, negative rewards are reported to be motivational, whereas at lower levels where tasks are clearly defined, they cause dissatisfaction.

Another interesting issue, though neglected, is whether subordinate behavior of a particular type is a consequence of leader behavior or that leader behavior is a consequence of subordinate behavior of a particular type. It is an outcome or a cause? Any efforts that examine these relationships will be of great interest to managers and behavioral scientists.

The third issue concerns our frequent assumption that the subordinates are dependent upon the leader for direction, support, influence, and rewards. In practice, experience and job expertise, professional education and training, help from co-workers and peers, specification of rules, procedures and policies, etc. may reduce the subordinate's dependency on the leader. This does not belittle the importance of leadership. On the other hand, it suggests that individual employees may also be influenced in their work by factors other than leader behavior. Towards the conclusion of this lesson it can be summed up that there is no single leadership style that could be most appropriate in every situation; therefore, for you to be effective leaders you need to learn to understand your environment, your situation and the circumstances to help you act accordingly. Remember, your success as a leader will depend on your assessment of the situation and your ability to communicate what you want in such a way that others will do as you wish **-** that is the art of leadership.

9.7 KEYWORDS

Leadership: It is regarded as the process of influencing the activities of an individual or a group in efforts towards goal achievement in a given situation.

Leader Position Power: This indicates the extent to which the leader possesses reward, punishment and legitimate power bases.

Laissez-faire Free Rein Leadership: In this leadership style the leader depends entirely on his subordinates to establish their own goals and to make their own decisions.

Leadership style: It is the way a managerial leader applies his influence in getting work done through his subordinates in order to achieve the organizational objectives.

Democratic Leadership: In this case, the leader draws ideas and suggestions from his group by discussion, consultation and participation.

9.8 Self-Assessment Test

1. "Effective leadership is a function of three factors: the leader, the led, and the situation". Discuss.
2. Explain and illustrate the various approaches accounting for leadership. Which is the best approach?
3. How you will define the leadership? Discuss the main leadership styles with their application.
4. Write short notes on the following: -
   - i.) Managerial Grid
   - ii.) Path- Goal approach.
   - iii) Difference between a leader and manager.

9.9 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. **Managers** are people who do things right and **leaders** are people who do the right thing.
2. **Leadership** is the process of influencing an organized group towards a common goal.

3. Leadership **style** is the way a managerial leader applies his influence in getting work done through his **subordinates** in order to achieve the organizational objectives.
4. The **Trait** approach stresses the in-born qualities or characteristics of an individual.
5. A **leader** is one who leads others and is able to carry an individual or a group towards the accomplishment of a common goal.

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COURSE: MANAGEMENT CONCEPTS AND ORGANIZATIONAL BEHAVIOUR

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MOTIVATION

STRUCTURE

10.0 LEARNING OBJECTIVES

After reading this chapter you should be able to understand:

- Meaning of motivation.
- Nature of motivational process.
- Theories of motivation regarding behavior and work.

10.1 INTRODUCTION

Generally, people differ by nature, not only in their ability to perform a specific task but also in their will to do so. People with less ability but lots of strength are able to perform better than people with superior ability and lack of will. Hard work is crucial to success and achievement. Albert Einstein underscored this belief when he said, "genius is 10% inspiration and 90% perspiration. This “wills” to do is known as motivation. The force of motivation is a dynamic force setting a person into motion-or action. The concept of motivation can be traced back to nearly twenty-three centuries ago in the Greek and Indian writings. The idea that we are motivated to do what brings us the best results for our benefit is found in the early Indian philosophy through such writings as "Charvak". The most ancient concept of "Nirvana", as proposed and propagated by earliest Aryan thinkers and religious scholars, motivates us to be "good" people so that we can achieve the final "oneness with God." The Greek view of motivation has been dominated by the concept of hedonism, which is a view that people seek pleasure and comfort, and avoids pain and discomfort. This view was based upon intuition and common sense that an individual does what he does because he believes that it will give him more pleasure than anything else he might do. This philosophy, though still popular, depends excessively upon rational evaluation and does not take into consideration the effect of instincts or even the value system. For example, a person who risked his own life to save another had rationally decided to become a "hero" or did he act on "impulse," believing that it was the right thing to do irrespective of cost or consequences? The principle of hedonism can be more easily explained "after the fact" when the behaviour has already been explained. Thus, even the acts of simple kindness can be explained with the motives of "feeling good" about them or earning the gratefulness of those who have been helped by these acts. Since hedonistic explanations work best in explaining actions after they occur, they cannot be relied upon in predicting behaviour. These limitations of hedonistics viewpoints brought motivation under different light during the late 1800s and early 1900s. William James and Sigmund Freud argue that instinctive behaviour and unconscious motivation are also important elements in human behaviour and these largely determine an individual's interpretation of, and response to, situations.

Instincts, which are inborn or innate predispositions, which are not consciously rational, can explain certain aspects of\human behaviour. These instincts, which influence human behaviour, include the need for autonomy, curiosity, sociability, sympathy, fear, jealousy, love, dominance, harm avoidance, play, and sex. The large number of identified instincts identifies a variety of possible behaviours. The instinct behaviour is like a reflex action, meant for survival and hence caters primarily to physiological needs. It is not learnt and is not dependent upon the consequences of an action. Most instincts are common to all people and would exhibit similar behaviour under similar circumstances. For example, if somebody has a flat tire while driving, the first instinctive reaction is to get mad. The unconscious motivation, of which an individual is unaware, was brought up by Sigmund Freud who suggested that unconscious motives are primarily sexual and aggressive in nature and even though unconscious, they greatly influence everyday behaviour. These unconscious motives are revealed in dreams, symbolism, slips of speech (known as Freudian slip) and hypnotic suggestions. Both the instinctive motivation and unconscious motivation do not stand the scientific analysis and contemporary psychologists explain behaviour by complex cognitive and environmental interactions. The concept of motivation came under scientific scrutiny during 1930s and has led to formulation of many theories and models that try to scientifically explain the concept of motivation.

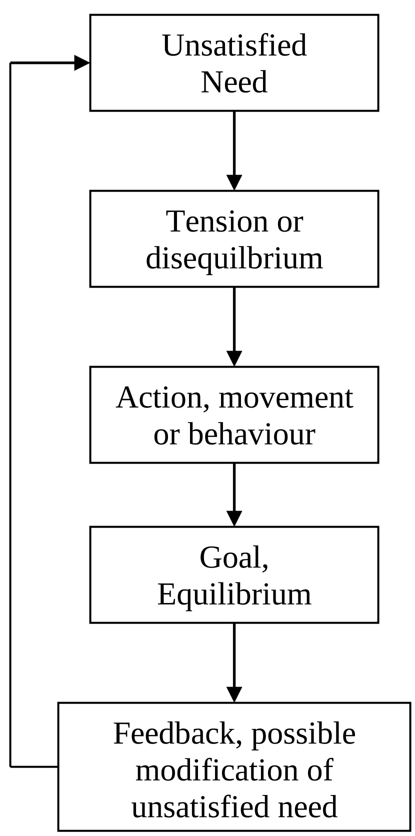
10.2 DEFINITIONS OF MOTIVATION

The word motivation is derived from motive, which is defined as an active form of a desire, craving or need, which must be satisfied. All motives are directed towards goals and the needs and desires affect or change your behaviour, which becomes goal oriented. For example, if you ordinarily do not want to work overtime, it is quite likely that at a particular time, you may need more money (desire) so you may change your behaviour, work overtime (goal oriented behaviour) and satisfy your needs. Viteles defines motivation as: “Motivation represents an unsatisfied need which creates a state of tension or disequilibria, causing the individual to move in a goal directed pattern -towards restoring a state of equilibrium, by satisfying the need.”

10.3 PROCESS OF MOTIVATION

Motivated people are ill constant state of tension. This tension is relieved by drives towards an activity and outcome that is meant to reduce or relieve such tension. The greater the tension, the more activity will, be needed to bring about relief and hence higher the motivation. Thus the basic motivation process can be depicted as follows:

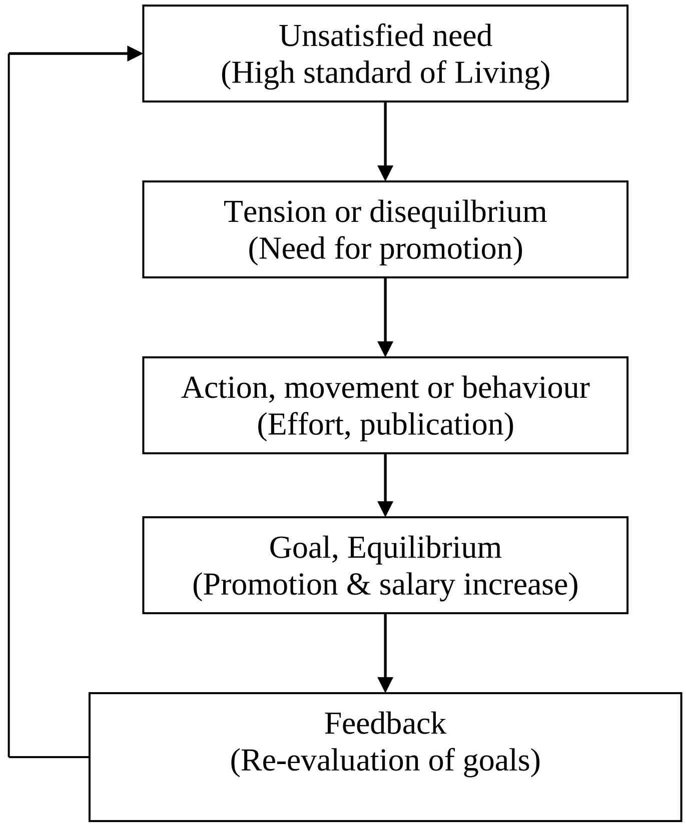
10.3.1 Effort: The amount of effort put into the activity identifies the strength of the person's work-related behaviour. Hard work usually reflects high motivation.



A student who works very hard to get top grades can be referred to as highly motivated. A professor who is engaged in research and publishes many high quality articles is exerting extensive effort relating to his job.

10.3.2 Persistence: Motivation is a permanent and an integral part of a human being. Its second characteristic is persistence in the efforts. Motivation is continuously goal directed so that once a goal is achieved, a higher goal is selected and efforts are exercised towards this higher goal. For example, a professor who publishes simply to get a promotion and then stops or reduces research efforts would not be considered as highly motivated. Accordingly, high motivation requires persistent efforts.

10.3.3 Direction: Persistent hard work determines the quantity of effort while direction determines the quality of the-anticipated output. All efforts are to be directed towards the organizational goal. This would ensure that the persistent effort is actually resulting into accepted organizational outcomes. For example, a quality control inspector is consistently expected to direct his efforts in discovering defects in the produced items so that the organizational goal of high quality output is met. As an example, let us assume that a professor has established a goal for him to get a promotion and monetary raise in order to improve upon his standard of living. Thus the professor will shape his behaviour to achieve that goal. He will thus choose a course of action designed to obtain promotion. This course of action may be five published articles or one published book. He will be highly motivated and will put in persistent efforts in research and publish the desired number of articles or the book. Once the promotion has been obtained the professor will reevaluate his achievement relative' to his initially established objective. If the pay raise is not adequate and there are grounds for further promotion and pay raise, the professor will establish a higher goal and strive towards it. This example fits the basic motivational process as follows:



In the above example, if the motivator (publishing) does not serve the required purpose then the professor will look at other alternatives as motivators such as service to the college and community, student guidance and curriculum development, good interactive relations with peers and superiors. Thus the motivation process involves the following steps.

- **Analysis of situation**: The situation that needs motivational inducement must be sized up so as to ascertain the motivational needs. From organizational behaviour point of view it must be recognized that since the needs of different employees differ both in nature as well as intensity, a composite view of the collective needs of the group is established with appropriate recognition of differences in individual needs.

- **Selecting and applying appropriate motivators:** A list of all devices of motivation is drawn and a selection made of such motivators that motivate different types of people under different circumstances. Proper timing and the extent of motivation are also to be considered. The individual goals should be given adequate attention within the framework of group goals and the organizational goals.

- **Follow-up:** It is important to know that the motivators selected are indeed providing the desired motivation. This can be accomplished by getting and evaluating the feedback. If these motivators are not-showing the optimum effect, then alternative motivators should be selected and applied.

10.4 SOURCES OF MOTIVATION

Experts in the organizational behaviour field have a divided opinion as to whether workers are motivated by factors in the external environment such as rewards or fear or whether motivation is self generated without the application of external factors. It is quite well understood that under the same set of external factors all workers are not equally motivated. Some of these motivational sources are:

10.4.1 Positive Motivation: Positive motivation involves proper recognition of employee, efforts and appreciation of employee contribution towards the organizational goal-achievement. Such motivations improve the standards of performance, lead to good team spirit and pride, a sense of cooperation and a feeling of belonging and happiness. Some of the positive motivators are:

- Praise and credit for work done.
- A sincere interest in the welfare of subordinates.
- Delegation of authority and responsibility to subordinates.
- Participation of subordinates in the decision making process.

10.4.2 Negative or Fear Motivation: This motivation is based upon the use of force, power, fear and threats. The fear of punishment or unfavourable consequences affects the behavioural changes. Some examples of negative motivation include the fear of failing in the examination, and fear of being fired or demoted. Fear of failure in the examination induces motivation in many students to work harder and pass the course. Similarly, fear of being fired keeps the workers in the line with the organizational rules and regulations as well as do a satisfactory job. While the fear of punishment and actual punishment has resulted in controlling individual misbehaviour and has contributed towards positive performance in many situations and is necessary and useful in many other situations such as disciplining a child or handling a riot. It is not recommended or considered as a viable alternative in the current business and industrial environment. This is based upon the trend and changes in the workforce including higher level of employee education and extensive employee unionization. However, punishment or fear of it is still the most common technique of behaviour modification or control in today's life. When a child misbehaves, he is still spanked. If a worker does not behave according to the way the organization wants him to behave, he is fired. If a person does not behave as the society and law wants him to behave, he is punished by arrest and jail. All religions threaten punishment in the life hereafter if a person does not behave according to God's and religious rules.

In the context of organizational behaviour, no worker likes to be criticized, or threatened with employment termination. Specifically, if the worker is punished for an occasional undesired behaviour, it will have a negative effect on his morale, make him bitter with a hostile 'state of mind, affecting negatively his social interaction as well as his sense of loyalty, perhaps resulting in poor performance and productivity and quality.

10.4.3 Extrinsic Motivation: This type of motivation is induced by external factors, which are primarily financial in nature. It is based upon the assumption that the behaviour, which results in positive rewards, tends to be repeated. However, the reward the desired behaviour should be sufficiently powerful and durable so that it improves the probability of occurrence' of desirable behaviour.

Money is probably the most important incentive for positive behaviour since money can be used for a number of other resources. These financial incentives and rewards have been a subject of debate whether they really motivate the employees or simply move them to work and perform. These include higher pay, fringe benefits such as retirement plans, stock options, profit sharing scheme, paid vacation, health and medical insurance, sympathetic supervision and people oriented company policies.

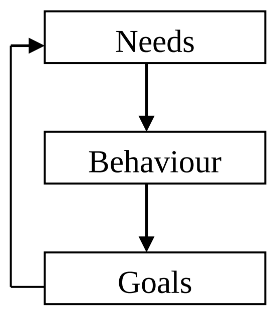
10.4.4 Intrinsic Motivation: Intrinsic motivation stems from feelings of achievement and accomplishment and is concerned with the state of self-actualization in which the satisfaction of accomplishing something worthwhile motivates the employee further so that this motivation is self-generated and is independent of financial rewards. For example, there are many retired doctors who -work free in the hospital because it gives them a sense of accomplishment and satisfaction. Mother Teresa's work in the slums of Calcutta, India, not only motivates the people who work with her but also many others who simply hear about her work and then want to join the team. Similarly, Peace Corps workers work in uncomfortable environments at a minimal pay. Some of the intrinsic motivators are praise, recognition, responsibility, esteem, power, status, challenges and decision-making responsibility.

10.5 THEORIES OF MOTIVATION REGARDING BEHAVIOUR

There are basically two types of theories developed that relate to and define the motivational processes. These are the "content theories" which attempt to determine and specify drives and needs that motivate people to work and "process theories" which attempt to identify the variables that go into motivation and their relationship with each other. These theories are described in greater detail.

➢ The Content Theories of Work Motivation

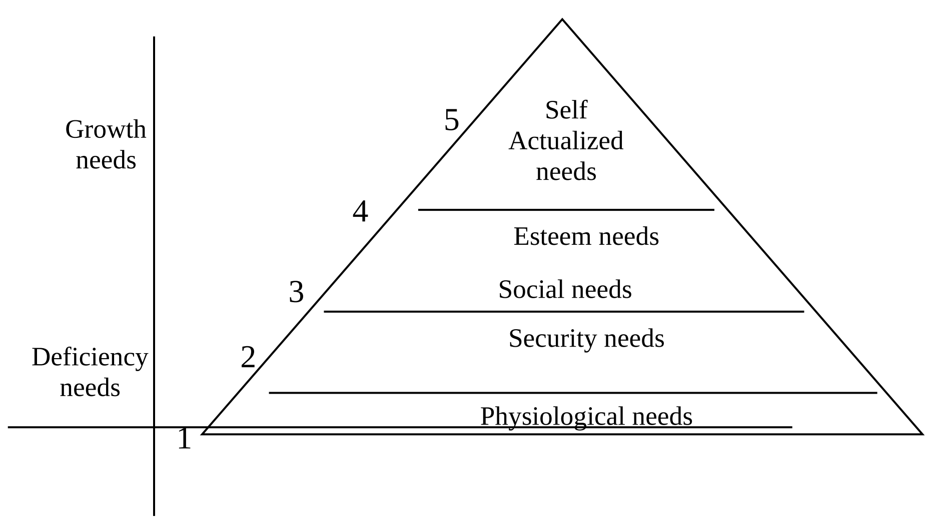
The content theories have been developed to explain the nature of motivation in terms of types of need that people experience. They attempt to focus on factors within a person that initiate and direct a certain type of behaviour or check certain other type of behaviour. The basic idea underlying such theories is that people have certain fundamental needs, both physiological and psychological in nature, and that they are motivated to engage in activities that would satisfy these needs. Thus the nature of needs establishes the nature of motivation that results in a specific behaviour aimed at reaching the goal of satisfying such needs.



Some of the more important content theories are:

10.5.1 MASLOW'S MODEL

Maslow’s "needs hierarchy theory" is probably the most widely used theory of motivation in organizations. Abraham Maslow suggested that people have a complex set of exceptionally strong needs and the behaviour of individuals at a particular moment is usually determined by their strongest need. He developed his model of human motivation in 1943, based upon his own clinical experience and formulated his theory of hierarchical needs by asking the same question, what is it that makes people behave the way they do and made a list of answers from which he developed a pattern. His theory is based upon two assumptions. First those human beings have many needs those are different in nature ranging from the biological needs at the lower level, which is the level of survival, to psychological needs at the upper extreme, which is the level of growth. Second that these needs occur in an order of hierarchy so that lower level needs must be satisfied before higher level needs arise or become motivators. Mahatma Gandhi, the Indian leader, once remarked, "Even God cannot talk to a hungry man except in terms of food. Similarly, there is a quotation from the Holy Guru Granth Sahib, the holy scripture of Sikhs in India when a holy man says to God, "Take your rosary beads away. I cannot worship and meditate on you when I am hungry." This means that if the people's basic needs which are biological in nature are unsatisfied, then their total attention will be focused upon these needs and it will not be possible to communicate with them about other matter. This model of hierarchical needs explains human behaviour in a more dynamic and realistic manner and is primarily based upon people's inner states as a basis for motivation and the environmental conditions do not play any significant role. Maslow postulates five needs basic needs arranged in successive levers. These needs continue to change resulting in change in goes and activities. These five needs are arranged in the form as shown. The first three level needs at the bottom are known as “deficiency” needs, because they must be satisfied in order to ensure the individual's very existence and security and make him fundamentally comfortable. The top two sets of needs are termed "growth" needs because they are concerned with personal growth, development and realization of one’s potential.



These needs are explained in detail as follows:

1. **Physiological needs:** The physiological needs form the foundation of the hierarchy and tend to have the highest strength in terms of motivation. These are primarily the needs arising out of physiological or biological tension and they are there to sustain life itself and include the basic needs for food, water, shelter and sex. Sexual need and desire is not to be contused with love, which is at the third level. Once these basic needs are satisfied to the degree needed for the sufficient and comfortable operation of the body, then the other levels of needs become important and start acting as motivators.

2. **Security and Safety needs:** Once the physiological needs are gratified, the safety and security need~ become predominant. These are the needs for self-preservation as against physiological needs, which are for survival. These needs include those of security, stability freedom from anxiety and a structured and ordered environment. These safety and security needs are really provisions against deprivation of satisfaction of physiological needs in the future. It also involves a sense of protection against threats and danger of losing the job in the future. In a civilized society such as ours, a person is usually protected from threats of violence or extremes in climate or fear of material safety, so that the safety and security needs dwell upon economic and job security, life and medical insurance and other protective measures to safeguard the satisfaction of physiological needs in the future which may be unpredictable.

3. **Love and Social needs:** After the needs of the body and security are satisfied, then a sense of belonging and acceptance becomes prominent m motivating behaviour. These needs include the needs for love, friendship, affection, and social interaction. We look for an environment where we are

understood, respected arid wanted. That is one reason for "polarization" where people of similar background arid beliefs tend to group together. "Love thy neighbor" has perhaps a profound meaning.

4. **Esteem needs:** This need for esteem is to attain recognition from others, which would induce a feeling of self-worth and self-confidence in the Individual. It is an urge for achievement, prestige, status and power. Self-respect is the internal recognition. The respect from others is the external recognition and an appreciation of one's individuality as well as his contribution. This would result in self-confidence, independence, status, reputation and prestige. People then would begin to feel that they are useful and have some positive effect on their surrounding environment.

5. **Self-actualization needs:** This last need is the need to develop fully and to realize one's capacities and potentialities to the fullest extent possible, whatever these capacities and potentialities maybe. This is the highest level of need in Maslow’s hierarchy and is activated as a motivator when all other needs have been reasonably fulfilled. At this level, the person seeks challenging work assignments that allow for creativity and opportunities for personal growth and advancement. This need is for soul searching and is inner-oriented. A self-actualized person is creative, independent, content, and spontaneous and has a good perception of reality and he is constantly striving to realize his fun potential. Thus, "what a man ‘can’ be ‘must’ be.”

Maslow's model is a general model in which an individual needs interact with each other to some degree. Needs are not necessarily linear, nor is the order of needs so rigid. The relative dominance of many needs is variable and is continuously shifting. For example, a self-actualized person may shift his priority to social needs and love needs instead of prestige and status, if suddenly there occurs a vacuum due to loss of a loved one.

> Similarly, a person may not go to the higher need, even when his lower needs are satisfied. It is also likely that a well-prepared elite person may decide to enter a commune where there is overwhelming emphasis on love and affection rather than climb the corporate ladder.

Maslow's theory made management aware that people are motivated by a wide variety of needs and that management must provide an opportunity for the employees to satisfy these needs through creating a physical and conceptual work environment, so that people will be motivated to do their best to achieve organizational goals.

The first level needs in the hierarchy, the physiological needs can be satisfied through such organizational efforts and incentives as adequate wages and salary, acceptable working conditions in order to improve comfort and avoid fatigue, more leisure time and acceptable work environment in terms of lighting, ventilation, rest rooms, working space, heat and noise level. Some bonuses and other fringe benefits will be highly motivational.

The second level needs of safety and security can be satisfied through management's initiative to provide life insurance, medical insurance, job security, cost of living increments, pension plans, freedom to unionize, and employee protection against automation. Law in the form of minimum wages, unemployment benefits, and welfare benefits provides the economic security to some degree. Similarly, unions protect employees against discrimination and indiscriminate firing.

Since first level physiological needs and second level security needs are primarily met by business, industrial, societal and legal environment, management must take steps to satisfy higher level needs and must establish as to which of these needs are the stronger sources of motivation. When the third level needs of love and affiliation become motivators, then people find an opportunity in their work environment for establishing friendly interpersonal relation-ships. The management can satisfy these needs by:

- Providing opportunities for employees to interact society with each other through coffee breaks, lunch facilities and recreational activities such as organized sports programs, company picnics and other social get together.
- Creating team spirit by keeping work groups informal wherever possible with friendly and supportive supervision.
- Conducting periodic meetings with all subordinates to discuss matters pertaining to personal achievements and contributions as well as organizational developments.

The fourth level needs of self-esteem involve a feeling of satisfaction and achievement and recognition for such achievement. The management can take the following steps to satisfy these needs:

- Design more challenging tasks and provide positive feedback on performance of employees.
- Give recognition and encouragement for performance and contribution and delegate additional authority to subordinates.
- Involve subordinates in goal setting and decision-making processes.
- Provide adequate training and executive development programs to help employees successfully accomplish their goals and increase their competency on their jobs.
- Provide some of the symbols for status and respect, such as executive level job title, private secretary, privileged parking, promotion, company car, stock options and write-ups about achievements in the company newspapers.

The fifth and top-level needs of self-actualization long for growth arid creativity and the management can take the following steps to satisfy these needs:

- The employees should be given an opportunity to shape their own jobs.
- Give employees the freedom of expression. This will open the channels of communications further and give the employees an opportunity to get involved.
- Encourage and develop creativity among employees. Creativity is tied in with freedom of expression and freedom of movement.

Maslow believed that from the point of organizational behaviour the management should strive to create an organizational climate, which motivates employees at all, levels of organizational hierarchy. Research has established that top managers generally are abler to satisfy their higher level needs than lower level managers who have more routine jobs. Blue-collar workers who have very little freedom over job operations may not even experience the higher level needs.

10.5.2 ERG THEORY

The ERG need theory, developed by Clayton Alerter is a refinement of Maslow's needs hierarchy. Instead of Maslow's five needs, ERG theory condenses these five needs into three needs. These three needs are those of Existence, Relatedness and-Growth. The E, Rand G is the initials for these needs.

1. **Existence needs:** These needs are roughly comparable to the physiological and safety needs of Maslow's model and are satisfied primarily by material incentives. They include all physiological needs of Maslow's model and such safety needs which financial and physical conditions rather than interpersonal relations satisfy. These include the needs for sustenance, shelter and physical and

psychological safety from threats to people's existence and well being.

2. **Relatedness needs:** Relatedness needs roughly correspond to social and esteem needs in Maslow's hierarchy. These needs are satisfied by personal relationships and social interaction with others. It involves open communication and honest exchange-of thoughts and feelings with other organizational members.

3. **Growth needs:** These are the needs to develop and grow and reach the full potential that a person is capable of reaching. They are similar to Maslow's self-actualization needs. These needs are fulfilled by strong personal involvement in the organizational environment and by accepting new opportunities and challenges.

ERG theory differs from Maslow's theory in proposing that people may be motivated by more than one-kind of need at tile same time. While Maslow proposes that in hierarchy of needs, a person will satisfy the lower level needs before he moves up to the next level of needs and will stay at that, need until it is satisfied, ERG theory suggests that if a person is frustrated in satisfying his needs at a given level, he will move back to lower level needs. For example; assume that a manager’s existence needs are fully satisfied and he looks for more challenging tasks to satisfy his self-esteem needs. If his efforts are frustrated in meeting these challenges, he will move back to existence needs and may ask for more material benefits.

10.5.3 McCLELLAND'S THEORY OF NEEDS

Since the lower level needs in Maslow's model are generally satisfied by the business, societal and legal systems, they are no longer strong motivators. Studies conducted by Harvard psychologist David McClelland concluded that from the organizational behaviour point of view the most prominent need is the need for achievement, power and affiliation. The primary motive is the "achievement motive" and is defined as a desire to succeed in competitive situations based upon an established or perceived standard of excellence."

Individuals with a strong "need for achievement" (known as n Ach), ask for, accept and perform, well in challenging tasks which require creativity, ingenuity and hard work. They are constantly preoccupied with a desire for improvement and look for situations in which successful outcomes are directly correlated with their efforts so that they can claim credit for success. They take- moderate and calculated risks and prefer to get quick and precise feedback on their performance. They set more difficult but achievable goals. For themselves, because; success with easily achievable goals hardly provides a sense of achievement. They desire greater pleasure and excitement from solving a complex problem than from financial incentives or simple praise.

The "need for power" (n Paw) is the desire is the desire to affect and control the behaviour of other people and to manipulate the surroundings. Power motivation when applied positively results in successful managers and leaders who prefer democratic style of leadership. Power motivation, applied-negatively tends to create arrogant autocratic leadership. The "need for affiliation" (n Aff) is related to social needs and reflects a desire for friendly and warm relationships with others. Individuals tend to seek affiliation with others who have similar beliefs, backgrounds and outlook on life. This results in information of informal groups and informal organizations. It is evident in social circles also that people mix with people of their own kind. Individuals with high "n Aff” tend to get involved in jobs that require a high amount of interpersonal contact; and relations such as jobs in teaching and public relations. From organizational behaviour point of view, these individuals are highly motivated to perform better in situations where personal support and approval are tied to performance. They tend to avoid conflict and exhibit strong conformity to the wishes of their friends.

10.5.4 HERZBERG'S TWO-FACTOR THEORY

Fredrick Herzberg and his associates developed the two-factor theory in the late 1950s and early 1960s. As part of a study of job satisfaction, Herzberg and his colleagues conducted in-depth interviews with over 200 engineers and accountants in the Pittsburgh area. The researchers felt that a person's relation to his work is a basic one and that his attitude towards work would determine his organization related behaviour. The respondents were required to describe in detail the type of environment in which they felt exceptionally good about their jobs and the type of environment in which they felt bad about their jobs. It seems natural to believe that people who are generally satisfied with their job will be more dedicated to their work and perform it well as compared to those people who are dissatisfied with their jobs. If the logic seems justified then it would be useful to isolate those factors and conditions that produce satisfaction with the job and those factors, which produce dissatisfaction.

The basic questions that were asked in the survey were the following two:

- What is it about your job that you like? and
- What is it about your job that you dislike?

Based upon these answers it was concluded that there are certain characteristics or factors that tend to be consistently related to job satisfaction and there are other factors that are consistently related to job dissatisfaction. Herzberg named the factors that are related to job satisfaction as motivational factors, which are intrinsic in nature and factors related to job dissatisfaction as maintenance or hygiene 'factors which are extrinsic in nature. These factors are described in detail as follows:

1. **Hygiene factors:** Hygiene factors do not motivate people. They simply prevent dissatisfaction and maintain status quo. They produce no growth but prevent loss. The absence of these factors leads to job

dissatisfaction. The elimination of dissatisfaction does not mean satisfaction and these factors simply maintain a "zero level of motivation." For example: if a person indicated "low pay" as a cause of dissatisfaction, it would not necessarily identify 'high pay" as a cause of satisfaction. Some of the hygiene factors are:

- Wages, salary and other types of employee benefits
- Company policies and administration rules that govern the working environment
- Interpersonal relations with peers, supervisors and subordinates Cordial relations with all will prevent frustration and dissatisfaction
- Working conditions and job security. The job security may be in the form of tenure or a strong union could support it.
- Supervisor's technical competence as well as the quality of his supervision. If the supervisor is knowledgeable about the work and is patient with his subordinates and explains and guides them well, the subordinates would not be dissatisfied in this respect.

All the hygiene factors are designed to avoid damage to efficiency or morale and these are not expected to stimulate positive growth. Hawthorne experiments were highly conclusive in suggesting that improvements in working conditions or increments in financial benefits do not contribute to motivated performance. A new plant or upgraded facilities at a plant seldom motivate workers if the workers do not enjoy their work and these physical facilities are no substitute for employee feelings of recognition and achievement.

2. Motivational factors

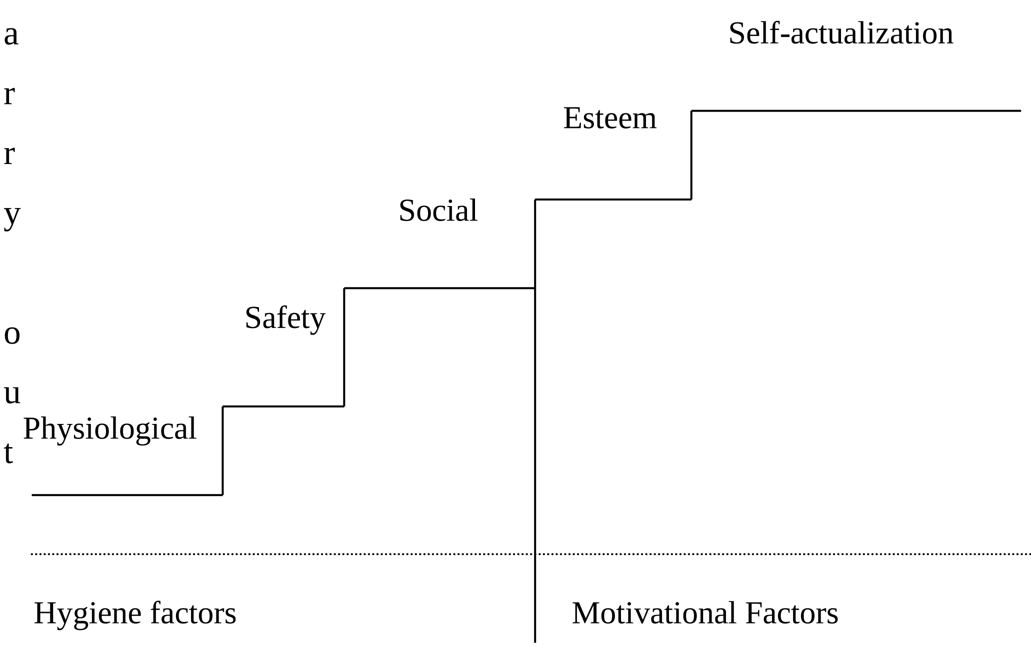
These factors are related to the nature of work (job content) and are intrinsic to the job itself. These factors have a positive influence on morale, satisfaction, efficiency and higher productivity. Some of these factors are:

(i) **The job itself:** To be motivated, people must like and enjoy their jobs. They become highly committed to goal achievement and do not mind working late hours in order to do what is to be done. Their morale is high as evidenced by lack of absenteeism and tardiness.

(ii) **Recognition:** Proper recognition of an employee's contribution by the management is highly morale boosting. It gives the workers a. feeling of worth and self esteem. It is human nature to be happy when appreciated. Thus, such recognition is highly motivational.

(iii) **Achievement:** A goal achievement gives a great feeling of accomplishment. The goal must be challenging, requiring initiative and creativity. An assembly line worker finishing his routine work hardly gets the feeling of achievement. The opportunities must exist for the meaningful achievement; otherwise workers become sensitized to the environment and begin to find faults with it.

(iv) **Responsibility:** It is an obligation on the part of the employee to carry out



the assigned duties satisfactorily. The higher the level of these duties, the more responsible the work would feel and more motivated he would be. It is a good feeling to know that you are considered a person of integrity and intelligence to be given a higher responsibility. It is a motivational factor that helps growth.

(v) **Growth and advancement:** These factors are all interrelated and are positively related to motivation. Job promotions, higher responsibility, participation in central decision-making and executive benefits are all signs of growth and advancement and add to dedication and commitment of employees. The Herzberg's two-factor model is tied in with Maslow's basic model in that Maslow is helpful in identifying needs and Herzberg provides us with directions and incentives that tend to satisfy these needs. Also the hygiene factors in Herzberg’s model satisfy the first three levels of Maslow's model of physiological needs, security and safety needs and social needs and social needs and the motivational factors satisfy the last two higher level needs of esteem and self-actualization.

Some researchers do not agree with Herzberg's model as being conclusive, since the results were based primarily on the responses of white collar workers (accountants and engineers) and do not necessarily reflect the 'blue collar workers' opinion who may consider hygiene factors as motivational factors. Some studies have found that the effect of hygiene factors and motivational factors are totally reversed on some people. They are highly motivated by financial rewards, organized supervision, well-defined work rules, pleasant working environment and positive employee 'interaction and do not give much importance to achievement and self-actualization.

Another criticism about Herzberg's two-factor theory dwells upon the method of research and data collection. The theory was developed on the basis of "critical incident" method. According to this method, the respondents were asked to indicate particular incidents, which they felt, were associated with their satisfaction or dissatisfaction with their jobs. This means that the theory is "method bound" and studies that use other" methods for measuring satisfaction and dissatisfaction fail to support the validity of Herzberg's theory.

Furthermore, the theory does not take into consideration individual differences in values and outlook as well as the individual's' age and organizational level.

However, this theory has contributed to one management program that has lent itself to the enhancement of motivators. Ii provides valuable guidelines for structuring the jobs in order to include within the job content such factors, which bring about satisfaction.

10.6 THEORIES OF MOTIVATION REGARDING WORK

While "need theories" of motivation concentrate upon "what" motivates persons, "process theories" concentrate upon "how" motivation occurs. These theories identify the variables that go into motivation and their relationship with each other. Some of these theories are explained in more detail as follows:

10.6.1 VROOM'S EXPECTANCY MODEL

The expectancy model is based upon the belief that motivation is determined by the nature of the reward people expect to get as a result of their job performance. The underlying assumption is that a man is a rational being and will try to maximize his perceived value of such rewards. He will choose an alternative that would give him the most benefit. People are highly motivated if they believe that a certain type of behaviour will lead to a certain type of outcome and their extent of personal preference for that type of outcome. There are three important elements in the model. These are:

- **Expectancy:** This is a person's perception of the likelihood that a particular outcome will result from a particular behaviour or action.

This likelihood is probabilistic in nature and describes the relationship between an act and its outcome. For example, if a student works hard during the semester, he will expect to do well in the final examination. It is not 100% definite that he will indeed do well in the examination. There is some probability attached to this outcome. Similarly, if a person works hard, he may expect to perform better and increase productivity. For example, a worker works hard and is absolutely certain (expectancy = 1.0) that he can produce an average 15 units a day and 60% certain (expectancy = 0.6) that he can produce a high of 20 units per day. This expectation of outcome is known as "first level" outcome.

- **Instrumentality:** This factor relates to a person's belief and expectation that his performance will lead to a particular desired reward. It is the degree of association of first level outcome of a particular effort to the second level outcome-which is the ultimate reward. For example, working hard may lead to better performance-which is the first level outcome, and it may result in a reward such as salary increase or promotion or both-which is the second level outcome. If a person believes that his high performance will not be recognized or lead" to expected and desired rewards, he will not be motivated to work hard for better output. Similarly, a professor may work had to improve upon his techniques of teaching and communication (first level outcome) in order to get promotion and tenure (second level outcome). Accordingly, instrumentality is the performance-reward relationship.
- **Valence:** Valence is the value a person assigns to his desired reward. He may not be willing to work hard to improve performance if the reward for such improved performance is not what he desires. It is

not the actual value of the reward but the perceptual value of the reward in the mind of the worker that is important. A person may be motivated to work hard not to get pay raise but to get recognition and status. Another person may be more interested in job security than status.

Accordingly, according to this model of motivation, the person's level of effort (motivation) depends upon: *Expectancy:* A worker must be confident that his efforts will result in better productivity and that he has the ability to perform the task well. *Instrumentality:* The worker must be confident that such high performance will be instrumental in getting desired rewards. *Valence:* The worker must value these rewards as desired and satisfactory. Hence motivation is related to these three factors as:

Motivational Force (M) =Expectancy (E) x lnstrumentality (I) x Valence (V).

Or M = (E x I x V)

As the relationship suggests, the motivational force will be the highest when expectancy, instrumentality and valence are all high and the motivational value is greatly reduced when anyone or more of expectancy, instrumentality or valence approaches the value of zero.

The management must recognize and determine the situation as it exists and take steps to improve upon these three factors of expectancy, instrumentality and valence for the purpose of behavioural modification so that these three elements achieve the highest value individually. For example, if a worker exhibits a poorly motivated behaviour, it could be due to:

- Low effort-performance expectancy. The worker may lack the necessary skills and training in order to believe that his extra efforts will lead to better performance. The management could provide opportunities for training to improve skills in order to improve the relationship between effort and performance.

- Low performance-reward instrumentality relationship. The worker may believe that similar performance does not lead to similar' rewards. The reward policy may be inconsistent and may depend upon factors other than simply the performance, which the worker may not be aware of or may not consider fair. Low reward-valence. Since the managers may look at the value of a reward differently than the worker, the management must investigate the desirability of the rewards, which are given on the basis of performance. While monetary benefits may be more desirable for some workers, the need to be formally appreciated may be more valuable rewards for others for similar task oriented activities. The Vroom's model tries to explain as to what factors affect a person's choice of a particular course of action among all available alternatives and why a person would be better motivated towards achievement of certain goals as compared to some other goals. Accordingly, managers must understand and analyze the preferences of particular subordinates in order to design "individualized motivational packages" to meet their needs, keeping in mind that all such packages should be perceived as generally fair by all concerned parties.

10.6.2 EQUITY THEORY

Equity theory is based on the assumption of some researchers that one of the most widely assumed source of job dissatisfaction is the feeling of the employees that they are not being treated fairly by the management or the organizational system. The “Equity theory" has two elements. First, the workers want to get a fair reward for their efforts. This "exchange," meaning reward for efforts, is similar to any other exchange.

If you put in more efforts into-your work, you expect to get out of it more rewards. Second, you would compare your rewards with the rewards of others who put in similar efforts. Imagine that you got your MBA from an Ivy League university and are offered a job for $30,000 per year. However, you believe that this offer is not fair and based upon your qualifications and potential contribution to the company; you believe that $35,000 per year would be more equitable. Suppose you do get $35,000 as you hoped for. This would eliminate the inequity and you are happy. A few days into the job you find out that another person with the same degree and background from the same university was hired at the same time at $40,000 per year. You feel that this is unfair by comparison and thus in your mind a state of inequity exists. This inequity can be a source of dissatisfaction.

Equity theory is based upon the recognition that employees are not only concerned with the rewards that they receive for their efforts but also with the relationship of their rewards with the rewards received by others. They make judgments of equity or inequity between their input and outcomes and the inputs and outcomes of others. For comparison purposes, the inputs can be considered as efforts, skills, education, experience, competence; and outputs can be considered as salary levels, recognition, raises, status and other privileges. When such inequity exists, whether it is perceived or real, employees will feel uneasy about it and will tend to take steps that will reduce or eliminate this inequity. These steps may result in lower or higher productivity, improved or reduced quality of output, increased dedication and loyalty or uncaring attitudes, protests against inequity and voluntary resignation. Equity theory proposes that under-rewarded employees tend to produce less or produce products of inferior equality than equitably rewarded employees, and over-rewarded employees tend to produce more or product of higher quality than equitably rewarded employees. This must be realized that inequity exists when people are either "underpaid" or "overpaid" for similar efforts. However, they are more willing to accept overpayment by justifying such overpayment than by taking steps to reduce this inequity. As formulated by Adams, the equity theory comprises of the following postulates:

- Perceived inequity creates a feeling of resentment and tension within individuals.
- The extent of this tension reflects the magnitude and type of inequity.
- Individuals will be motivated to take steps to reduce this tension.
- The greater the extent of perceived inequity the greater is the strength of such motivation.

There are a number of steps that a person can take in order to reduce the tension caused by perceived inequity. It must be understood that inequity exists only in the perception of the individual. It may or may not be real. If people are satisfied in spite of any inequity that might exist or if they can justify inequity by one way or another then in their own perceptions, such inequity does not exist. The following are some of the steps people may take to reduce the extent of such inequity.

- They may change their inputs either upwards or downwards to a more equitable level. Overpaid workers may justify overpayment by increased efforts and underpaid workers may reduce their level of efforts and be less interested in work by excessive absenteeism and tardiness.
- They may alter their outcome to restore equity. The workers may demand better pay and better working conditions for the same input either by staging walkouts and strikes or through organized union negotiations.
- They can change input-outcome ratio to more favourable and equitable levels by distorting the values of the inputs or outcomes. They may artificially increase the importance of the jobs they are

doing in their own minds or decrease the value of their own input by believing that they are not really working very hard. For example, if a professor does not get promotion he may justify it by either thinking that "it is not the promotion that counts but helping the students achieves academic excellence" or by believing that "he really did not work very hard in the area of research and publications."

- Employees may resign from their jobs. 1Smployees who feel that they have been inequitably treated at a particular job may find another job where they feel that the input-outcome balance is more favourable and equitable for them.
- People may change the level of comparison with other employees. In the face of equity, the employees may believe either that other people get better outcomes because they do work harder at it or because they belong to different category with which the comparison is not valid or justified. For example, a professor from Business Administration division who did not get promotion may compare it equitably with another professor from Social Sciences division who did get promotion by believing that the requirements for promotion for both divisions are not the same or that the professor from Social Science division did work harder to get his promotion.

10.6.3 GOAL-SETTING THEORY

Goal setting theory is a relatively applied approach to motivation and is based upon -the assumption that the type as well as the cha1lenge of the goal induces motivation in the individual to achieve such goal. The theory as proposed by Edwin Locke, studies the processes by which people set goals for themselves and then put in efforts in order to achieve them. The quality of performance is generally shaped by how difficult and how specifically defined the goal is:'

General goals such as "do your best," do not lend to accurate performance appraisal and proportionate rewards. Specific goals are clear and tend to give a clear direction to the worker, resulting in improved performance. Similarly, difficult goals, once accepted, lead to higher performance.

- **Goal specificity:** A specific goal identifies the target in quantitative terms. This would enable the worker to evaluate his performance and judge as to how he is doing relative to the goal. For example, if a worker is producing 50 units a day, which is the average output, he may set his goal of 60 units a day to be achieved within seven days. The worker can evaluate this output each day and decide whether he is adequately moving towards that goal. Meeting a goal provides the worker with a sense of achievement, pride and personal satisfaction. General goals, such as “we will produce as much as possible,” have little effect on motivation. Specific goals reduce ambiguity and the worker has very clear idea as to what is expected of him.
- **Goal difficulty:** Difficult but feasible goals provide more challenge than easy goals. Reaching an easy target is not competitive and hence hardly exciting. This is particularly true for high need achievers. Goal commitment is independent of whether the goal is set by the worker himself or is assigned by superiors, but depends upon expectations of success and degree of success. Commitment would also depend upon previous rewards for goal achievement.

The most important element of goal setting theory is the acceptance of goal by the workers. Of course, the best way to have the goal accepted by workers is to let them set their own goals within the general organizational guidelines. A goal that one establishes for him becomes an integral part of him. An example is a person's career objective. A person with self-set goals is most likely to strive harder to achieve them. Assigned goals are equally acceptable if these goals are consistent with personal aspirations of workers. Acceptance becomes easier if the workers are encouraged to participate in the goal setting process. Goal acceptance can also be facilitated if the management demonstrates a supportive attitude towards subordinates regarding goal achievement. There is evidence that goal setting, as outlined, improves performance about 90% of the time, and that comparatively high achievers set comparatively more difficult goals and are much more satisfied with intrinsic rewards rather than extrinsic rewards.

10.7 MANAGEMENT BY OBJECTIVES (MBO)

A logical extension of goal setting theory is Management by Objectives, which involves systematic and programmatic goal setting throughout an organization. It is a process by which managers and subordinates work together in identifying goals and setting up objectives and make plans together in order to achieve these objectives. These objectives and goals are consistent with the organizational goals.

George Odiorne has explained the concept of MBO as follows:

> The system of management by objectives can be described as a process whereby the superior and subordinate managers of an organization jointly identify its 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. Also known as Goal Management, MBO is based upon the assumption that involvement leads to commitment and when an employee participates in goal setting as well as setting standards for measurements of performance towards that goal, then the employee will be motivated to perform better and in a manner that directly contributes to the achievement of organizational objectives.

Some of the elements in the MBO process can be described as follows:

1. **Central goal settings:** The first basic phase in the MBO process is the defining and clarification of organizational objectives. These are set by the central management and usually in consultation with the other managers. These objectives should be specific and realistic. This process gives the group managers and the top mangers an opportunity to be jointly involved. Once these goals are clearly established, they should be made known to all the members of the organization and be clearly understood by them.

2. **Manager-subordinate Involvement:** After the organization goals have been set and defined, the subordinates' work with the managers in setting their individual goals relative to organizational goals. Such joint consultation is important because people become highly motivated in achieving objectives that were set by them to start with. The goals of the subordinates are specific and short range and primarily indicate what the subordinate's unit is capable of achieving in a specified period of time. The subordinate must set goals in consultation with the individuals who comprise his unit. In this manner, everyone gets involved in the goal setting.

3. **Matching, goals and resources:** The objectives in themselves do not mean anything unless we have resources and means to achieve those objectives accordingly, management must make sure that the subordinates are provided with necessary tools and materials to effectively achieve these goals. If the goals are precisely set, then the resources requirements can also be precisely measured thus making the resource allocation easier. However, just as in goal setting, the allocation of resources should also be done in consultation with the subordinates.

4. **Freedom of implementation:** The manager-subordinate task force should have adequate freedom in deciding on the utilization of resources and the means of achieving the objectives. *As* long as these means are within the larger framework of organizational policies, there should be minimum interference by superiors.

5. **Review and appraisal of performance:** There should be periodic review of progress between manager and the subordinates. These reviews would determine if the individual is making satisfactory progress. They will also reveal if any unanticipated problems have developed. They also help the subordinates understand the process of MBO better. They also improve the morale of subordinates since the manager is showing active interest in the subordinate's work and progress. These periodic reviews are necessary since priorities and conditions are constantly changing and these must be periodically monitored.

The concept of MBO is very rich in terms of managerial implications. Managers have a responsibility to assign or set goals in such a manner so as to have the maximum motivational potential. The goals must be tailored to the individual needs and skills, since individuals differ so much in their concept of goals. This would create an optimal performance environment for the employees. When implemented properly MBO has some unique advantages. These are:

1. Since MBO is result-oriented process and focuses on setting and controlling goals, it encourages managers to do detailed planning. As the planning process is improved, it helps in a better overall management system.

2. The managers are required to establish measurable targets and standards of performance and priorities for these targets. Since the goals are set in consultation with subordinates, these are generally

more difficult and challenging than if the superiors had imposed them. Additionally, since these targets are tailored to the particular abilities of the subordinates, it obtains maximum contribution from them thus providing optimum utility of human resources.

3. Both the manager and the subordinates know what is expected of them and therefore there is no role ambiguity or confusion.

4. It makes individuals more aware of company goals. Most often the subordinates are concerned with their own objectives and the environment surrounding them. But with MBO, the subordinates feel proud of being involved in the organizational goals. This improves their morale and commitment.

5. MBO often highlights the area in which the employees need further training. By taking keen interest in the development of skills and abilities of subordinates, the management provides an opportunity for strengthening' those areas that need further refinement thus leading to career development.

6. The system of periodic evaluation lets the subordinates know how well they are doing. Since MBO puts strong emphasis on quantifiable objectives, the measurement and appraisal could be more objective, specific and equitable. These appraisal methods are superior to trait evaluation, which is based upon such factors as liability, cooperation, loyalty and self-discipline, since they focus on results and not on some subjective intangible characteristics. This evaluation being more objective can be highly morale boosting.

7. It improves communication between management and subordinates. This continuous feedback helps clarify any ambiguities, refine and modify any processes or any aspects of goals. Also, MBO is a kind

of control mechanism so that if there are any deviations discovered between the actual performance and the goals, these can be regularly and systematically identified, evaluated and corrected.

Some of the problems and limitations associated with MBO are as follows:

1. In the classical structure of our organizations, the authority flows from top to bottom. This creates rigidity and discipline, which generally lead to better performance. Hence the top management is usually reluctant to support the process of MBO in which their subordinates would take equal part. Accordingly, MBO can only succeed if it has the complete support of top management.

2. Subordinates may dislike MBO. They may be under pressure to get along with the management when setting goals and objectives and these may be set unrealistically high or far too rigid. This may lower their morale and they may become suspicious about the philosophy behind MBO. They may seriously believe that MBO is just another of the management’s trick to make the subordinates work harder-and become more dedicated and involved.

3. The emphasis in MBO system is on quantifying the goals and objectives. It does not leave any ground for subjective goals. Some areas are difficult to quantify and more difficult to evaluate. Thus, MBO rewards productivity at the cost of creativity.

4. There is considerable paperwork involved and it takes too much of the manager’s time. Too many meetings and too many reports add to the manager's responsibility and burden. Some managers may resist the program because of this increased paperwork.

5. The emphasis is more on short-term goals. Since goals are mostly quantitative in nature, it is difficult to do long range planning. This is

so because all the variables affecting the process of planning cannot be accurately forecast over the long run due to continuously changing socioeconomic and technical environment. This difficulty affects the stability of goals.

6. Most managers may not be sufficiently skilled in interpersonal interaction such as coaching and counseling which is extensively required.

7. The integration of the MBO system with other systems such as forecasting and budgeting is very poor. This makes the overall functioning of all systems very difficult.

8. Group goal achievement is more difficult. When goals of one department' depend upon the goals of another department, cohesion is more difficult to obtain. For example, the production department cannot produce a set quota if it is not sufficiently supplied with raw materials and personnel. Similarly, sales department cannot meet its obligation in sales unless production department keeps pace with sales.

9. It takes a lot of time, perhaps three to five years, to implement the MBO program properly and fully and some research studies have shown that MBO programs can lose their impact and potency as a motivating force over time.

10.8 MOTIVATION, PERFORMANCE AND JOB SATIAFACTION

Job satisfaction can be defined as the extent of positive feelings or attitudes that individua1s have towards their jobs. When a person says that he has high job satisfaction, it means that he really likes his job, feels good about it and values his job highly. It has been established that highly satisfied workers have better physical and mental well-being. It is highly debatable as to which one is the cause and which one is the effect but they are known to be correlation. On the other hand, serious job dissatisfaction results in stress and tension, which is usually the cause of a variety of physiological disorders.

10.8.1 CONSEQUENCES OF JOB DISSATISFACTION

Job satisfaction or dissatisfaction is of great concern to management since there seems to be a relationship between job satisfaction and job performance. Job dissatisfaction produces low morale among workers and low morale at work is highly undesirable. Accordingly, managers must be constantly watching for any signs of low morale and job dissatisfaction and take corrective action as soon as possible. Some of the indicators of low morale are:

1. **Employee unrest:** Unrest is a general condition of unhappiness with job and may manifest itself in a number of ways. The worker may not attend to his job properly, may be involved in daydreaming, be forgetful or just may not care. He may start complaining about work conditions and find faults with everything that goes on in the work environment. He may enter into formal grievances excessively, and start coming late to work or be absent from work periodically. Sometimes, this unrest becomes so frustrating that it may lead to such undesirable habits as excessive drinking. At its extreme, unrest may affect the mental health and well being of the worker. If this unrest affects a sufficient number of workers they may take a collective action such as go-slows, work stoppages, strikes and other allied group actions.

2. **Absenteeism:** Job satisfaction is highly related to absenteeism. Studies have found that less satisfied employees are more likely to be absent from work due to "avoidable reasons." This is known as voluntary absenteeism as against involuntary absenteeism due to illness or other emergency reasons, which is unavoidable and is not related to job satisfaction. In an interesting experiment, Frank Smith studied the

attendance rate of salaried employees at Sears Roebuck Company on a day of severe blizzard and found that highly satisfied employees were more likely to exert the high level of effort necessary to get to work. In such work units where job satisfaction was low, attendance at work was much lower. Management must be concerned with excessive absenteeism for it disrupts production and business operations.

3. **Tardiness:** Similar to absenteeism, tardiness is also generally believed to reflect job dissatisfaction. It is assumed that this tardiness is not due to some explainable reason such as getting children ready for school but only due to the fact that employees really do not care much for the job. This is indicated by such employee tardiness as spending excessive time in rest rooms, lingering in the parking lot before coming to work, spending too much time on personal telephone calls, and in general, an attitude of passing time at work rather than spending time for useful productivity.

4. **Employee turnover:** High employee turnover disrupts normal operations and continuously replacing the employees who leave is costly and both technically' and economical1y undesirable. According to Arnold and Feldman, organizational units with the lowest average satisfaction levels tend to have the highest turnover rates. Managerial concern is for such turnover, which is primarily the result of dissatisfactory organizational climate. There are other reasons for voluntary turnover such as alternative places of employment, geographical constraints, family responsibilities, highly marketable employee's special skills, and simply an environment change. Additionally, if such turnover is among poor performers, then the change may be in the best interests of the organization. Turnover may be voluntary which is initiated by the employee and may be due to job

dissatisfaction or other personal reasons beyond management control it may be initiated by management and may be due to unsatisfactory conduct exhibited by employees such as incompetence, violation of rules, dishonesty, laziness, insubordination and habitual absenteeism. Turnover could also be due to modernization of plant, lack of orders for the product, materials shortage or general1y hard economic times. In any case, the matter of turnover should be seriously investigated and corrective measures taken wherever necessary.

5. **Union activity:** Studies -have shown that satisfied employees are generally not interested in unions and they do not perceive them as necessary. The evidence is strong that job dissatisfaction is a major cause of unionization. Furthermore, the employees feel that individually they are unable to influence' changes that would result in the elimination of such factors that cause job dissatisfaction. This job dissatisfaction is primarily caused by lower level needs in Maslow's model of hierarchical needs, such as working conditions and job security rather than higher level needs such as creativity or challenging opportunities. The level of union activities is related to level of job dissatisfaction. Lower Levels of job dissatisfaction may result in grievances while higher levels of job dissatisfaction may result in employee strikes.

6. **Early retirement:** Schmitt and McLane to establish relationship between early retirement and job satisfaction have conducted Studies. There has been evidence that employees who choose early retirement tend to hold less positive attitudes towards their jobs. Employees with higher-level positions with challenging work opportunities are less likely to seek early retirement than employees with lower level jobs.

10.8.2 JOB SATISFACTION

Job satisfaction results from the employee's perception that the job content and context actually provide what an employee values in the work situation. It can be defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." This positive emotional state is highly contributory to an employee's physical and mental well being. Organizationally speaking, high level of job satisfaction reflects a highly favourable organizational climate resulting in attracting and retaining better workers.

10.8.3 SOURCES OF JOB SATISFACTION

Many research studies have been conducted on the subject of job satisfaction and employee morale in order to establish some of the causes that result in job satisfaction. These studies have revealed that certain variables are consistently correlated with job satisfaction. Some of these factors have been grouped into four identifiable, discreet categories. These are:

1. **Organizational factors:** Some of the organizational factors as sources of job satisfaction are:

   - **Salaries and wages:** Salaries and wages play a significant role in determining the level of job satisfaction irrespective of the level of position that an employee holds in the organization. Studies conducted by Locke indicate that pay is a primary determinant of job satisfaction, especially when it is perceived as fair and equitable compared to others and relative to employee's own efforts and contributions. Pay is also the prime mover since it satisfies the first level needs of Maslow's model of motivation. It is also considered a symbol of achievement since higher pay reflects a higher degree of contribution towards organizational operations and welfare.

- **Promotions:** Promotional opportunities are another source of job satisfaction, especially at higher-level jobs, because a promotion indicates an employee's worth to the organization which is highly morale boosting. A promotion also involves a positive change in higher salary, less supervision, more challenging work assignments, increased responsibility and decision-making freedom.
- **Company policies:** Organizational structure and organizational policies play an important role in establishing an environment which is conducive to job satisfaction. A highly authoritative and autocratic structure may produce more resentment on the part of employees who may want more open and democratic style of leadership. Organizational policies usually govern employee behaviour, and depending upon how strict or liberal these policies are, can generate positive or negative feelings about the organization. Liberal and fair policies are usually associated with job satisfaction. Employees, who feel unduly constrained because of strict policies or feel that they are not treated fairly, would not be happy with the job.

2. **Work environment:** The work environment factors include the following:

- **Supervisory style***:* It has been established that wherever the supervisors are friendly and supportive of workers, there is job satisfaction. Conversely, it can also be established that satisfied employees themselves create a social environment at work where supervisors are more considerate of such employees. In any case, a close relationship between the supervisor and the worker and worker participation in decision making about such issues that directly concern the worker are highly conducive to job satisfaction.

- **Work group***:* The group size and the quality of interpersonal relations within the group play a significant role in worker happiness. Larger group sizes usually lead to lower level of job satisfaction due to the fact that large groups lead to poor interpersonal communication, reduced feeling of togetherness and difficulty in getting to know each other more closely. Smaller groups provide greater opportunity for building mutual trust arid understanding. Work group also serves as a social, moral and emotional support system for the employee. If the people in the group exhibit similar societal characteristics, such as attitudes and beliefs, they tend to be drawn closer to each other resulting in a work climate that improves job satisfaction.
- **Working conditions:** Good working conditions are highly desirable because they lead to greater physical comfort. People put a high premium on a clean and orderly work station and factors such a~ heating, air conditioning, humidity, lighting, noise level, availability of adequate tools and equipment and desirable work schedules all contribute to higher level of satisfaction. While such desirable working conditions are taken for granted, and may not contribute heavily towards job satisfaction, poor working conditions do become a source of job dissatisfaction, simply because they lead to physical discomfort and physical danger.
- **Work itself:** By and large, the work itself plays a major role in determining the level of job satisfaction. The job content

has two aspects. One is the "job scope" which involves the amount of responsibility, work pace and the feedback provided. The higher the level of these factors, the higher the job scope and thus higher the level of satisfaction. The second aspect is variety. It has been found that a moderate amount of variety is most effective. Excessive variety produces confusion and stress; and too little variety causes monotony and fatigue, which dissatisfies. Additionally, lack of autonomy and freedom over work methods and work pace creates a sense of helplessness. It is not very motivating for the employees to have their every step and every action determined by their supervisor. It is highly dehumanizing and causes dissatisfaction. Role ambiguity and role conflict are to be avoided because employees feel very unhappy if they do not know exactly what their task is and what is expected of them?

4. **Personal factors**: While the external environment within the organization and the nature of the job are important determinants of job satisfaction, personal attributes of individual employees play a very important role as to whether they are happy at the job or not. People with generally negative attitudes about life and pessimists always complain about everything including the job. Age, seniority and tenure have considerable influence on job satisfaction. It is expected that as people grow older, they usual1y come up the corporate ladder with the passage of time and move into more challenging and responsible positions. Meeting these challenges and succeeding is a high source of satisfaction: Even if they do not move up in their position, it is equally natural to assume that with, age,

people become more mature and realistic and less idealistic so that they are willing to accept available resources and rewards and be satisfied about the situation. Employees who do not move up at all with time are more likely to be dissatisfied with their jobs. Tenure assures job security, and the feeling or job security is highly satisfactory to employees. This means that they can plan for the future without fear of losing the job. Thus employees with tenure are expected to be highly satisfied with their jobs. Equally important is the intrinsic source of satisfaction, which comes from within the person and is a function of the employee's personality. Some of the personality traits that are directly related to increased job satisfaction are self-assurance, self-esteem, maturity, and decisiveness, sense of autonomy, challenge and responsibility. It can be concluded that the higher the person is on Maslow's model of hierarchical needs, the higher is the job satisfaction.

10.9 CHECK YOUR PROGRESS

Fill in the Blanks

1. The word ------------- is derived from ----------, which is defined as an active form of a desire, craving or need, which must be satisfied.

2. The amount of ---------- put into the activity identifies the --------- of the person's work-related behaviour.

3. The ------------- have been developed to explain the nature of ----------- in terms of types of need that people experience.

4. ------------ is highly related to absenteeism.

10.10 SUMMARY

People's work performance depends upon their ability to do their assigned work as well as their "will" to do so. Stronger “will” reflects stronger motivation to achieve a goal. The word motivation is derived from motive which is a need or a' desire requiring movement towards the goal of achievement of such need and desire. It is an action, movement or behaviour, which must fulfill the unsatisfied need. The motivation can be positive which requires appreciating employees' efforts resulting in better performance or it could be negative which induces fear and punishment for less efforts. Motivation can also be induced by external factors such as financial rewards for better output or it could be intrinsic in nature, which is inner-generated. This means that accomplishing something worthwhile motivates the employee further and this motivation is independent of financial rewards. Historically speaking, the concept of motivation can be traced back twenty-three centuries as reflected in the Greek and Indian writings. These earlier philosophies proposed that we are motivated to do what brings us the best results for our benefit. Similarly, the Greek concept of Hedonism is based upon realizing maximum pleasure while at the same time avoiding pain and discomfort. This brings in the concept of rationality where our actions become utility oriented. These views were held over a long period of time so that the concept of motivation came under scientific study and investigation only in the early 1930s. This study led to a number of theories and models. The content theories of work motivation explain the nature of motivation in terms of types of need that people experience. The concept of motivation is explained by the fact that people have certain fundamental needs; both physiological and psychological in nature and that they are motivated to engage in activities that would satisfy these needs. Abraham Maslow built the needs in order of priority into a hierarchy. The most fundamental needs being physiological needs such as food, clothing, shelter and so on. Then in order came the needs for safety and security, love and affection, need for respect and self-esteem and finally the self-actualization need which is considered to be the ultimate fulfillment of life. Management can motivate workers by identifying their need level and taking steps to fulfill these needs. ERG theory, developed by Clayton Alderfer, condenses the five needs proposed by Maslow into three and ERG stands for existence, relatedness and growth. The existence needs are roughly comparable to physiological and safety needs of Maslow's model and are satisfied primarily by material incentives. Relatedness needs roughly correspond to social and self-esteem needs and finally, the growth needs are similar to primarily self-actualization needs and partially to esteem needs. McClelland's theory of needs is based upon the premise that lower level needs in Maslow's model are generally taken care of by business, societal and legal systems and hence are- no longer motivators.' According to this theory, the most prominent need from organizational behaviour point of view is the need for achievement, power and affiliation. The individuals with a high degree of need for achievement, power and affiliation are highly motivated to move towards fulfilling these needs at the highest levels. Herzberg's two-factor theory classifies all the work related factors into two categories. First' category contains factors that are known as hygiene factors. These factors prevent dissatisfaction but do not motivate. Some of these factors are: Wages and other benefits, working conditions, organizational rules and policies, cordial relations with 'peers and superiors, job security and so on. These factors are designed to avoid damage to efficiency or morale and are not expected to stimulate positive growth. Motivational factors on the other hand have a positive influence on morale, satisfaction, efficiency and higher productivity. These are the type of job one enjoys, recognition for employee input and performance, a feeling of accomplishment, increased responsibility and authority and growth and advancement with the organization.

10.11 KEYWORDS

Motivation: This represents an unsatisfied need which creates a state of tension or disequilibria, causing the individual to move in a goal directed pattern -towards restoring a state of equilibrium, by satisfying the need.

Job satisfaction: It is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience.

Management by Objectives: It is a process by which managers and subordinates work together in identifying goals and setting up objectives and make plans together in order to achieve these objectives.

Existence needs: These needs are roughly comparable to the physiological and safety needs of Maslow's model and are satisfied primarily by material incentives.

Esteem needs: This need for esteem is to attain recognition from others, which would induce a feeling of self-worth and self-confidence in the Individual.

10.12 SELF ASSESSMENT TEST

1. Motivation is defined as a drive, which tries to satisfy an existing unsatisfied need. Is this drive within you as an inherited trait or is it the force of environmental factors, which creates this drive? Give examples.

2. There are four sources of motivation. Which source do you think is the most suitable in a free economic society as ours and why?

3. Can the negative or fear type of motivation produce lasting positive effects on behaviour and morale? Support your reason.

4. Maslow's model of hierarchical needs lists the needs in order of priority so that first level needs must 'be satisfied before the second level needs become motivators and so on. How rigid is this order of priority? Explain as to what circumstances would justify a different order of priority.

5. What can the management do to satisfy the various level needs of workers as shown in Maslow's model?

6. Explain in detail the ERG theory of motivation. How does it significantly differ from Maslow's model of motivation?

7. According to McClelland's theory of needs, the primary motive is the need to succeed in competitive situations. Do you agree with this concept? Explain your reasons.

8. Differentiate between the need theories of motivation and the process theories of motivation. Do these categories complement each other? If so, in what way?

9. Describe in detail Vroom's Expectancy Model of motivation. How are the various factors in the model related to each other? What happens to motivation if one of these factors does not exist? Give examples.

10. Explain in detail the Equity theory of motivation. What are some of the standards against which the concept of "fairness" can be measured?

11. Management by Objectives (MBO) is considered to be the most effective tool of organizational effectiveness. Explain some of the contributions of the concept of MBO towards employee motivation.

12. Give some of the suggestions for improving the effectiveness of MBO process. Give reasons as to why such suggestions would be helpful.

13. Job dissatisfaction is highly demoralizing and manifests itself in some of the negative symptoms. Explain in detail some of the indicators of job dissatisfaction and the steps that management can take in eliminating the conditions that cause job dissatisfaction.

14. What are some of the organizational and work related factors that are necessary for job satisfaction?

15. What are some of the personal factors, unrelated directly to work environment, that affect a person's motivation and his attitude towards his job?

10.13 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill In the Blanks

1. The word **motivation** is derived from **motive**, which is defined as an active form of a desire, craving or need, which must be satisfied.

2. The amount of **effort** put into the activity identifies the **strength** of the person's work-related behaviour.

3. The **content theories** have been developed to explain the nature of **motivation** in terms of types of need that people experience.

4. **Job satisfaction** is highly related to absenteeism.

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Lesson No. 11	**Vetter:**

COMMUNICATION: PROCESS, MODELS AND ISSUES

STRUCTURE

11.0 Learning OBJECTIVES

After reading this lesson, you should be able to:

- Know the meaning and characteristics of communication.
- Discuss the importance of communication.
- Appraise the qualities of a good communication system.
- Describe the process of communication.
- Understand various barriers to communication and how to overcome them.

11.1 INTRODUCTION

Communication is as old as man himself. Without communication we can't live and work together in an organized way. It enables us to understand others and make ourselves understand. Communication is the process by which we exchange meanings, facts, ideas, opinions or emotions with other people. The word communication has been derived from a Latin word 'Communis' which means 'commonness' or to share or to participate. At every moment of time we share our views, ideas, opinions with others in the form of speeches or in writing or like other mean by exchange of common set of symbols.

11.2 MEANING OF COMMUNICATION

Man is a communicating animal; he alone has a power to express the words. The presence of minimum of two minds is essential for communication infect, communication means to convey a message by one person to another so that another person may understand, follow and implement the message. If one person is unable to follow the message of another, it can't be called communication. For instance, if Mr. X deliver a lecture in Hindi to a gathering of Englishmen or Americans (to whom Hindi language is Greek and Latin), it will fall flat on them and there is no communication in it. "Basically, communication is a two-way process and the two terminals should be concerned with mutual understanding if communication is to be purposefully effective.” It is important to note that communication does not mean merely written or oral messages. It includes everything that may be used to convey meaning from one to another person. For example, movement of lips or the wink of an eye or wave of hands may convey more meanings than even spoken or written words.

It is rightly said that communication is a like a tennis ball between two players. Sometime the ball is with one player and sometimes it is with other player and the quality of that tennis game depends upon the quality of both the players. Likewise, if in effective communication one person is weak other start losing interest in the communication and ultimately other party also becomes weak. It has been said, ‘The communication is like a bridge through which river of understanding is crossed.” It is communication, which can bring understanding and even create misunderstanding.

In the words of Cyril L. Hudsen, “Communication in its simplest form in conveying of information from one person to another.”

In the words of Fred. G. Meyer, ‘The act of making one’s ideas and opinions known to others.”

In the words of Newman and Summer, “Communication is an exchange of facts, ideas, opinions or emotions by two or more persons.”

In nut shell, it is a systematic and continuous process of conveying ideas, emotions, opinions from one person to another in order to bring about mutual understanding and confidence of good human relations.

11.3 CHARACTERISTICS/FEATURES OF COMMUNICATION

1. Communication involves Plurality of Persons: One single person cannot communicate. At least two persons are involved in every communication one is communicator and other is communicate. Communicator or the sender is a person who wants to make his opinions, through feelings or ideas common or shares with others. Even a person who speaks, writes a letter or issues, some instructions, the sender is also the communicator of the message. Communicate or receiver is the person with whom the communicator wants to share his message. There has to be a receiver to complete the communication process.

2. Existence of a Message: A message is a subject-matter of communication. The message may be the orders, instructions or information about the managerial plans, policies, programmes sent by the superior to subordinate (downward communication). A message can also be from subordinate to superior in the forms of reports, suggestions, complaints, problems.

3. Communication is a Continuous Process: Communication is not an art or event at an instance of time rather it is a continuous process incorporating various events and activities that are inter-related and inter-dependent.

4. Communication is a Two-Way Process: Simple transmission of the message by the sender does not make the communication complete rather it also needs understanding of the message in the same manner of receiver. So receiver after receiving the message must try to understand the idea. behind the message and respond accordingly.

5. Communication may be Written, Oral or Gestural: Communication is the sum of all the things one person does when he wants to create understanding in the mind of another. It is a Bridge of Meaning. It is generally understood as spoken or written words but in reality it is more than that. It includes everything that may be used to convey meanings from one person to another.

Written Communication: It implies transmission of message in black and white. It includes those decisions policy statements, rules, procedures, orders, instructions, agreements etc. which are expressed on paper.

Oral Communication: It implies conveying of message through spoken words. It is face to face communication and includes communication through telephone and public speech etc.

Gestural Communication: It implies expressions through body parts. It includes facial expressions, movement of lips, nodding of head, movement of hands. It is used as a supplementary method of communication. For example, while delivering his speech a person by thumping the desk/table can communicate to audience that this part of his speech is more important.

6. Primary purpose is to Motivate a Response: The primary purpose of the communication is to Influence human behaviour. Communication can motivate employees by clarifying to them what is to be done, how will they are doing and what can be done to improve their performance if it below standard.

7. Communication may be Formal or Informal: Formal communication is that which flows through well-established levels or hierarchical positions of the organization. For example, when a chief executive issues decisions and instructions to the subordinates or when subordinate reports to the superior. Formal communication may take place in the following forms:

(1) Conferences, (2) Director’s meeting, (3) Interviews, (4) Departmental staff meeting, (5) News Bulletins etc.

Informal communication takes place on the basis of informal and social relations among people in an organization. Such communication does not follow the formal channels L e., rules and structure of the organization. For example, if a superior and subordinate while sitting in the club or in cafeteria share any information it is informal communication.

8. Communication may be Vertical, Horizontal or Diagonal: The communication which flows from higher level to lower level position is known as downward communication. The message transmitted from superior to subordinate or from manager to assistant manager is downward communication. They are in the form of: (1) Circulars, (2) Letters, (3) Memos, (4) Annual reports, (5) Group meetings, (6) Loud speakers announcements.

Upward communication is from subordinates to superior as that from worker to foreman, from foreman to manager, from manager to general manager and from general manager to chief executive or board of directors. They may be the following form of (1) Opinions, (2) Ideas, (3) Complaints, (4) Grapevine, (5) Union publications, (6) Appeals, (7) Grievances etc.

Communication that takes place directly between two persons having equal ranks in the managerial hierarchy or between two subordinates under same manager is called Horizontal Communication or Lateral Communication.

Diagonal Communication Is like downward or upward communication, so we can say that it implies exchange of information between persons who are at position at different levels of hierarchy and also at different departments. This type of communication increases organizational efficiency by speeding up Information and cutting across departmental barriers.

9. Communication is Unavoidable: Communication is always existing and unavoidable phenomenon. Not to talk of facial expressions, positive gestures and other behavioural ways, even silence also conveys a lot about person's attitude.

10. Communication is a Universal Process: It is a universal phenomenon. All the living beings whether it is humans, animals, insects, birds or beasts communicate through their own symbols and signs.

11. Communication is a Social Process: As it enables everyone in the society to satisfy his basic needs and desires through exchange of written, spoken or non-verbal message. It is through communication that two or more persons interact and influence each other and consequently bridge the gap in their understanding.

11.4 IMPORTANCE OF COMMUNICATION

The importance of communication in management can be judged from the following points:

1. Smooth and unrestricted running of the enterprise: The smooth and unrestricted running of an enterprise depends in *toto* on an effective system of communication. In every organization, big or small, may It be in the public or private sector, 'communication' plays a major role. The communication from the superior is the basis on which the work of his subordinate depends. This is the medium through which the subordinate knows his limitations, regulates his work and expects reward or punishment for his approved or disapproved behaviour. Similarly, the communication from the subordinate to his superior is a necessity for a successful organizer to plan his work.

2. Quick decision and implementation: Communication helps the administration in arriving at vital decisions. In its absence It may not be possible for the top administrators to come in closer contact with each other and discuss the important problems pertaining to the organization. In short, effective communication is the sine qua non for the quick at systematic implementation of the management decisions.

3. Proper planning and coordination: Communication also helps a lot planning and co-ordination. The widest possible participation in planning is a pre-condition for getting the task done, and this can be effectively secured only through the media of communication.

4. Maximum productivity with the minimum of cost: Greater, better and cheaper production is the aim of all prudent managements. In this age of mass-scale production, our industrial unit has no longer remained a close-knit family unit as it used to be; with the result that direct, intimate and face-to-face contact between the employees is almost not-existent. "Effective, system of communication can play a vital role in avoiding this illusion. Further, Maximization of production is to be secured with the minimum of friction and utmost good faith on the part of the workers.

5. Morale-building and democratic management: Communication in industry is a phase both of organization and moral building. Under an effective system of communication, it is quite convenient for the employees to express their grievances if any, bring, all their problems to the notice of the management and get proper adjustment. The fact is that proper communications between the interested parties reduce the point of friction and minimise those that inevitably arise.

6. Improve public relations: A sound communication system, ensuring free flow of information between the organization and various components of the society like customers, suppliers, bankers, government agencies and public at large, helps in building a good image in the minds of the public. Public looks upon the organization as an open unit which strives for maintaining good relations with the extra organizational agencies.

7. Helps in providing job satisfaction: An employee obtains satisfaction from his job only when he is able to perform his job in a desired manner. For proper performance of the job, it is necessary that an employee is fully aware of his duties, responsibilities, authorities and the role or importance of the job in the pursuit for organizational goals. All this awareness can be generated only through sound communication system.

8. Helps in selection of best employees: Communication plays a very important role in the selection of employees of the organization. Scientific selection procedure, which can eliminate the inefficient and unqualified persons has to be laid down to avoid misfits in the organization. Communication system helps the personnel manager in obtaining the detailed information about the mental ability, character, physical health, attitude and behaviour of the persons. This information can be gathered by the conduct of tests, interviews and checking the references given by the candidate. Conducting of tests, interviews etc. is possible only through communication.

9. Basis of control: The system of maintaining control over the activities of the organization consists of: firstly, laying certain objectives or targets, secondly, comparing actual performance with tile targets and thirdly, taking corrective action in case of deviations. All these things are possible if there exists an effective communication in the organization. For knowing the targets, watching the performance and transmission of directions there is the need of communication.

10. Help in motivation and leadership: Management can motivate and lead employees through communication only. The employees have to be told what they have to do and how they have to do. If the employees are not aware of the expectations of the management, how and for what goal will they strive for? It is through communication that a formal leader, that is the manager, guides and supervises his employees.

11. For running internal administration: There is a great need of maintaining effective communication within the organization as well. The management has to issue day-to-day instructions to subordinates and employees as to what work is to be done by them and how it is to be done. In upward communication, subordinates communicate their problems, complaints, progress reports to their superiors.

12. Liaison with outside world: For running the business, managers need knowledge about external world. They have to know about market trends, competitors, technological developments, government policies, business cycles, conditions of war and peace and what not. Communication provides this information to the managers on the basis of which they take decisions about product line and evolve marketing strategies.

13. Public image: Existence of good communication system in the organization helps in projection of a good image of the organization in the eyes of the people dealing with it. Good communication is another name for good public relations. If an outsider writes a letter to the organization and promptly receives a correct and complete answer, naturally he will think high of the organization. Effective and prompt communication helps in projecting organization's plans and policies to outsiders and getting their reactions to them.

11.5 QUALITIES OF A GOOD COMMUNICATION SYSTEM

An office manager should be conversant not only with the various methods and devices of communication but also with different factors which have to be considered before adopting a particular system of communication in the office.

No hard and fast rules can be laid down as to the qualities of a good communication system. A method may be suitable for a particular type of message but may not be for another type. What particular system of communication should be used will depend on the needs of the organization and the type of message. A communication system may be very quick and excellent but the cost may be prohibitive, so cost factor cannot be ignored. Any-how an ideal system of communication should have the following qualities:

1. Speed: The communication system should be capable of carrying message speedily.

2. Accuracy: The communication system should be capable of conveying the messages accurately. Figures are likely to be misheard over telephone.

3. Secrecy: If desired, the message should not leak out. Certain modes of communication like television or public address system cannot keep the message secret.

4. Record: In certain matters authentic record of the communication has to be kept which may be needed as legal evidence in case of dispute later. An ideal system should be capable of keeping record of the communication. There can be no record of verbal communication.

5. Cost: The system should not be costly to install or operate. Anyhow, cost is measured in terms of benefits derived from the system. The conveyor belt system is quite costly to install but is essential where the number of letters or documents to be carried is large.

6. Convenience: The system of communication should be convenient to use. If a system cannot be easily used it will lose its utility.

7. Suitability: Suitability of communication system will depend on the nature, size and dispersal of the organization. In the case of a small office even the method of face-to-face talk will be sufficient but internal telephone system is a must if different departments or sections of an organization are located on different floors of a multi-storeyed building.

8. Impression: The mode of communication should not be clumsy; it must leave good impression on others.

11.6 PROCESS OF COMMUNICATION

The communication is the process by which two or more people and share meaning. By analysing the communication process, one discovers that it is a chain made of identifiable links. “Link in this process includes: Sender message, encoding, decoding, receiver and feedback. Like any other chain, the communication chain is only as strong as its weakest link.”

1. Sender: The process of communication involves two parties i.e., the sender and the receiver. Sender may be individual or group of individuals or any organization, who desires to share information for a predetermined purpose or for an expected action or response. The process starts at the moment when an idea or feeling or information strikes the mind of the sender. The sender being the promoter of the process is required to have clear vision of his expectations of the communication process and the receiver,

2. Message/Information: Communication process facilitates transmission of information or message in the form of words, symbols or any such media, which carries the information to the receiver. In fact, message is an idea, feeling opinion or any expression generated in the mind of the sender which he desires to convey to the receiver with a predetermined purpose.

Messages are not the meanings but indicative of meanings. Meaning lies in the receiver's mind not in the message. In fact, message is the actual content of the information that enters into the channel.

3. Encoding: Encoding means to transform the idea into words, symbols, pictures, diagrams, gestures i.e., it is a method to provide a concrete shape to the message. The purpose of encoding is the translate internal thought patterns into a language or code that the intending receiver of the message will probably understand. Encoding, requires common media which both the sender and the receiver can understand. Because there is a need for the receiver the interpret the information in a sense with which the sender transmits. Thus the language, symbols, gestures or expressions used in communication are to be common and mutually understanding. For example, in Japan 'I' is shown with a finger on the nose but in India same gesture implies it is wrong or do not do it.

In the same way to say 'no' an American nods the head horizontally and to say 'yes' vertically. An Indian with slight difference nods the head horizontally for both ‘yes’ and ‘no’ which confuses an American receiver. Thus, it is necessary to use common media.

4. Channel/Media: In this stage the message is actually sent and the Information is transferred. The technological revolution has brought about a wide range of telecommunication method. Sender must consider all aspects: speed cost, quick receipt, printer record, confidentiality etc., for making an intelligent decision before sending his message.

Time and money can be wasted if the wrong medium is chosen selection of suitable channel is essential for effective communication, it assures immediate feedback from the receiver. It also helps to reduce noise during communication process. So, it is necessary to select a channel, which Is familiar, convenient and suitable for both the communication.

5. Receiver: The person or group, who perceives the message and attaches some meaning to the message Is the receiver. If there is no receiver, there Is no communication.

6. Decoding: Decoding is translation of information, received, into an understandable message to interpret it. Even the most expertly fashioned message will not accomplish its purpose unless it is understood. After physically receiving the message, the receiver must comprehend it. If the message has been properly encoded, decoding will take place rather routinely. But perfect encoding is nearly impossible to achieve in our world of many languages and cultures. The receiver’s willingness to the receive the message is a principal prerequisite for successful decoding.

When decoding Is done according to expectation of the sender, the communication could be teemed as effective. The chances of effective decoding are greatly enhanced Is the receiver knows the language and vocabulary used in the message.

The more the sender's message commensurate with the receivers understanding, the more effective the communication will be.

7. Feedback: Feedback is the response to the message received by the receiver of the Information, which sends back to the sender of the information. This Is the stage where major and serious distortions take place in a message and such distortions are due to receiver's perception, value system, attitude, past experience etc. Normally the message interpreted by the receiver is different from what the sender had intended to. Therefore, feedback is necessary to ensure whether the receiver has understood the message as desired by the sender or not and if not, the message is modified or certain additions are made in the message by the sender in order to make communication effective.

Appropriate forms of feedback are determined by the same factors that govern the sender's encoding decision. Without feedback, senders have no way of knowing whether their ideas have been accurately understood. It may be noted, that in oral communication, feedback is often immediate, in meetings the audience may nod or smile to show understanding and agreement. Immediate feedback offers an advantage to the sender of the information to clear off doubts, bring modification or change the topic of information to make the communication effective. In nut shell, prompt and suitable feedback Improves the efficiency of communication process.

8. Noise: Noise is not an integral part of the chain like communication process, but It may influence the process at any or all points. Noise Is any interference with the normal flow of understanding from one person to another. Noise may be with the receiver or channel or the message or sometimes the external environment. Psychological noise consists of forces within the sender or receiver that interfere with understanding i.e. egotism, hostility, prejudices, etc.

Noise reduces the effectiveness of communication. Therefore, it is necessary to take preventive steps to reduce the level and intensity of noise to make communication effective.

11.7 TYPES OF COMMUNICATION

The following chart reflects upon the important types of communication:

Classification of Communication

I	II	III
Verbal or Written Communication	Formal or Informal Communication	Downward, Upward or Horizontal Communication

1. Verbal or written communication. The first important category of communication consists of verbal or written communications. In the case of verbal communication, everything is oral and there is nothing in black and white. The examples of verbal communication are orders and face-to-face discussions, telephonic talks, lectures, social gathering (e.g., men-boss meets), conferences, interviews, personnel-counselling, public speeches, audio-visual aids like slides and movies, plant-broadcast, whistle and bells, grapevine, etc. Some of the merits of this form of communication may be outlined as below: (i) It is a times and money saving device. In the case of written communication, the instructions etc., are reduced to writing. There is no need of this formality in verbal communications. There is other device which may be so short, sweet, simple and quick. (ii) It is comparatively more effective because there is the instinct of personal touch in verbal communication. Everything is face-to-face and there is nothing behind the screen; hence a better and immediate impression can be created particularly when the communication is accompanied by actions, gestures and charming facial expressions. (iii) there is easy understand ability in the case of verbal communication. Even if doubts creep in the minds of any party. they can Immediately be removed. (iv) It is also more convenient to measure the effect of communication. The communicator can easily guess whether the recipient is following him or not and thus can make all possible efforts to clarify his viewpoint to the other party. He can immediately make proper amends and can discern the recipient's attitude, whether it is one of acceptance or rejection. In the case of written communication, immediate change Is never possible particularly when the communication has been transmitted so as to be out of the power of the communicator to withdraw. (v) It is the only way out during periods of emergency, when every activity is to be quickened. Face-to-face contact during such periods can quicken the tempo of work and increase productivity.

Verbal or oral communication is, however, not suitable in the following cases. (i) Written communication is the only why out if both the communicator and the recipient are far off, even beyond telephonic range. (II) If the message to be conveyed is - lengthy and needs a thorough clarification, written communication would be more suitable, because there will then be chances to miss any point. (iii) Written communications provide a permanent record and can at times be referred to as evidence. This is why policy statements (e.g., Chairman's speech, Director's report, Service conditions, etc.) are usually issued in the form of printed documents. (iv) Written communications have a permanent value in the sense that they can be utilized by the management off and on, when the need arises in future. It is not so possible in the case of oral communications. (v) Last but not the least, in the case of written communications the recipient can conveniently ponder over the message and request for amends, if necessary. Further, subordinates can feel secure in their performance and supervisors are better equipped to exercise check

on it.

On the other, written communications are always in black and white. Examples of written communications are House organs and newspapers, Bulletin board, Letters and memos, Reports and forms, Manuals and handbooks. Posters, Payroll Inserts, Annual Reports, Written grievances, Suggestion system, Attitude questionnaires, Newspaper inserts, etc. The above disadvantages of verbal communication are other words the merits of written communication. Some of its serious disadvantages may be outlined as below: (i) In the case of written communication everything is to be translated into black and white, which is likely to consume more time and money. Face-to-face contacts may be short and quick, but written communication must be long (to achieve clarity of thought) and lucid. (ii) It is not always possible to reduce everything to writing and if any point is left out, additional written communication become a necessity, which is expensive and takes time. (iii) Oral talks may remain secret, but there are chances of leakage in the case of written communication. (iv) Delays and red-tapism are some of the other drawbacks of written communication.

Out of the two forms of communication–verbal and written–which is better, is a difficult question to decide. Indeed, its answer depends upon the circumstances of each individual case. The essential problem is to provide the balance. A firm having an excellent bulletin board system but poor channel for upward flow can never be successful in the overall communication programme. Proper balance should be sought to provide adequate channels up, down, across and outside; oral and written devices also should be used as per the need of the situation and according to the content of communication.

2. Formal or informal communications. Secondly, communications may be classified as formal. Formal communications are mostly in black and white. They derive their support from the formal organizational structure. Formal communications are generally associated with the particular positions of the communicator and the communicated (or recipient) in that structure. For example, when the General Manager instructs his subordinates by virtue of his superior position, it is formal communication. Informal communications on the other hand, are free from all sorts of formalities. They are based on the informal relationship between the parties.

They are generally termed as ‘the grapevine’. Informal communications may be conveyed by a simple glance, gesture, nod, smile or mere silence. For example, if a worker approaches his boss with the job completed by him to get his approval, and the boss expresses his silent approval, it is informal communication.

3. Downward, upward or horizontal communications. Under the third category, communications may be classified as downward, upward or horizontal. Communication is said to be downward if it flows from the uppermost levels of management towards the operative force; it is upward, if it flows from the subordinates to their superior and it is horizontal if it takes place between two subordinates of the same superior, e.g., between two departmental heads or between two or more persons who are tied to each other by relationship of equality. All these communications–downward, upward and horizontal–may be verbal or written.

11.8 MODELS OF COMMUNICATION

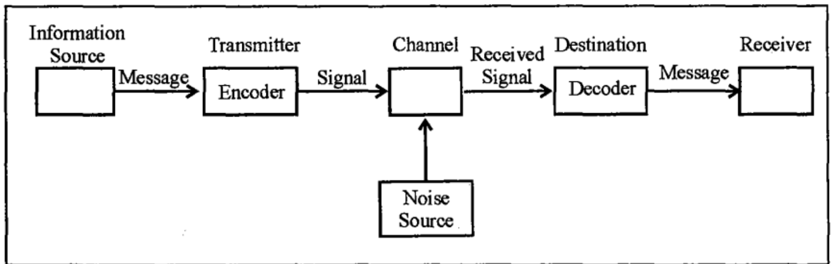
Here we are going to discuss about the two models of communication, Ie.,

(1) The Shannon and Weaver model of communication;

(2) The Osgood Schramn model of communication.

The first model to emerge was conceived by Shannon and Weaver (1949) and had a mathematical basis. It was devised to help Bell Telephone Company engineers understand how most efficiently to transmit electrical impulses from one place to another.

The message sent from the information source to the receiver travels via a channel before which the message is encoded, i.e., turned from an idea into a verbal or written message, and then decoded by the receiver either by hearing or reading the message. The problem is that the message can get distorted by noise sources or interference.

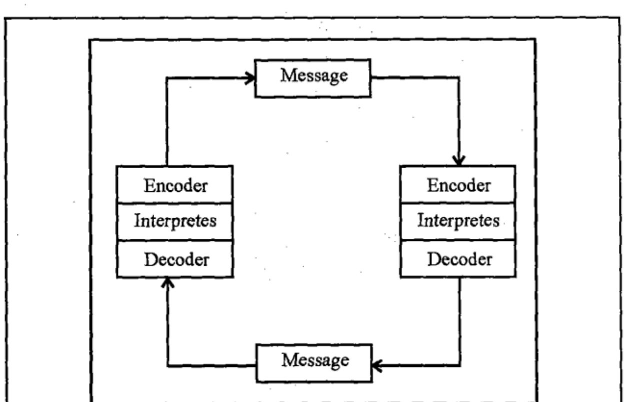


The Shannon & Weaver Model of Communication

In the mechanistic version of the telephone this might be interference on the telephone line thus making the communication difficult and unclear. In the case of a manager speaking to an employee it could be subtler. The noise source which distorts the message could be personnel.

The biggest criticism of the Schramn and Weaver model is that communication is seen as a one-way process.

The Osgood Schramn Model of communication was developed in the year 1954. This model devotes discussion to the main builders. Therefore, added the element of ‘feedback’ to the communication model. Here communication is seen as a two-way process.



Osgood Schramn Model of Communication.

JOHARI WINDOW

Johari window was developed by Joseph Luft and Harry lngham (formed by taking ‘Jo’‘Har’ and ‘i’ from its authors’ name). This is a very popular descriptive framework for analysing the dynamics of interpersonal behaviour. This model is particularly useful in analysing interpersonal communication.

Information Known to Others	OPEN or PUBLIC	BLIND
Information not Known to Others	HIDDEN or PRIVATE	UNKNOWN or UNDISCOVERED
	Information Known to Self	Information not Known to Self

The Johari Window

Johari Window model helps several interpersonal styles, show the characteristics and results of these styles, and suggests way of interpreting the conflicts that may develop between the self and others.

In simple terms, the self can be thought as ‘I’ or ‘me’, and others can be thought of as ‘you’ in a two-person interaction. There are certain things that the person knows about the other and certain things that are not known. Let us try to understand the four cells of Johari Window:

(a) Open Self: In this form of interaction, the person knows about himself or herself and about the others. There would generally be openness and compatibility and little reasons to be defensive.

(b) Blind Self: In this type of interaction the individual knows about others but not about himself/herself. The individual irritates other unintentionally; although the later could tell the former about aspect, one may be afraid of hurting his or her feelings.

(c) Hidden Self: Here the individual understands himself or herself but does not know about the other persons. Consequently, the individual tends to be hidden from others for fear of their reactions. The person may keep his/her true feelings or attitude secrete, not opening up to others.

(d) Unknown Self: This is a situation where the person does not know about himself/herself and does not know about others. This form of interaction is highly explosive.

11.9 BARRIERS TO EFFECTIVE COMMUNICATION

There are many barriers in the process of effective communication, which can be summarised as

1. Semantic Barriers: The different meaning of words to different people can form a vital barrier to effective communication. As words means different things to different people, care should be taken to choose appropriate words while communicating with employees. Thus these barriers are concerned with the language difficulties. These occur due to differences in the individual interpretation of words and symbols used in the process of communication. In the article of Rudolf Flesch 'More about Gobbledygook' (1945), observed, "All official communications develop a curiously legalistic ring, humorously called 'Gobbledygook' language, which becomes impossible for a layman to understand. In a desire to be over-exact, over-obstruct, and over-Impersonal, official language can become quite curt and even disagreeable.

2. Dogmatism: Attitudes, opinions and beliefs possessed by a person prevent him from accepting accurate and additional information due to conflict with the current situation, this is known as dogmatism. This has a vast effect on communication.

3. Filtering: It refers to the sender's purposeful and deliberate manipulation of information to be passed on to the receiver. It may be due to various factors. The extent of filtering Is determined mainly by the number of levels in the organisation's structure. The more the vertical level in a hierarchy, the more scope for filtering and vice-versa.

4. Too Marty Words: Beside complex and difficult words, long sentences also pose problems in communication. The message should be conveyed in as simple and as condensed as far as possible to prevent improper response and time-consuming misunderstanding.

5. Ideological Barriers: Ideological barriers occur when the members of the organisation do not share the same ideological perspective and orientation. This affects the effective communication process. In the words of Pfiffner "Differences in background, education and expectation result in different social and political views. These are probably the greatest handicaps to effective communication and probably the most difficult to overcome."

6. Holo Effect: The holo effect is the result of two-value thinking in this situation we see things only as dichotomies i.e., good and bad, right and wrong, white and black, and so forth. The danger here is that most situations are not dichotomous and therefore, such thinking may oversimplify most real situations.

7. Stereotyping: Stereotyping means that the content of communication is determined by the expectations due to inadequate distinctions of objects or events. Stereotyping interferes with effective communication.

Beside these barriers, there are some other barriers also by which effective communication is affected:

- Absence of definite and recognised means of communication.
- The size of the organisation and distance between members.
- Lack of will to communicate due to the attitude of superiors.
- Cultural barriers.
- Feedback barriers.

The barriers of communication can be overcome. Let us discuss how to overcome the barriers of communication?

11.10 OVERCOMING COMMUNICATIONBARRIERS

Communication barriers adversely affect the efficiency of the enterprise; every effort, therefore, should be made to overcome them. Following measures can help in this direction:

1. Shortening the line of communication: The line of communication should be as short as possible. This can be done by reducing the number of levels. As far as possible there should be direct contact between the communicator and the communicate.

2. Use of simple and meaningful language: The message should be sent in simple and easy to understand language. Double meaning words should not be used in the message to avoid ambiguity in the message. Moreover, educational background of the receiver, should be kept in mind and only that language should be used which he can understand.

3. **Developing patience to listen and understand others**: Executives and subordinates should develop skill to listen and understand others even if they think that what the other person is talking is all rubbish and irrelevant. It is dangerous to presume what other has to say. The listener should see the expressed idea not only from his own angle but from other person's point of view also.

4. KISS (Keep it short, stupid): As Shakespeare has said in his famous play Hamlet, "Brevity is the soul of wit." So, avoid over communicating. Too much communication is as bad as too little communication. If the people are flooded with communication, many of its aims are probably lost or defeated. Too much talking or writing on a subject reduces the interest of the recipient. Thus, the communication should be brief so that the receiver does not get bored.

5. Utilise feedback: Too often information is transmitted without communicating, since communication complete only when the message is understood by the receiver. And one never knows whether communication is understood unless the sender gets feedback. This is accomplished by asking questions, requesting and reply to a letter and encouraging receivers to give their reaction to the messages.

6. Develop mutual trust: Status and position create many communication barriers. Subordinates do not like to state anything which is true but may offend the boss. Such barriers can be overcome by developing a feeling of mutual trust and confidence between the subordinate and the superior. Both the parties should try to appreciate each other's problems. The parties should mutually accept criticism, admit faults and welcome suggestions.

7. More use of informal arid face-to-face talks: Instead of depending too much on formal written communication direct face-to-face talks should be encouraged. Utilization of both formal and informal contacts makes the communication more prompt and effective.

8. The communication audit: One way to improve communication in an organization is to conduct a communication audit. The communication audit is used not only to deal with problems when they occur but also to prevent them from occurring in the first place. The format of the audit may include observations, questionnaires, interviews, and analyses of written documents. Although the initial audit of the communication system is highly desirable, it needs to be followed by periodic reports.

9. To avoid pre-mature evaluation: It is seen that some people have the tendency to form of judgement before listening to the entire message, which is due to pre-mature evaluation. It should be avoided as it may lead wrong decisions. It distorts understanding and acts as a major barrier in an effective communication.

10. To give due importance to gestures and tones: Gestures and tones are known as 'BODY LANGUAGE' which is a non-verbal communication. People communicate meanings to others with their bodies during inter-personal interaction. It is technique to communicate the message with the movement of the whole body or part of it. Facial expressions like eye movement smiles. Frown and movement of hands are the usual symbols which must be used to make the communication effective.

11. Communicate to express not to impress: It is a golden rule for an effective communication. Always communicate to express not to impress, it means while communicating simply and only concentrate on Your expression delivery of words, selection Ideas and subject-matt Do not bother about Impression. Do not bring any type of artificial touch in the communication. If your expression is good impression is bound to come. Be original in communication.

12. To have a personal touch in the communication: A good communication must have a personal touch i.e., full of compliments praise, softness and antiquitee. "Praise in public, criticise in private", is the success of management. Those officers who are dry in their communication, are not popular among their employees. It is only 30% in communication what you communicate, it is 70% how you communicate. An effective communication should touch a person internally. People who simply communicate; without bothering whether there is any personal touch is not going to be effective.

11.11 CHECK YOUR PROGRESSS

Fill in the Blanks

1. The communication is like a ----------- through which river of ------------- is crossed.
2. --------------- is the sum of all the things one person does when he wants to create ----------------- in the mind of another.
3. ---------------- is the response to the message received by the receiver of the Information.
4. --------------- is any interference with the normal flow of understanding from one person to another.

5. **--------------** is a method to provide a concrete shape to the message.

11.12 SUMMARY

Communication is the exchange of messages between people for the purpose of reaching common understandings, and achieving common goals. Unless common meanings are shared, managers find it extremely difficult to influence others. Communication is an indispensable activity in all organizations. No organization can think of its existence without effective communication. The organization relies on communications to learn what its customers want, to foster cooperation among its employees, and to identify and adapt to changes in the environment. Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills help overcome some, but not all, barriers to communication in organizations.

11.13 KEYWORDS

Communication: Exchange of messages between people.

Stereotyping: It means that the content of communication is determined by the expectations due to inadequate distinctions of objects or events.

Filtering: It refers to the sender’s purposeful and deliberate manipulation of information to be passed on to the receiver.

Verbal Communication: In the case of verbal communication, everything is oral and there is nothing in black and white.

Oral Communication: It implies conveying of message through spoken words. It is face to face communication and includes communication through telephone and public speech etc.

Gestural Communication: It implies expressions through body parts.

11.14 SELF ASSESSMENT TEST

1. What do you mean by communication in management? Give objectives of communication.
2. What is communication? Explain its importance.
3. Describe the communication and its various elements.
4. Define communication and describe the important steps involved in communication process.
5. Are there any barriers to communication? How can a communication be made effective?

11.15 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. The communication is like a **bridge** through which river of **understanding** is crossed.
2. **Communication** is the sum of all the things one person does when he wants to create **understanding** in the mind of another.
3. **Feedback** is the response to the message received by the receiver of the Information.
4. **Noise** is any interference with the normal flow of understanding from one person to another.
5. **Encoding** is a method to provide a concrete shape to the message.

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Subject: Management Concepts and Organizational Behaviour	
Course Code: MC 101	**Author: Prof. M. C. Garg**
Lesson No. 12	**Vetter:**

COORDINATION

STRUCTURE

12.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Know the meaning of coordination and explain its features.
- State the need and importance of coordination.
- Understand the principles and techniques of coordination.
- Explain the criteria of successful coordination.

12.1 INTRODUCTION

Coordination is another, perhaps the most important, major organising activity. Organisation is always a system of coordinated human efforts. Mary Follett has said, "It seems to me that the first test of business administration, of industrial organisation, should be whether you have a business with all its parts so coordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking, interrelating, that they make a working unit." Coordination, in short, is administration at its most creative. Luther Gullick once said that "if subdivision of work is inescapable, coordination becomes

12.2 MEANING OF COORDINATION

Henri Fayol considers coordinating to be one of the functions of the manager. According to him, to coordinate is to harmonize all the activities of a concern in order to facilitate its working and its success. Coordination is the task of blending efforts. It is a continuous process whereby a manager develops an integrated pattern of group efforts in the pursuit of a common goal. It is a process of integrating the activities of different employees and units. It is a job of seeing that tasks are performed in the proper sequence and at the proper time.

In the words of William Glueck, "Coordination is the set of human and structural mechanisms designed to link the parts of the enterprise together to help achieve its objectives."

In the words of Dalton E. McFarland, "Coordination is the process by which managers achieve integrated patterns of group and individual effort. To coordinate is to develop unity of action in common purposes."

12.3 FEATURES OF COORDINATION

1. Coordination is one of the manager's leadership responsibilities.
2. It is orderly arrangement of group effort. Unity of effort is the heart of the coordination.
3. Its object is to achieve a common purpose. The main aim of coordination is a psychological union and integration, not only of arrangements but of will and enthusiasm.
4. It is a continuous and never-ending process.
5. R.C. Davis regards coordination primarily as a vital phase of control.
6. It is, in a word, to accord things and actions their rightful proportions, and to adapt means to ends.
7. Coordination is not a separate and distinct activity of the manager; it is a part of all the managerial functions of planning, organizing, staffing, directing, and controlling. It transverses the entire process.
8. It is a challenging and dynamic activity.
9. Coordination is inclusive of or more than cooperation.
10. It is a universal activity essential for every type of business.
11. It is intimately related to the concept of leadership.
12. It is an information processing task.
13. It is not a function, but essence of managership.

14. It is based on system concept of organisation.

15. It is the responsibility of managers at every level in the organisation.

16. Self-coordination can never be the substitute for coordination.

12.4 CO-ORDINATION AND COOPERATION

It is worth emphasizing at this point the basic differences between coordination and cooperation. Cooperation indicates mere willingness of individuals to help each other. It is result of voluntary attitudes of people in an organisation. Coordination, on the other hand, cannot be voluntarily produced. Rather, it requires a deliberate action on the part of the manager. He directs the efforts of people to produce coordination. In essence, McFarland points out that cooperation is a valuable element in coordination, but cannot substitute for it. Although cooperation is always helpful and its absence could prevent all possibility of coordination, its mere presence will not assure coordination. Coordination is superior in order of importance to cooperation."

Self-Coordination

Generally, the job of coordination is done by the manager. But, in simple situations, the subordinates can also promote the general goal of coordinated effort by bringing their activities into coordination with the activities of others. It needs simple observation of what they are doing and being careful not get in the way of others. Thus, self-coordination is a matter of adjustments. If all members of the group accept one individual as leader, they can adjust their movements to his and, thus, achieve a measure of coordination. Speaking of self-coordination, it is emphasized that each person in a group takes cognizance of the effects of his own performance upon others and thereby coordinates his activities with those of others. Self-coordination is required to run the organisation smoothly. However, it is not a substitute for the coordinative efforts of the leader.

12.5 NEED AND IMPORTANCE OF COORDINATION

Coordination is a vital requirement of toady's complex organisations. Its existence signifies coherence, unity of actions, and integrated effort. It is a method by which a manager can avoid potential sources of conflict and can eliminate duplication of work and cross purposes. Coordination has assumed increased importance on account of growing complexity of business and rapid increase in specialisation. According to E.F.L. Brech, the need for coordination "arises from the diversity of tasks to be undertaken and of persons to carry them out. It emerges as soon as the operations begin to be multiple or complex, by reason of the fact that more than one person is concerned with it.' Marshall Dimock goes so far as to say that "administration is the coordination of the work of specialists."

In summary, the need and importance of coordination arises on account of the following factors:

1. Highly Essential in Certain Works

In certain types of work, a high degree of coordination is required. According to Stoner, coordination is most beneficial – (a) for work that is non-routine and unpredictable, (b) for work in which factors in the environment are changing, (c) for work in which task interdependence is high, and (d) for work in which high performance objectives are set.

2. Helps to Achieve Goals

Coordination is the process of integrating the objectives and activities of an organisation in order to achieve enterprise goals efficiently. It is said that the purpose of organisation itself is coordination. Fulmer says, "What the skilled manager tries to achieve with all the available tools is coordination–so everybody can reach the group goal."

3. Increases Total Accomplishment

Coordination produces ‘synergy’. It produces results which will be more than sum of individual efforts. It is possible because coordination prevents duplication of efforts and the time and energy is, thus, released for more creative work.

4. Key to Other Functions

Coordination is also the key to other functions of management like planning, organisation and control. Coordination is exercised in each function of the manager. The various elements of plan, divergent parts of an organisation and different phases of a controlling operation must all be coordinated. Coordination makes planning more purposeful, organisation more well-knit and control more regulative.

5. To Harmonize Conflicts

Individuals often have different interests, different opinions and different ways to perform the work in the organisation. This may lead to conflicts and confusion. Hence, coordination becomes necessary in order to reconcile these differences and to secure unity of actions in the pursuit of a common goal. Good coordination attacks conflicts as they arise. It can anticipate them and prevent their occurrence.

6. Promotes Human Relations

Coordination gives much importance to human relations. It brings harmony of opinion, ideas and feelings. It promotes mutual cooperation and oneness. The main aim of coordination is a psychological union and integration, not only of arrangements but of will and enthusiasm.

7. Retention of Good Personnel

Coordination develops orderly arrangements which in turn enhance job satisfaction. Sound coordination has a significant effect on the development and retention of good personnel in the business. If job satisfaction is present, executives will tend to remain longer with the company. They will feel that they have a place in the organisation. The presence of coordination becomes part of their job experience and hence can form a very useful part of their training.

8. Helps to Achieve the Advantages of Specialisation

Specialisation of work is highly desirable in modern organisations. It is a call of today's business. But the benefit of specialisation will be available only when the managers coordinate the specialized efforts, into an integrated whole. Thus, coordination is a prime condition of getting the benefits of division of work.

9. Contributes to Efficiency

Coordination removes duplication of effort, uncertainties and clarifies duties and roles of each employee. It also establishes work relationship among them. This brings efficient ways of doing work. The primary effect of adequate coordination is found in the efficiency of the business. It contributes to efficiency by blending the loose ends of highly specialized effort.

10. Establishes Balance

Coordination provides a balance between different activities, skills, and resources. It also establishes balance between various sub-systems like production, sales, finance, research etc. It generates collective efforts and inter-departmental harmony. It strives for unity amidst diversity." Coordination makes the fast man slower and slow man faster so that on the whole the enterprise runs on a happy compromise. It balances unequals.

11. Improves Morale

Coordination has a decided effect upon the general level of morale in an organisation. It builds unity among managers and employees. It improves mutual understanding and creates trust upon each other. It stops mal-intentions and politics in the organisation. McFarland has very aptly remarked, "In a well-coordinated business, managers are properly performing one of their major leadership functions. The result is that those who work for that business respect their leaders for doing their job. An uncoordinated organisation introduces stresses which in turn generate uncertainties among group members. Decisions are delayed; errors are made. Successes are minimized and a sense of accomplishment fades."

12. Unity of Direction

For establishing coordination, unity of command and direction is maintained, duties are defined at each level and coordinative plans are prepared. It is ensured that a subordinate receives orders from one superior only at a time. It enables the managers to see the enterprise as a whole. Common interest is preferred to individual interests. Thus, clash of command, poor direction and conflict of rights and duties come to end through proper coordination.

13. Facilitates Management of Change

In order to be effective, an organisation must coordinate its working with the external factors, such as competition, social changes, governmental activities, technological advances, etc. Also, the resistance from workers for effecting the change can be removed by coordinating the changes with workers' interests and benefits. In fact, no enterprise can remain dynamic and competitive without coordination.

12.6 TYPES OF COORDINATION

Coordination is variously classified on different bases, such as its coverage and flow. The main types are as follows:

1. Vertical and horizontal coordination
2. Internal and external coordination
3. Procedural and substantive coordination

4. Informal or voluntary coordination
5. Programmed nonhuman coordination

1. Vertical and Horizontal Coordination

Vertical coordination links people and units at various hierarchical levels. It refers to coordination among the activities of a manager and his subordinates. It is needed to ensure that all levels act in harmony. It helps to maintain unity of command between different levels of managers and employees. For example, the activities of a manager, assistant manager, superintendent, and other below can be knit together through vertical coordination. It is established by delegation of authority, policies, rules etc.

Horizontal coordination occurs at the single hierarchical level. It is a coordination among peers–employees working at the same level. It is related with the functions, attitudes and roles of the employees of the same status in the managerial hierarchy. The activities of different departments like production, marketing, finance, personnel, etc. are integrated through horizontal coordination,

2. Internal and External Coordination

Coordination is internal when it is established between different departments and units of an organisation. It is related with the internal activities and human efforts of an enterprise. It involves different subsystems and parts of a business. It includes both vertical and horizontal coordination.

External coordination refers to the coordination between an organisation and its external environment. The external factors include the market, consumers, investors, suppliers, competitors, government, technology, social values, etc. An organisation requires to coordinate its internal activities and structure with socio-cultural, political and economic environment. External coordination should also exist between the enterprise and the world economy at large.

3. Procedural and Substantive Coordination

This classification is suggested by Herbert Simon. According to him, procedural coordination is "the specification of the organisation itself–that is, the generalized description of the behaviour and relationships of the members of the organisation." It lays down the procedures, establishes the lines of authority and defines the sphere of activity and authority of each employee.

Substantive coordination is concerned with the content of the organisation s activities. It is based on certain principles and specialised knowledge. Simon cites that in an automobile plant an organisation chart is an aspect of procedural coordination, while blue-prints for the engine block of the car manufactured are an aspect of substantive coordination.

4. Informal or Voluntary Coordination

All the organisations rely on voluntary coordination to some degree because it is not possible to anticipate or to make plan for all activities. This coordination occurs informally without programming by the managers. Glueck says that "it is based on reciprocal understanding, shared attitudes, and powerful psychological mechanisms that motivate cooperation." For voluntary coordination to work, Glueck describes some conditions – (i) The employee must know his objectives and those of the unit; (ii) He must have a clear idea of what his job entails; and (iii) He must identify with the enterprise and its goals.

5. Programmed Nonhuman Coordination

This coordination is achieved through programmed methods such as rules, policies, plans, standard operating procedures, scheduling deadlines, etc. This kind of coordination is needed for pooled interdependent activities.

12.7 PRINCIPLES OF COORDINATION

To be successful, coordination must be based on certain principles, which are as follows:

I. Principle of Direct Contact

Follett says that coordination is best achieved through direct personal contact with the persons concerned. Personal contact is the most effective way to convey goals, ideas, feelings, and other information. It creates mutual understanding, unity of interests, and interpersonal relations between the coordinator and the employees.

2. Principle of Coordination at Early Stages

This principle requires that coordination must be established in early stages of planning and policy making. To integrate the various activities, plans can be prepared in mutual consultation. In the early stages, it becomes easy to secure the willing participation and consent of individuals to any new policy or principles. Various changes and adjustments can also be made before the plans are put into operation.

3. Principle of Reciprocal Relationship

This principle states that "all factors in a situation are reciprocally related." For instance, when A works with B, each is influenced by the other, and both are influenced by all persons in the total situation. Hence, managers should consider the reciprocal relations when they establish coordination.

4. Principle of Continuous Process

Coordination is an unending process which must go on all the time. It cannot be left to chance. It is not like fire-fighting, i.e., removing problems as they arise. It is constantly striving for harmonizing the efforts.

5. Principle of Dynamism

Business situations are being modified by changes in the external environment and by internal actions and decisions. The work of coordination itself releases forces which deflate old arrangements and create new conditions. Hence, with the change in values and situations, the process and methods of coordination must also be changed. Good coordination will attack the problems as they arise; excellent coordination Will anticipate them and prevent their occurrence.

6. Principle of Timing

According to this principle, procedural delays, gaps in relations and systems, and untimely actions should be removed to make the coordination effective. Timely coordination can save the organisation from suffering a great loss and can check wastage of resources.

7. Principle of Dominant Goal

This principle states that the best coordination occurs when individuals see how their jobs contribute to the dominant goals of the organisation. Hence, to avoid splintering efforts, the dominant goal of the enterprise should be clearly defined and communicated to everyone concerned.

12.8 TECHNIQUES OF COORDINATION

Most organisations have a wide variety of coordination problems and needs. Hence, a large number of coordination techniques have been developed. The main techniques or devices of achieving coordination are as follows:

1. Direct Supervision

The oldest method to achieve coordination is to appoint the supervisor. His duty is to see that subordinates are working in harmony with others. He may employ directional methods, provide assistance, teach principles of coordination, and integrate activities to bring coordinated efforts.

2. Organisation Structure

Organisation is a very important device for achieving coordination. Clear-cut definition of authority, responsibility, and relationships of each department helps to avoid disagreements. Proper allocation of work, organisation principles, organisation charts and manuals ensure that all the parts work in coordination with one another. It helps to subdivide the total task. Thus, well-defined framework facilitates interactions and integration.

3. The Hierarch

One way to coordinate a number of interdependent units is to place one manager in charge of them. He supervises the two units. Whenever a coordination problem arises, 'hierarch' hears out both sides and uses all the influence and his authority to solve the problem of coordination.

4. Personal Contact

Those who use the personal mode deal directly with the people whose activities are to be coordinated. Managers using this device have direct relationships with peers, subordinates, and superiors. They maintain informal and person-to-person contacts. This is perhaps the most effective means of achieving coordination.

5. Executive and Staff Meetings

Where a sufficient number of interdepartmental task problems exist, meetings by line officers can be scheduled. 'Impromptu meetings' can also be held to discuss problems as they arise. Staff meetings can provide further help to solve coordination problems. These provide for the interchange of ideas and open discussion with experts. Coordination is best achieved where the representatives of functional groups are parties to the decision-reaching process. Dimock suggests that staff meetings can "provide a forum in which friction points or areas of inadequate coordination are brought into the open." These create a sense of unity and interconnectedness of the work.

6. Liaison Men

Although coordination is the line manager’s responsibility, sometimes special employees are charged with the task of coordination. Liaison men are needed when the number of interactions and volume of information and work is increased. Such persons are variously known as ‘expediters’, ‘integrators’, ‘coordinators’, or more formally, an ‘internal boundary spanner’. The liaison man has no formal authority over any department, but acts to facilitate an exchange of information so that coordination can be achieved between interdependent units: Integrators, on the other hand, may have somewhat different role. They provide leadership and directly influence the activities. But to deal with highly uncertain conditions and to coordinate highly heterogeneous activities, a linking manager may be given the formal authority to command action.

7. Chain of Command

Authority itself is a coordinating power. A superior can issue orders and instructions to subordinates. He can solve intergroup conflicts. He brings together the different parts of an organisation and obtains a unity of action by his formal power.

8. Committees

Dale suggests two kinds of committees which may be helpful to coordination. The first is the executive committee. It is permanently built into the organisation’s design. It administers policy matters at the top levels. Few ad hoc committees may be appointed from time to time for coordination purposes. They are temporary and have specific objectives. Through pooling of ideas, utilizing the varied skills, and by encouraging uniformity and participation, committees can contribute to coordination.

9. General Staff

Knowledgeable specialists and experts also aid in the coordination process by providing advice and assistance to other managers. A common staff group serves as the clearing house of information and specialised advice to all the departments in the enterprise. General staff is a means of achieving horizontal coordination.

10. Task Forces

A task force is a temporary team appointed to resolve a short-term coordination problem involving several work units. It consists of one or more representatives from each of the interacting units. When coordination is achieved, each member returns to his normal duty and the task force is eliminated.

11. Teams

Similar to task forces, a team is composed of members from several departments to resolve problems of a common interest. A team is a permanent group and deals with continuing problems of long-term nature. Team members have a dual responsibility–one to their primary functional unit; the second to the team.

12. Plans and Goals

Plans and goals provide direction for dealing with interdepartmental task problems. Managers and employees can refer to goal statements for guidance. Managers can create a hierarchy of goals which ensures unity of purpose and uniformity.

13. Rules and Procedures

The most simplistic method for achieving coordination is through rules and procedures. Routine coordination problems can be easily handled by policies and standard operating procedures. Rules and procedures provide a basis for standardization of activities and guidance for consistent actions. By following these agreed-upon guidelines, subordinates can take action quickly and independently.

14. Coordination Decisions

Managers can observe ongoing process of work and can make coordination decisions time-to-time. Managers must inevitably make some decisions for the purpose of coordination. They look particularly for actions or decisions that are out of harmony with one another, for results that point to a lack of coordinated efforts, for sources of misunderstanding or conflict, and for unnecessary duplication of effort.

15. Communication System

Communication is one of the most effective tools of coordination. Interchange of ideas and information help in resolving conflicts and in creating mutual understanding. Communication is the key to effective coordination. Coordination is directly dependent upon the acquisition, transmission, and processing of information. Communication includes various means such as procedures, letters, bulletins, reports, records, personal contacts, electronic or mechanical devices to co-ordinate the activities.

16. Leadership

Effective coordination at every level can also be established through leadership. Good leaders, by their personal skill and behaviour, maintain team-spirit and coordinated efforts among the employees. It is said that top managers must assert their leadership role and that without this nothing of coordinative value will occur. The task of coordination is a human action task–something that the manager accomplishes by his personal activity and attitude. Thus, it is the duty of a leader to recognize and carry out his responsibilities for coordination.

17. Self Coordination

Coordination can also be established through voluntary or informal efforts. Not all coordinative problems can be solved through formal means or a ‘master plan’.

Hence, managers should encourage voluntary coordination, and create an environment conducive to it. It results from mutual cooperation, consultation, team-spirit, and informal exchange of ideas between managers and employees.

18. Bargaining

Bargaining or negotiation is also used as a means of achieving coordination among individuals and groups. Integrative bargaining is a problem solving approach. It brings benefits to both the parties. This is called win-win method.

19. Budgets

Budgets are also coordinating devices. With the help of 'master budget' the financial resources and activities of different departments can be coordinated. Budgets can be integrated with programmes and time schedules to make optimum use of enterprise's resources.

20. Incentives

Incentives can also be used as coordinative mechanism. Incentives can be attached with coordinated performance. These can promote better cooperation, collaborative functioning, mutuality of interests, and group feeling. This can aid in achieving coordination.

12.9 CRITERIA OF SUCCESSFUL COORDINATION

It is desirable to bear in mind that the coordination is not executed by order or directives. It cannot be achieved by force. To occur, it requires mutual understanding, willingness to cooperate, clarity of roles, team-spirit, integrated plans, and free exchange of ideas. Coordination can only be achieved through person-to-person, side-by-side relationships. It is a by-product of execution of all managerial functions. It should permeate all phases of management. The following criteria of successful coordination can be noted:

1. Clearly Designed Goals

For effective coordination, the top managers, must spell out the over-all goals of the enterprise. Likewise, at every level objectives must be defined so that individuals can know their targets. Also, the departments should not work at 'cross-purposes'. There must be a commonness of purpose in order to unify efforts.

2. Consistent Plans

Consistent and well understood plans can bring about an effective coordination. All plans formulated in an organisation must be in total harmony. These plans should be checked against each other. The strategic time to lay the foundations for effective coordination is in the planning stages of the company's various programmes and activities.

3. Clear Lines of Authority and Responsibility

In coordinating either vertically or horizontally, clear lines of authority and responsibility are required. Overlapping of authority will produce difficulties of coordination, undue quarrelling, and misunderstandings among managers.

4. Good Organisation Design

Effective coordination can be established through sound organisation structure. A good design will facilitate the interactions essential to correlation of activity. The structure should define the functions of various departments and must be based on the principles of coordination.

5. Effective Channels of Communication

For coordination, proper channels of communication must work. They should facilitate meaningful interaction between managers and employees. 'Willingness to communicate' is most crucial for achieving coordination. Information, ideas and records should be freely exchanged.

6. Common Language

Coordination becomes easier if common nomenclature is used throughout the organisation. The meaning of the technical words should be precise and all persons concerned should "speak the same language." Semantic problems create difficulties in coordination.

7. Mutual Interest

Mutual interest creates a real community of understanding among individuals about their work. True coordination must be based on a real community of interest in the attainment of a desired goal. This means that each and all in the organisation must understand how and why the attainment of this purpose is essential to the welfare of all.

8. Teamwork

Coordination is something which cannot be ordered or imposed. It is something which is to be brought about by the deliberate and voluntary teamwork.

9. Participative Approach

To be effective, coordination is fostered by leaders who understand the value of participative management. It is not forced by autocratic direction.

10. Timely Action

A basic requirement for effective coordination is a timely action. Good coordination always attacks the problems as they arise.

11. Balanced and Direct

Effective coordination extends in a balanced way to all parts of the organisation. It operates vertically as well as horizontally. Moreover, it must be direct between the persons immediately concerned.

12.10 LIMITATIONS OF COORDINATION

Although the need for coordination is obvious in all kinds of enterprises, it is not easily attained. The task of coordination is becoming increasingly complex. Hence, the management should take adequate care in determining the coordinating mechanism. Some important difficulties or limitations are as under:

I. Growth of the Enterprise

With the increase in the complexity of organisation design, number of positions and subordinates, the task of coordinating daily activities has become more complicated,

2. Specialization

Modern business has become increasingly complex due to the specialisation. It has diversity of tasks to be performed, varied experts dealing with different functions, line personnel having cross-relationships. All this makes coordination more difficult.

3. Flexible Human Behaviour

Human behaviour itself presents problems of coordination, because it is emotional and unpredictable. Managers find difficulty in understanding the feelings, preoccupations, and changing behaviour of employees. People attach undue importance to their own outlook. All this hinders coordination.

4. Dynamic Environment

The external conditions of business organisation are ever changing. These have tremendous effects upon coordinating function. The changing governmental policies, competitive forces, technological advances etc. have added problems of coordination.

5. Individual Interests

The employees attach undue importance to their own interests and ignore the organisational goals. It is also at times understandable that employees tend to think primarily of the welfare of their own units without considering the interest of the enterprise as a whole. Unless the interests of individuals and organisation are integrated, coordination is a problem.

6. Lack of Managerial Skills

Unless managers have the knowledge of different fields and varied experience and skills, coordination is not achieved effectively. Lack of efficient, matured and balanced managers also presents problems of coordination.

7. Group Politics

Groupism, coalition, lobbying, politicking, and power politics found among the managers and workers also create difficulties in coordination. Politics is a fact of life in organisations. This creates conflicts over resources and responsibilities, which in turn limits coordination.

8. Lack of Reporting System

Many organisations lack regular reporting system about the progress of organisational activities. This produces a crucial problem of coordination.

9. Lack of Monitoring

Lack of monitoring the organisational activities at regular intervals is another limitation. Managers fail to assess the pace of work at certain times.

10. Differences in Attitudes and Working Styles

Sometimes, different departments often find it hard to coordinate their activities with each other due to the differences in their outlook and working styles. Following have been identified such differences:

(i) differences in orientation towards particular goals,

(ii) differences in time orientation,

(iii) differences in interpersonal orientation, and

(iv) differences in formality of structure.

12.11 CHECK YOUR PROGRESS

Fill in the Blanks

1. According to ----------------, to ----------------- is to harmonize all the activities of a concern in order to facilitate its working and its success.
2. --------------------- is the heart of the coordination.
3. ------------------ is result of voluntary attitudes of people in an organisation.
4. ------------------- is the process of integrating the objectives and activities of an organisation in order to achieve enterprise goals efficiently.
5. External ------------------ refers to the coordination between an organisation and its external environment.

12.12 SUMMARY

To achieve results, managers have to combine physical, financial and human resources in an effective and efficient way. The process by which a manager brings unity of action in an organization is coordination. It is a conscious and deliberate blending of activities to achieve unity of action. Coordination pulls all the functions and activities together, improves human relations and increases inter-departmental harmony. Coordination is easy to achieve through direct interpersonal relationships and communications. All departments and units must realize the inter-relatedness of their work and thus initiate coordination in the early stages of planning. Coordination works through certain distinguished principles. The process of coordination involves a series of steps: clear goals, proper allocation of work, sound organization structure, clear reporting relationships, proper communication and sound leadership.

12.13 KEYWORDS

Coordination: The act of coordinating, making different people or things work together for a goal or effect.

Task Force: A task force is a temporary team appointed to resolve a short-term coordination problem involving several work units.

Vertical Coordination: It links people and units at various hierarchical levels.

Principle of Reciprocal Relationship: This principle states that all factors in a situation are reciprocally related.

12.14 SELF ASSESSMENT TEST

1. What is coordination? Discuss the need and importance of coordination.
2. "Coordination is the essence of management." Explain. What are the techniques of achieving coordination?
3. What are the various kinds of coordination? Discuss the techniques of coordination.
4. Define 'Coordination'. Discuss the criteria of successful coordination.
5. What is the difference between coordination and cooperation? Describe the limitations of coordination.
6. Discuss the principles and methods of coordination.
7. "Coordination is the essence of managership." Discuss.

12.15 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. According to **Henry Fayol**, to **coordinate** is to harmonize all the activities of a concern in order to facilitate its working and its success.
2. **Unity of effort** is the heart of the coordination.

3. **Cooperation** is result of voluntary attitudes of people in an organisation.
4. **Coordination** is the process of integrating the objectives and activities of an organisation in order to achieve enterprise goals efficiently.
5. External **coordination** refers to the coordination between an organisation and its external environment.

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Lesson No. 13	**Vetter:**

CONTROLLING

STRUCTURE

13.0 Learning Objectives

13.1 Introduction

13.2 Concept of Control and Controlling

13.3 Features of Controlling

13.4 Importance of Controlling

13.5 Limitations of Controlling

13.6 The Control Process

13.7 Characteristics of an Effective Control System

13.8 Types of Control

13.9 Techniques of Control

13.10 Check Your Progress

13.11 Summary

13.12 Keywords

13.13 Self-Assessment Test

13.14 Answer to Check Your Progress

13.15 References/Suggested Readings

13.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Explain the concept of control and controlling.
- State the features, importance and limitations of controlling.
- Describe the types of control.
- Enumerate the techniques of control.

13.1 INTRODUCTION

Control is the process of comparing actual performance with established standards, for the purpose of taking action to correct deviations. Planning, organising, coordinating, and staffing and directing are only preparatory steps for getting the work done; it is only through the process of control that management is able to maintain the ‘equilibrium between ends and means, output and effort. It is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation’s objectives. A properly designed system of control alerts managers of the existence of potential problems and allows them to take corrective actions, when necessary. The basic purpose of a well-designed control system is to ensure that results are achieved according to plan. Control is not just score-keeping. It is not just plotting the course and getting locations reports. It is, rather, steering the ship.

13.2 CONCEPT OF CONTROL AND CONTROLLING

It is making something happen the way it was planned to happen. It involves keeping the organisational activities and functions on right track and aligned with plank and goals. In an organisation, control consists of verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established.

It is the process managers go through to control. It is the process of regulating organisational activities so that actual performance conforms to expected organisational standards and goals (Newnan). Thus, controlling means that managers develop (i) appropriate standards (ii) compare ongoing performance against those standards and (iii) take steps to ensure that corrective actions are taken when necessary. A good controlling system is generally designed to keep things from going wrong, not just to correct them afterwards. Like a ship's rudder, controlling keeps the organisation moving in the proper direction (Griffin).

13.3 FEATURES OF CONTROLING

A careful examination of the above definitions reveals the following features of controlling.

I. Control is a positive force: The primary object of control is to find where failures are occurring, who is responsible for them and what should be done about them. It is thus a positive force, aimed at securing performance. Just like a thermostat in a refrigerator, control automatically begins to operate whenever deviations occur. It is a constructive activity designed to check deviations and improve performance.

2. Control is a continuous process: It is not a one-step action plan. As pointed by "Just as the navigator continually fakes readings to ascertain where he is, so should the business manager continually take readings to assure himself that his enterprise or department is on course."

3. Control is forward looking: Control involves a post-mortem examination of past. Hence, it is often viewed negatively, as a policing or watchdog kind of job. The whole exercise of looking back is meant to improve performance in future as past cannot be controlled.

4. Control process is universal: Control is a primary function of every manager. It has to be undertaken at every level. Managers at every level have to check deviations from standards, set things right quickly and keep the business on course:

5. Control process is dynamic: Control is no static; it is dynamic in the sense, it is amenable to change and hence, highly flexible. Between the time a goal is established and the time it is reached, many things can happen in the organisation and its environment to disrupt movement toward the goal or even to change goal itself."

6. Control is goal-oriented: Control guides activities (along desired lines) towards predetermined goals. The primary focus is on achieving results, checking deviations, if any, and initiating timely remedial steps. Control, thus, is not an end in itself but only a means to achieve predetermined goals.

7. Delegation is the key to control: A manager gets authority to use resources and achieve results through delegation. Without such authority, a manager may not be in a position to take effective rectification steps in time.

8. Control is based on planning: A system of control presupposes the existence of certain standards. The plans provide the standards of performance which serve as the basis of control. Thus, planning and control are closely related to each other. Once plans are made, control is necessary to measure the progress of work. Planning is useful only when there is effective control. Planning without control is meaningless Likewise, control is blind without planning. If the targets are not set in advance, managers have nothing to control. Planning defines the goals, while control keep actions along desired lines with a view to achieve results.

13.4 IMPORTANCE OF CONTROLLING

Control is an essential part of every organisation. The management process is incomplete and, sometimes, meaningless without control function. Targets remain on paper, people tend to use resources recklessly and managers find everything chaotic. The absence of control could be very costly and unproductive. A good system of control, however, puts an end to all of these and offers the following advantages:

1. Achievement of goals: Controlling is a goal-oriented process. I; keeps activities on the right track. Whenever things go off the rails, remedial steps are undertaken immediately. Every attempt is made to conform events, to set targets and thereby achieve results efficiently and effectively.

2. Execution and revision of plans: It is through controlling that appropriate steps are taken to ensure that each plan is implemented in a predetermined way. Controlling measures progress, uncovers deviations, indicates corrective steps and thus, keeps everything on track. Of course, when conditions change dramatically, controlling helps to review, revise and update the plans.

3. Brings order and discipline: In an organisation, while pursuing goals, managers and their subordinates often commit mistakes. For example, problems are diagnosed incorrectly, lesser quality inputs are ordered, wrong products are introduced, poor design are followed, and so on. A control system helps check such tendencies before they turn into serious problems. It has a healthy impact on the behaviour of subordinates.

4. Facilitates decentralisation of authority: When managers delegate work to lower levels, they must also ensure that the subordinates do not deviate from a predetermined course of action. A. system of control ensures this by forcing subordinates to conform to plans. The feedback information helps managers check whether actions taken at lower levels are in line with what has been planned or not. It helps to measure progress, check deviations and adjust operations from time to time.

5. Promotes coordination: Control facilitates coordination between different departments and divisions by providing them unity of direction. Individuals and their activities are tied to a set of common objectives. Such a unified focus ensures accomplishment of results, efficiently and effectively.

6. Cope with uncertainty and change: The environment in which organisations operate is complex and ever changing. New products emerge, innovations come up, new regulations are passed, and so on. The organisation needs to keep a watchful eye on such developments and respond intelligently. A control system helps in checking whether the diversified product lines are giving healthy margins, the sales from each region are improving, the products are accepted in the market place or not. Constant monitoring of key areas helps management encash opportunities that are thrown open from time to time. Timely actions can also be initiated to prevent mistakes from becoming serious threats.

13.5 LIMITATIONS OF CONTROLLING

Controlling, however, is not always on the credit side of the ledger. An enterprise has very little control over external influences. Employees, too, do not like to be watched from closed quarters and offer resistance when the regulations are too tight and rigid. Setting control points over important areas is not easy. It is expensive, takes lot of time and effort on the part of managers. After all such difficult exercises, to compound the problems further, the evaluation process throws in additional challenges. Certain areas can be measured precisely. But many areas, unfortunately, defy measurement in quantitative terms. For example, human behaviour, employee morale and job satisfaction, etc., are difficult to measure. While establishing the control points, management has to pay attention to these problems, and proceed in a cautious way without rubbing individuals on the wrong side.

13.6 THE CONTROL PROCESS

The process of control involves the following steps:

1. Establishment of standards: The first step in the control process is establishing standards. Standards are the targets against which subsequent performance will be compared. They are, by definition, simply criteria of performance. They serve as the benchmarks because they specify acceptable levels of performance. Control standards are broadly divided into two categories.

Quantitative standards: These are generally expressed in physical or monetary terms. Such standards are set up in respect of production, finance, sales, etc., where results can be measured in exact quantitative terms. Quantitative standards may be further divided as follows:

- **i. Time standards:** Time standards state the length of time it should take to make a certain good or perform a certain service. An airline pilot has a standard time span in which to make a certain trip.
- **ii. Cost standards:** Cost standards are based on the cost of producing the goods or services. For example, the material cost might be Rs. 10 per unit. Cost standards specify the cost limits within which results should be achieved.
- **iii. Productivity standards:** Standards of productivity are based on the output of goods or services during a set time period. For instance, a productivity standard might be to complete 10 units or serve 150 customers per hour.
- **iv. Revenue standards:** They arise from attaching monetary values to sales. They may include such standards as revenue per passenger - mile, average sale per customer or in a given market area.

- **Qualitative standards:** Standards of quality are based on the level of perfection desired in respect of certain intangible items such as goodwill, employee morale, industrial relations, etc., tests, surveys and sampling techniques are used to prove human attitudes and drives in respect of above items before specifying a limit.
- How to set the standards? Setting standards for every operation is an inescapable task of management.

(i) Before setting standards, an executive must study the characteristics of the work.

(ii) Executives must consider ordinarily flexible and generally acceptable levels of good performance in terms of work characteristics.

(iii) As nature of work differs with every operation (unit), the characteristics are different and so are the standards.

(iv) Standards are set, thus, depending on the characteristics of the task.

II. Measurement of actual performance: The second step in control process is the measurement of actual performance. Here, the actual performance of employee is measured against the standard fixed for his job. This should be done in an objective manner. Where standards are expressed in numerical terms, measurement does not create problems. For example, performance of a worker in terms of units produced in a week could be easily measured against the standard output for the week. On the other hand, measuring the performance of a personnel manager (where standards cannot be set in precise terms) is not easy. We have to see indirect measures such as number of strikes organised during his tenure, say 5 years, man-days lost during his period etc. Generally speaking, measurement of performance is more difficult at the higher levels of management. Coming to the technique of measurement, measurement can be done directly through personal observation or indirectly through regular reports (oral or written).

Personal observation provides first-hand and intimate knowledge of the actual operation, function or activity. The information is not filtered through others. Personal observation is a very good method, in that it can pick up omissions, facial expressions and tone of voice that may be missed by other sources. However, it is subject to personal bias. What one manager sees, another manager may not see. Moreover, it is time-consuming and obtrusive and it also develops a sense of insecure feeling in subordinate that the manager is not having confidence in them.

Nowadays, statistical reports are widely employed by managers in order to measure performance. It includes computer printouts, graphs, charts, bar charts and numerical displays of any form. Again, acquisition of information through conferences, meetings, one-to-one conversations or over the telephone or telex represents the examples of oral reports. One chief limitation of this method is that there is the problem of documenting this information for future references. Managers, during the measurement phase, must be in a position to express all the jobs and activities in tangible and measurable terms. Of course, when the performance indicator cannot be stated in quantitative terms then the manager can use subjective criteria. Any analysis or decisions made based on subjective criteria should recognise the limitations of subjectiveness.

In large scale units, checking all items produced is not easy. In such cases, managers pick certain items at random and check the pace of work. To check performance at higher levels, managers concentrate on key or strategic points only. Performance is measured usually at periodic intervals (weekly, monthly, quarterly or yearly) without upsetting the routine work.

To make the checking process effective, the manager has to concentrate on three key aspects of measurement, viz., completeness, objectivity and responsiveness.

(i) *Completeness:* Complete measures provide an opportunity for the manager to concentrate on all aspects of the job instead of neglecting unmeasured tasks in favour of measured ones.

(ii) *Objectivity:* Objective measures avoid the risks of bias and resentment, inherent in subjective assessment of task and people.

(iii) *Responsiveness:* Responsive measures support the belief that effort and performance lead to improvement in the systems of control.

These three types of measurement are equally important for all jobs in organisations.

When to measure? It is a matter of general principle that measurement and evaluation are done after the task is accomplished. At times, however, measurement of work may be done even during the performance, and certain adjustments, are made in the case of production of certain commodities. Sometimes, performance may by checked on the completion of each phase in the production and in the case of assembling task, each part is checked before assembling.

Whenever it is not possible to measure performance prior to completion (of the items produced) then measurement is done after accomplishing the task. Even when measurement during the performance is possible, management may not practice it due to cost incurred in doing so. Cost becomes one of the important variables affecting measurement during performance. If cost incurred is not much and time consumed is also ignorable, then measurement during the work is advisable.

III. Comparison of actual performance with standard: The comparing step determines the degree of variation between actual performance and the standard. Some variation in performance can be expected in all activities. It is, therefore, important to determine the acceptable range of variation. Deviations in excess of this range become significant and receive manager’s attention. All such deviations may be due to errors in planning, defective implementation or careless performance of the operatives. As a matter of fact, only major or exceptional deviations should be communicated to top management in the form of reports. This is known as ‘management by exception’.

IV. Taking corrective action: The last and final step in the control process is taking corrective action, when required. Corrective steps are initiated by managers with a view to rectify the defects in actual performance. If actual performance for example, falls short of standards due to non-availability of materials, managers try to procure these materials and thus sets things in order. If it is due to poor results shown by employees it could be rectified through the introduction of attractive incentive plans. Thus, a corrective action may involve a change in methods, rules, procedures etc. Sometimes, variations might occur due to unrealistic standards. That is, the goal may be too high or too low. In such cases, managers try to set things in order by revising the standards altogether.

Corrective action, as mentioned above, includes the change in strategy, structure, compensation practices, training programmes, redesign of jobs, replacement of personnel, re-establishment of budgets or standards, etc. Corrective action may be immediate or basic. Immediate corrective action corrects something right now but gets things back on track. This is, therefore, temporary in nature. Basic corrective action, however, is concerned with permanent solution to the problem of serious deviations. A manager should not mind revising the standard when the standard is set at an unreasonably low or high level. High standards pose insurmountable problems to operators and breed discontentment and frustration. Low standards make employees docile and unproductive. For example, when a particular important project in a company is running behind schedule, corrective action may include the following steps: (i) overtime may be permitted, (ii) additional workers and equipment may be assigned, (iii) a full time director may be assigned to personally push the project through, (iv) if these actions fail, the schedule may have to be revised. However, if most of the projects in the company are usually behind the schedule and even more serious type of basic corrective action may be demanded. The need for a drastic overhaul of control process and reorganisation of the company may be required.

13.7 CHARACTERISTICS OFAN EFFECTIVE CONTROL SYSTEM

Effective control systems tend to have certain qualities in common. These can be stated thus:

1. Suitable: The control system must be suitable to the needs of an organisation. It must conform to the nature and needs of the job and the area to be controlled. For example, the control system used in production department will be different from that used in sales department.

2. Simple: The control system should be easy to understand and operate. A complicated control system will cause unnecessary mistakes, confusion and frustration among employees. When the control system is understood properly, employees can interpret the same in a right way and ensure its implementation.

3. Selective: To be useful, the control system must focus attention on key, strategic and important factors which are critical to performance. Insignificant deviations need not be looked into. By concentrating attention on important aspects, managers can save their time and meet problems head-on in an effective manner.

4. Sound and economical: The system of control should be economical and easy to maintain. Any system of control has to justify the benefits that it gives in relation to the costs it incurs. To minimise costs, management should try to impose the least amount of control that is necessary to produce the desired results.

5. Flexible: We live in a world of supersonic changes. Competitive, technological and other environmental changes force organisations to change their plans. As a result, control should be necessarily flexible. It must be flexible enough to adjust to adverse changes or to take advantage of new opportunities.

6. Forward-looking: An effective control system should be forward-looking. It must provide timely information or deviations. Any departure from the standard should be caught as soon as possible. This helps managers to take remedial steps immediately before things go out of gear.

7. Reasonable: According to Robbins, controls must be reasonable. They must be attainable. If they are too high unreasonable, they no longer motivate employees. On the other hand, when controls are set at low levels, they do not pose any challenge to employees. They do not stretch their talents. Therefore, control standards should be reasonable - they should challenge and stretch people to reach higher performance without being demotivating.

8 Objective: A control system would be effective only when it is objective and impersonal. It should nor be subjective and arbitrary. When standards are set in clear terms, it is easy to evaluate performance. Vague standards are not easily understood and hence, not achieved in a right way. Controls should be accurate and unbiased. If they are unreliable and subjective, people will resent them.

9. Responsibility for failures: An effective control system must indicate responsibility for failures. Detecting deviations would be meaningless unless one knows where in the organisation they are occurring and who is responsible for them. The control system should also point out what corrective actions are needed to keep actual performance in line with planned performance.

10. Acceptable: Controls will not work unless people want them to. They should be acceptable to those to whom they apply. Controls will be acceptable when they are (i) quantified, (ii) objective (iii) attainable and (iv) understood by one and all.

13.8 TYPES OF CONTROL

Depending on the time at which control is applied, controls are of three types: (i) feedback control, (ii) concurrent control and (iii) feed forward control.

1. Feedback control (Historical or Post-control): It is the process of gathering information about a completed activity, evaluating that information and taking steps to improve similar activities in the future. Feedback control enables managers to use information on past performance to bring future performance into line with planned objectives. Critics of feedback control argue that it is like closing the gate after the horse is gone. Because corrective action is taken after the fact, costs tend to pile up quickly while problems and deviations persist. On the positive side, feedback control tests the quality and validity of standards.

Standards that prove impossible to reach should be made more reasonable. Those that prove too easy need to be toughened.

2. Concurrent control: It is also called 'real time' control. Concurrent control techniques immediately consider any problem and analyse it to take necessary and corrective steps before any major damage is done. Control chart is an example of this control.

Concurrent controls are also known by another name 'steering controls' and occur while an activity is taking place. The navigator of an aircraft who adjusts the aircraft's movements is an example of concurrent control. When you ride a bicycle, you must adjust your steering constantly, depending on the turns in the road, obstacles, changes in the terrain to keep your vehicle upright and move toward your destination.

3. Predictive or Feedforward control: Here, the control system anticipates problems that the management encounters in future. Cash budget is an example of this type where the finance manager is in a position to estimate the next year's flow of cash. If there is a storage of fund in a particular month, he can arrange for bank loan or some other alternative. Predictive control is also frequently termed as feedforward control.' Predictive control attempts to anticipate problems or deviations from the standard, in advance of their occurrence. It is, thus, a more aggressive, proactive approach to control, allowing corrective action to be taken ahead of the occurrence of the problem. One notable characteristics of feedforward control is that it anticipates problems and permits action to be taken before a problem occurs.

13.9 TECHNIQUES OF CONTROL

There are various techniques of control. But the most important among them can be classified as:

- Budgetary controls
- Non-budgetary controls

Budgetary Control

Budgetary control refers to use of a budget as a control technique. A budget is an estimate of future need arranged in an orderly basis, covering some or all of the activities of an enterprise for a definite period of time. It is a time- bound financial plan. Budgetary control involves the use of both budgets and budgetary reports for a period to coordinate, evaluate and control the day-today operations as per the predetermined objectives.

A budgetary control should be objective-oriented, as it is a planning factor as well as a controlling factor. A budget committee can prepare the details of the budget taking into confidence all the concerned officers. Employees' views can also be obtained in preparing budgets. Budgets should be flexible, but stable. A budget should be in specific numerical terms, and it should be clear. Budgetary control also involves continuous comparison of actual results.

Benefits

1. It brings in efficiency and economy in the working of a business enterprise.
2. It helps in the determination of periodical objectives.
3. It introduces precision, discipline, and direction to the routine activities of the enterprise.
4. It coordinates and integrates the operations of different departments of the enterprise.
5. It provides standards against which actual performance can be measured.
6. It motivates subordinates.
7. It helps in democratic or participative management.

8. It helps in looking forward to a planned future.

Limitations

1. Spending the entire amount in the budget may be a problem. And if it is not spent, the budget may be reduced in the subsequent years. So, it encourages artificial spending.
2. Budgets create a rigid financial structure and managers have very little choice or discretion over funds.
3. Budgets may be used to judge the results of a manager, rather than the actual results. To keep up with the budget itself, it can be a matter of pride.
4. They sometimes become expensive, meaningless and cumbersome.
5. Budgets may be used to conceal inefficiency.
6. There may be a danger of over-budgeting.

How to make budgetary control effective? Koontz, O'Donnell and Weihrich have suggested certain methods to overcome the limitations of budgetary control and to make it more effective. Budgetary control must be tailored to each job; the managers who are going to administer the jobs should be made responsible for the budget and its preparation; top management should support budget preparation and administration; and there must be a reasonable degree of freedom and discretion for executives in the budget administration.

Non-budgetary Control

Apart from budgetary control, various non-budgetary control devices can be used by managers. They are as follows:

- Statistical data and charts
- Internal audit
- Special reports
- Confidential reports

- Breakeven analysis
- Information control
- Personal observation
- Network analysis

Statistical data and charts: They are the most common form of non- budgetary control. Statistical information of the past and data intended for the future can be used for control. The latest trend is to present such complete statistical information in the form of attractive charts. Charts are self-explanatory, attractive and meaningful.

Internal audit: Management can use the technique of internal audit for checking and controlling the operations. Internal auditors can appraise the performance of the management in relation to its policies and procedures.

Special reports: Executives can give special reports for certain special projects of non-repetitive situations. Such reports can also be given on the progress and performance of individuals and departments. Feedback will help in taking immediate corrective action if necessary.

Confidential reports: In certain organizations, there is a practice of getting confidential reports from the superiors on the working abilities and other information about a subordinate. This can also act as a control device, but it can also be misused.

Breakeven analysis: It is an analysis in chart form depicting the cost- volume-profit relationship. The breakeven point is that where the total cost is equal to the total revenue. This chart shows variable costs like labour, material costs and fixed costs incurred. This chart helps in forecasting, budgeting cash requirement, planning financial needs, make-or buy-decisions, etc.

Information control: With the increased complexities in operations, it has become necessary to have a more sophisticated system of collection, processing, storing and applying the information. This system can be called information control. Information technology, management information systems and computer applications have changed the whole concept of information systems. Information control has become one of the most vital and essential tools for effective control today.

Personal observation: Control through personal observation will provide immediate and authentic information regarding the performance and its matching with the standards. But the prejudice or incompetence of the superior may affect the quality of information. It cannot provide quantitative values for performance levels. It is difficult to express the quality of performance observed in numerical terms.

Network analysis: Network analysis is a technique used in different functional areas of management for planning and controlling. It can be used to plan and control the starting or construction of a new factory. It consists of a job or event and its arrangement in a logical network with time estimates. Critical Path Method (CPM) and Programme Evaluation and Review Technique (PERT) and such other techniques of network will help in the starting of a new factory, new product, etc. It focuses attention on the critical elements of the project, and is both a plan and a forward-looking type of control. It helps in reducing work and cost, and in increasing efficiency and profit. The most common among them are control over:

- Policies
- Procedures
- Organizations
- Personnel
- Products
- Product lines
- Production
- Stock or inventory

- Quality
- Wages and salaries
- Sales
- Prices
- External relations
- Overall performance

13.10 CHECK YOUR PROGRESS

Fill in the Blanks

1. ---------- is the process of comparing actual performance with established standards.
2. ---------------- are the targets against which subsequent performance will be compared.
3. An effective control system should be --------------.
4. A --------------- is an estimate of future need arranged in an orderly basis.
5. ------------------- refers to use of a ------------- as a control technique.

13.11 SUMMARY

Control is the process of comparing actual performance with established standards for the purpose of taking action to correct deviations. A system of control presupposes the existence of certain standards. The plans provide the standards of performance which serve as the basis of control. Controlling helps an organisation to put its resources to best use, bring order and discipline throughout the organisation, facilitate coordination of activities and cope with uncertainty and change, quite effectively.

The process of control involves four steps: establishment of standards, measurement of actual performance, comparison of actual performance with the standards and taking corrective action, when required. Effective control systems tend to have certain qualities in common. The control system should be simple, suitable, economical, reasonably flexible, forward-looking, achievable, objective and acceptable.

Depending on the time at which control is exercised, controls may be classified into three categories: feedback control, concurrent control and feedforward control. In a large organisation, it is not possible to control everything. So, usually a multi-product firm puts attention on key result areas through a critical or strategic point control system. Management by exception is another technique, when attention is drawn towards unusual or exceptional items only. While controlling the human element, management should be careful enough not to rub people on the wrong side. The feelings, aspirations and attitudes of employees must be given weightage while devising quantitative standards. Top management must find ways and means to strike a proper balance between persons, standards and organisational objectives.

13.12 KEYWORDS

Control: It is the process of comparing actual performance with established standards for the purpose of taking action to correct deviations.

Time standards: Time standards state the length of time it should take to make a certain good or perform a certain service.

Budget: A budget is an estimate of future need arranged in an orderly basis, covering some or all of the activities of an enterprise for a definite period of time.

Budgetary Control: Budgetary control refers to use of a budget as a control technique.

Standards: These are the targets against which subsequent performance will be compared.

13.13 SELF ASSESSMENT TEST

1. Define control? Discuss the importance of control in a modern organisation.
2. What are the essentials of good control system?
3. 'Control is an all pervasive function'. Do any agree?
4. Critically examine the following statements:
   (i) "If you want to control everything, you may end up by controlling nothing."
   (ii) "The essence of control is action."
   (iii) "Control is best aimed at results, not at people, as such".
   (iv) "Planning and control are the inseparable twins of management".
5. "The controlling function of management is similar to the function of the thermostat in a refrigerator". Comment.
6. Budgetary control still continues to be an effective techniques of managerial control". Comment.

13.14 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. **Control** is the process of comparing actual performance with established standards.
2. **Standards** are the targets against which subsequent performance will be compared.
3. An effective control system should be **forward-looking**.
4. A **budget** is an estimate of future need arranged in an orderly basis.
5. **Budgetary control** refers to use of a **budget** as a control technique.

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Subject: Management Concepts and Organizational Behaviour	
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Lesson No. 14	**Vetter:**

ORGANISATIONAL BEHAVIOUR; CONCEPT, DETERMINANTS, CHALLENGES, OPPORTUNITIES AND CONTRIBUTING DISCIPLINES TO OB

STRUCTURE

14.0 LEARNING OBJECTIVES

After going through this lesson, you should be able to:

- Define the meaning of Organizational Behavior and state its nature and scope.
- Explain the basic approaches to Organizational Behavior.
- Describe the contributing disciplines to Organizational Behavior.
- List out the challenges and opportunities for Organizational Behavior.
- Make an analysis of models of Organizational Behavior.

14.1 INTRODUCTION

The success of every organization depends upon the efficiency and effectiveness of the management and the effectiveness of the management depends primarily on its human skills and how well it understands the needs and desires of the people. Organizational behavior actually refers to the behavior of the people in the organizations because organizations themselves do not behave. It is an accepted fact that an organization can develop only when its people are developed. Organizational behavior is a field of study that investigates the impact that individuals, group and structure have on behavior within organizations. It covers three determinants of behavior within organizations – individuals, group and structure. It is an applied field because it applies the knowledge gained about individuals, and the effect of structure on behavior, in order to make organizations work more effectively. Organizational behavior is an academic discipline concerned with describing, understanding, predicting and controlling human behavior in an organizational environment.

The importance and scope of Organizational Behavior and their study is growing rapidly due to changing cultural, ethical and business environment of Organization. Manager should concentrate on employee's nature, reaction and response to different situations of organization which are becoming an important part in today’s scenario. The present day changing conditions like fast paced organizational change, fast changing technology, shorter life cycles for products work force diversity, declining loyalty, skill deficiencies increased demand for flexibility, continuous improving quality of people in organizations. Organizations have been described as groups of people who interact to accomplish shared objectives. The study of organizational behavior and its connected subjects help us to understand what people think, feel and do in organizational settings. Organizational behavior is the study of how people behave both individually and within informal and formal groups. Every organization’s performance is ultimately dependent on the motivational levels of its human resources and the willingness and ability of people to work harmoniously and effectively towards the accomplishment of shared goals. In this discipline, we will explore and examine the interrelationships of individual personality and work, the characteristics of organizations and their environments and the challenges presented by the ever-changing combination of these factors. Organizational Behavior helps to understand different activities and actions of people in organization. It also helps to motivate them. People, Environment, Technology and structure are the main four elements of organizational behavior. Simply the scope of this mix is the scope of Organizational Behavior.

14.2 DEFINITION OF ORGANIZATIONAL BEHAVIOUR

Organizational Behavior is concerned with the study of human behavior at work. It is the field of study that investigates the impact that individuals, groups and structure have on behavior within organization. It is the study and application of knowledge about how people act within organizations. It is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations, such as business, government, schools and services organizations. It covers three determinants of behavior in organizations: individuals, groups, and structure. OB is an applied field. It applies the knowledge gained about individuals, and the effect of structure on behavior, in order to make organizations work more effectively. OB covers the core topics of motivation, leadership behavior and power, interpersonal communication, group structure and process, learning, attitude development and perception, change process, conflict, job design and work stress.

Organizational Behavior is the study of human behavior in the workplace, the interaction between people and the organization, and the organization itself. Keith Davis and John Newstrom (1985) has defined O.B. as "the study and application of knowledge how people act or behave within organization. It is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations such as business, government, schools and service organizations." In the opinion of Robbins, "O.B. is a field of study that investigates the impact that individuals, groups and structure have on behavior within organizations for the purpose of applying such knowledge towards improving an organization's effectiveness".

The above definitions are comprehensive ones as these contain all characteristics of O.B. In brief, what O.B. studies are three determinants of behavior in organizations individuals, groups and structure.

Organizational behavior in the words of Keith Davis may be defined as "Organizational behavior is the study and application of knowledge about human behavior in organizations as it relates to other system elements, such as structure, technology and the external social system. To sum up, O.B. is concerned with the study of how and what people act in organizations and also how their acts affect the performance of the organization. It also applies the knowledge gained about individuals, groups and the effect of structure on human behavior in order to make organizations work more effectively.

Organizational behavior is a field of study that investigates the impact that individuals, groups and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness. An organization is a collection of people who work together to achieve a wide variety of goals, both goals of the various individuals in the organization and goals of the organization as a whole. Organizations exist to provide goods and services that people want. These goods and services are the products of the behaviors of workers. Organizational behavior is the study of the many factors that have an impact on how individuals and groups respond to and act in organizations and how organizations manage their environments. Although many people assume that understanding human behavior in organizations is intuitive, many commonly held beliefs about behavior in organizations, such as the idea that a "happy worker is a productive worker," are either entirely false or true only in specific situations. The study of organizational behavior provides a set of tools—concepts and theories—that help people understand, analyze and describe what goes on in organizations and why. How do the characteristics of individuals, groups, work situations and the organization itself affect how members feel about their organization? The ability to use the tools of organizational behavior to understand behavior in organizations is one reason for studying this subject. A second reason is to learn how to apply these concepts, theories and techniques to improve behavior in organizations so that individuals, groups and organizations can achieve their goals. Managers are challenged to find new ways to motivate and coordinate employees to ensure that their goals are aligned with organizational goals.

14.3 HISTORY OF ORGANIZATIONAL STUDY

The Greek philosopher Plato wrote about the essence of leadership. Aristotle addressed the topic of persuasive communication. The writings of 16th century Italian philosopher Niccolo Machiavelli laid the foundation for contemporary work on organizational power and politics. In 1776, Adam Smith advocated a new form of organizational structure based on the division of labor.

One hundred years later, German sociologist Max Weber wrote about rational organizations and initiated discussion of charismatic leadership. Soon after, Frederick Winslow Taylor introduced the systematic use of goal setting and rewards to motivate employees. In the 1920s, Australian-born Harvard professor Elton Mayo and his colleagues conducted productivity studies at Western Electric's Hawthorne plant in the United States. Though it traces its roots back to Max Weber and earlier, organizational studies are generally considered to have begun as an academic discipline with the advent of scientific management in the 1890s, with Taylorism representing the peak of this movement. Proponents of scientific management held that rationalizing the organization with precise sets of instructions and time- motion studies would lead to increased productivity. Studies of different compensation systems were carried out.

After the First World War, the focus of organizational studies shifted to analysis of how human factors and psychology affected organizations, a transformation propelled by the identification of the Hawthorne Effect. This Human Relations Movement focused on teams, motivation and the actualization of the goals of individuals within organizations. The Second World War further shifted the field, as the invention of large-scale logistics and operations research led to a renewed interest in rationalist approaches to the study of organizations. Interest grew in theory and methods native to the sciences, including systems theory, the study of organizations with a complexity theory perspective and complexity strategy. Influential work was done by Herbert Alexander Simon and James G. March and the so-called "Carnegie School" of organizational behavior. In the 1960s and 1970s, the field was strongly influenced by social psychology and the emphasis in academic study was on quantitative research. An explosion of theorizing, much of it at Stanford University and Carnegie Mellon, produced Bounded Rationality, Informal Organization, Contingency Theory, Resource Dependence, Institutional Theory and Organizational Ecology theories, among many others. Starting in the 1980s, cultural explanations of organizations and change became an important part of study. Qualitative methods of study became more acceptable, informed by anthropology, psychology and sociology. A leading scholar was Karl Weick.

Specific Contributions

Frederick Winslow Taylor (1856-1915) was the first person who attempted to study human behavior at work using a systematic approach. Taylor studied human characteristics, social environment, task, physical environment, capacity, speed, durability, cost and their interaction with each other. His overall objective was to reduce and/or remove human variability. Taylor worked to achieve his goal of making work behaviors stable and predictable so that maximum output could be achieved. He relied strongly upon monetary incentive systems, believing that humans are primarily motivated by money. He faced some strong criticism, including being accused of telling managers to treat workers as machines without minds, but his work was very productive and laid many foundation principles for modern management study. Mary Parker Follett was a pioneer management consultant in the industrial world. As a writer, she provided analyses on workers as having complex combinations of attitude, beliefs and needs. She told managers to motivate employees on their job performance, a "pull" rather than a "push" strategy.

Douglas McGregor proposed two theories/assumptions, which are very nearly the opposite of each other, about human nature based on his experience as a management consultant. His first theory was "Theory X", which is pessimistic and negative; and according to McGregor it is how managers traditionally perceive their workers. Then, in order to help managers, replace that theory/assumption, he gave "Theory Y" which takes a more modern and positive approach. He believed that managers could achieve more if they start perceiving their employees as self-energized, committed, responsible and creative beings. By means of his Theory Y, he in fact challenged the traditional theorists to adopt a developmental approach to their employees. He also wrote a book, 'The Human Side of Enterprise', in 1960; this book has become a foundation for the modern view of employees at work. Organizational behavior is currently a growing field. Organizational studies departments generally form part of business schools, although many universities also have industrial psychology and industrial economics programs.

14.4 KEY ELEMENTS OF ORGANISATIONAL BEHAVIOUR

There are four key elements in organizational behavior. There are people, structure, technology and the environment. Each of the four elements of organizational behavior will be considered briefly

1. People

People make up the internal social system of the organization. They consist of individuals and groups, and large groups as well as small ones. People are the living, thinking, feelings beings who created the organizations. It exists to achieve their objectives. Organizations exist to serve people. People do not exist to serve organizations. The work force is one of the critical resources that need to be managed. In managing human resources.

2. Structure

Structure defines the official relationships of people in organizations. Different jobs are required to accomplish all of an organization’s activities. There are managers and employees, accountants and assemblers. These people have to be related in some structural way so that their work can be effective. The main structure relates to power and to duties. For example, one person has authority to make decisions that affect the work of other people.

3. Technology

Organizations have technologies for transforming inputs and outputs. These technologies consist of physical objects, activities and process, knowledge, all of which are brought to bear on raw materials, labour and capital inputs during a transformation process. The core technology is that set of productive components most directly associated with the transformation process.

4. Environment

All organizations operate within an external environment. A single organization does not exist alone. It is part of a larger system that contains thousands of other elements. All these mutually influence each other in a complex system that becomes the life style of the people. Individual organization, such as a factory or school cannot escape from being influenced by this external environment. It influences the attitudes of people, affects working conditions, and provides competition for resources and power. Every organization interacts with other members of its environment. The interactions allow the organization to acquire raw material, hire employees, secure capital, obtain knowledge, and build, lease or buy facilities and equipment. Since the organization process a product or service for consumption by the environment, it will also interact with its customers.

14.5 BASIC APPROACHES OF ORGANISATIONAL BEHAVIOR

i) An Interdisciplinary Approach: It is integrating many disciplines. It integrates social sciences and other disciplines that can contribute to the Organizational Behavior. It draws from these disciplines any ideas that will improve the relationships between people and organization. Its interdisciplinary nature is similar to that of medicine, which applies physical, biological and social science into a workable medical practice. Organizations must have people, and people working toward goals must have organizations, so it is desirable to treat the two as a working unit.

ii) Scientific Management Approach: The fundamental concern of the scientific management school was to increase the efficiency of the worker basically through good job design and appropriate training of the workers. Taylor is the father of the scientific management movement and he developed many ides to increase organizational efficiency. Taylor showed that through proper job design, worker selection, employee training and incentives, productivity can be increased. The scientific management school advocated that efficiency can be attained by finding the right methods to get the job done, through specialization on the job, by planning and scheduling, by using standard operating mechanisms, establishing standard times to do the job, by proper selection and training of personnel and through wage incentives.

iii) A Human Resources (Supportive) Approach: It is developmental approach concerned with the growth and development of people toward higher levels of competency creativity and fulfillment, because people are the central resource in any organizations and any society. It helps people grow in self-control and responsibility and then it tries to create a climate in which all employees may contribute to the limits of their improved abilities. It is assumed that expanded capabilities and opportunities for people will lead directly to improvements in operating effectiveness. Work satisfaction will be a direct result when employees make fuller use of their capabilities. Essentially, the human resources approach means that better people achieve better results.

iv) A Contingency Approach: Traditional management relies on one basic principle – there is one best way of managing things and these things can be applied across the board in all the instances. The situational effect will be totally ignored in this traditional management. Situations are much more complex than first perceived and the different variables may require different behavior which means that different environments required different behavior for effectiveness. Each situation much be analyzed carefully to determine the significant variables that exist in order to establish the kinds of practices that will be more effective.

v) A Systems Approach: This implies that organization consists of many inter related and inter dependent elements affecting one another in order to achieve the overall results. Conceptually a system implies that there are a multitude of variables in organization and that each of them affects all the others in complex relationships. An event that appears to affect one individual or one department actually may have significant influences elsewhere in the organization. Systems theorists describe the organization as "open to its external environment", receiving certain inputs from the environment such as human resources, raw materials etc., and engaging in various operations to transform those raw materials into a finished products and finally turning out the "outputs" in its final form to be sent to the environment. The organization, since it is open to the environment, also receives feedback from the environment and takes corrective action as necessary.

14.6 NATURE AND SCOPE OF ORGANIZATIONAL BEHAVIOUR

Organizational behavior has emerged as a separate field of study. The nature it has acquired is identified as follows:

1. A Separate Field of Study and not a Discipline Only: By definition, a discipline is an accepted science that is based on a theoretical foundation. But, O.B. has a multi-interdisciplinary orientation and is, thus, not based on a specific theoretical background. Therefore, it is better reasonable to call O.B. a separate field of study rather than a discipline only.

2. An Interdisciplinary Approach: Organizational behavior is essentially an interdisciplinary approach to study human behavior at work. It tries to integrate the relevant knowledge drawn from related disciplines like psychology, sociology and anthropology to make them applicable for studying and analyzing organizational behavior.

3. An Applied Science: The very nature of O.B. is applied. What O.B. basically does is the application of various researches to solve the organizational problems related to human behavior. The basic line of difference between pure science and O.B. is that while the former concentrates of fundamental researches, the latter concentrates on applied researches. O.B. involves both applied research and its application in organizational analysis. Hence, O.B. can be called both science as well as art.

4. A Normative Science: Organizational Behavior is a normative science also. While the positive science discusses only cause effect relationship, O.B. prescribes how the findings of applied researches can be applied to socially accepted organizational goals. Thus, O.B. deals with what is accepted by individuals and society engaged in an organization.

5. A Humanistic and Optimistic Approach: Organizational Behavior applies humanistic approach towards people working in the organization. It deals with the thinking and feeling of human beings. O.B. is based on the belief that people have an innate desire to be independent, creative and productive. It also realizes that people working in the organization can and will actualize these potentials if they are given proper conditions and environment. Environment affects performance or workers working in an organization.

6. A Total System Approach: The system approach is one that integrates all the variables, affecting organizational functioning. The systems approach has been developed by the behavioral scientists to analyze human behavior in view of his/her socio-psychological framework. Man's socio-psychological framework makes man a complex one and the systems approach tries to study his/her complexity and find solution to it.

SCOPE OF ORGANIZATIONAL BEHAVIOUR

The three internal organizational elements viz., people, technology and structure and the fourth element, i.e., external social systems may be taken as the scope of O.B

1. People: The people constitute the internal social system of the organization. They consist of individuals and groups. Groups may be large or small, formal or informal, official or unofficial. They are dynamic. They form, change and disband. Human organization changes every day. Today, it is not the same as it was yesterday. It may change further in the coming days. People are living, thinking and feeling being who created the organization and try to achieve the objectives and goals. Thus, organizations exist to serve the people and not the people exist to serve the organization. Organizations are the associations of individuals. Individuals differ in many respects. The study of individuals, therefore, includes aspects such as personality, perception, attitudes, values, job satisfaction, learning and motivation

2. Structure: Structure defines the sole relationship of people in an organization. Different people in an organization are given different roles and they have certain relationship with others. It leads to division of labor so that people can perform their duties or work to accomplish the organizational goal. Thus, everybody cannot be an accountant or a clerk. Work is complex and different duties are to be performed by different people. Some may be accountant; others may be managers, clerks, peons or workers. All are so related to each other to accomplish the goal in a coordinated manner. Thus, structure relates to power and duties. One has the authority and others have a duty to obey him.

3. Technology: Technology imparts the physical and economic conditions within which people work. With their bare hands people can do nothing so they are given assistance of buildings, machines, tools, processes and resources. The nature of technology depends very much on the nature of the organization and influences the work or working conditions. Thus, technology brings effectiveness and at the same restricts people in various ways.

4. Social System: Social system provides external environment which the organization operates. A single organization cannot exist also. It is a part of the whole. One organization cannot give everything and therefore, there are many other organizations. All these organizations influence each other. It influences the attitudes of people, their working conditions and above all provides competition for resources and power.

O.B. is the study of human behavior at work in organizations. Accordingly, the scope of O.B. includes the study of individuals, groups and organization/structure. Let us briefly reflect on what aspects each of these three cover.

NEED FOR THE KNOWLEDGE OF OB

- Organizational behavior studies the factors that impact individual and group behavior in organizations and how organizations manage their environments. Organizational behavior provides a set of tools—theories and concepts—to understand, analyze, describe and manage attitudes and behavior in organizations.
- The study of organizational behavior can improve and change individual, group and organizational behavior to attain individual, group and organizational goals.
- Organizational behavior can be analyzed at three levels: the individual, the group and the organization as a whole. A full understanding must include an examination of behavioral factors at each level.
- A manager's job is to use the tools of organizational behavior to increase effectiveness, an organization's ability to achieve its goal. Management is the process of planning, organizing, leading and controlling an organization's human, financial, material and other resources to increase its effectiveness.

As a manager, the teachings of OB can significantly increase one's personal sensibilities and outlook on these attributes:

1. Working with people from different cultures: What might seem motivating to a manager might not appeal to his workforce at all. Or a manager's style of communication may be straightforward, but the workforce may find it threatening and uncomfortable. As a manager one must learn how to adapt his managerial style to their cultural, geographic and religious disparities.

2. Workforce diversity: Organizations are increasingly becoming a more heterogeneous mix of people in terms of gender, race, age, ethnicity and sexual orientation. No longer can these disparities and clichés be ignored, these people are in the real world educated and ready to work. So mangers must recognize the fact that they don't leave their lifestyles, cultural values and perception at home, so we as managers must learn to accommodate this diverse group of people by addressing their different lifestyles, family needs and work styles.

3. Customer Service: Many an organization has failed because its employees failed to please its customers. Management needs to create a customer-responsive culture. OB can provide considerable guidance in guidance in helping managers create such cultures- cultures in which employees are friendlier and courteous, accessible, knowledgeable and prompt in responding to customer needs, in order to please the patron.

4. Ethics: Today's manager needs to create an ethically healthy climate for his employees, where they can work productively and confront a minimal level of uncertainty regarding what constitutes right and wrong behavior. Organizational behavior is the path to understanding how elements of the work place fall into place. As a nascent manager one can develop the self with the help of these learning's and partake in managerial roles confidently.

14.7 CONTRIBUTING DISCIPLINES TO ORGANIZATIONAL BEHAVIOUR

Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines. The predominant areas are psychology, sociology, social psychology, anthropology and political science.

Psychology

Psychology is the science that seeks to measure, explain and sometimes change the behavior of humans and other animals. Valuable contributions are made by psychologists to the field of Organizational behavior. Many of the theories dealing with personality, attitude, learning, motivation and stress have been applied in Organizational Behavior to understand work related phenomena such as job satisfaction, commitment, absenteeism, turnover and worker well-being. Understanding the psychological principles helps in gaining the knowledge of determinants of Individual behavior such as learning process, motivation techniques, personality determinants and personality development, perceptual process and its implications, training process, leadership effectiveness, job satisfaction, individual decision making, performance appraisal, attitude measurement, employee selection, job design and work stress.

Sociology

Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings. Sociologists studying the structure and function of small groups within a society have contributed greatly to a more complete understanding of behavior within organizations. They focus on studying the social systems in which individual fill their roles. The focus of attention is centered on group dynamics. Sociologists concepts, theories, models and techniques help significantly to understand better the group dynamics, organizational culture, formal organization theory and structure, organizational technology, bureaucracy, communications, power, conflict and inter- group behavior.

Social Psychology

An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another. Social psychologists contribute to measuring, understanding and changing attitudes; identifying communication patterns; and building trust. They have also made important contributions to the study of group behavior, power and conflict.

Anthropology

The study of societies to learn about human beings and their activities. Anthropologists work on cultures and environments has helped to understand the differences in fundamental values, attitudes and behavior between people in different countries and within different organizations. Much of the current understanding of organizational culture, organizational environments and differences among national cultures is a result of the work of anthropologists or those using their methods.

14.8 CHALLENGES AND OPPURTUNITIES FOR OB

Modern organizations are deeply affected by the external environment. These need to maintain a good fit with their external environment by continuously monitoring and adjusting to the changes over the past decade and decade to come are more profound than others. Some critical OB issues confronting the managers today are as follows:

1.Managerial challenges

Managers of modern organization faces the following managerial challenges:

> **a. Workforce diversity.** Organizations are becoming more heterogeneous in terms of gender, race and ethnicity. There can be employees who are Physically handicapped, lesbians, gays, elderly or others who are different in some way or others. The managers must learn to respect the diversity. They have to shift their philosophy from treating everyone alike to recognizing differences and responding to those differences in a way that will ensure employee retention and greater productivity while at the same time not discriminating. An increasingly diverse workforce presents both opportunities and challenges for the organizations. If diversity is not

properly managed, it can lead to higher employee turnover, more difficult communications and more interpersonal conflicts.

b. Changing demographics of workforce. It includes dual career couples, where both partners are actively pursuing professional careers. They limit the individual flexibility in accepting important assignments and this hinders the organizational flexibility in acquiring and developing talent.

c. Growing number of youngsters. These employees are fresh, ambitious, enthusiastic and innovative. These people do not “Live to work but work to Live” choosing a life that they want to have as opposed to just bringing home a pay check.

d. Gender factor. Women gradually moved into professions previously dominated by male and in the same way men also moved to professions previously dominated by females. These developments have their own implications for human resource managers in organizations.

2.Workplace issues and challenges

These issues also have behavioral implications. Major issues under these are:

a. Employee Privacy. Employers have stated to intrude and encroach into the personal lives of the employees. Managers need to be very sensitive to this issue since this trend creates resentment among employees.

b. Employee rights. It involves controversies involve issues associated with job ownership and individual rights while at work.

c. Unionism. Recently union membership has been steadily declining. As a result, organizations carry the burden of providing services to the employees which were previously provided by the union. Organizations need to take extra precautions to ensure that workers are treated fairly, otherwise, union membership will start increasing once again.

d. Changed Employee expectations. Traditional motivators like job security, attractive pay, additional perks etc. do not attract present day employees and they demand empowerment, and expect quality of status with the management. Participative management instead of authoritative leadership, flexi-timings, opportunities to work from home, leading by example are the more recent trends.

3.Organisational challenges

a. Improving quality and productivity. Due to the changed circumstances [LPG] managers have to think seriously about improving the quality and productivity measures like Total Quality Management [TQM] and Reengineering Program. TQM is a philosophy of management for attainment of customer satisfaction through the continuous improvement of all organizational processes. Reengineering means radically thinking and redesigning those processes by which they create value for customers and do their work.

b. Managing technology and innovations. Success will come only to those organizations that maintain their flexibility continually improve their quality and out beat their competitors with innovative products and services. The challenge for managers is to stimulate employee creativity and tolerance for change

c. Coping with temporariness. The concept of continuous improvement means constant change. Managers face a stage of permanent temporariness. The actual jobs that workers perform are in a state of flux they have to continuously update their knowledge and skills to perform new job requirements.

d. Ethical behavior. It is the duty of managers to create an ethically healthy climate for their employees, where they can do their work productively and with clean conscience. Social responsibility is the organizational, obligation to protect and contribute to social environment with which they functions

4.Global Challenges

a. Managing global environment. Internationalism of business has transformed the world into a global village. Managers have to cope with this internationalism and must change to acquire a global perspective

b. Managing cultural diversity. Managers in India as well as abroad has to work with people from other countries having different cultures. They have to work effectively with these people and understand their culture and learn to adapt management styles to these different cultures.

5. Environment Challenges

Organizations exist within an external environment. It must adapt itself with the continuously changing and dynamic environment. Managers of an organization must be responsive to a large number of environmental challenges like:

a. **Ecology**. It is concerned with the relationship of living things with their environment. Every organization must face the challenge to maintain and even create ecological standards
b. **Air, Water and soil Pollution.** The general concept recommended nowadays is that development should be sustainable in the long run and every project should cater to maintain if not mend the direct harm to the environment resulting from the development measures.
c. **Personnel Policies.** It must not be discriminatory towards any particular caste, creed, religion, sex or nationality. There should be equal pay for equal work.

d. **Consumerism.** It calls for a revised marketing concept. Marketing concept has to be broadened to include societal marketing concept, where the long run consumer welfare is important.
e. **Research and development.** To keep pace with global challenges, the organizations must take technical and scientific research.
f. **International and National Economic Policies.** The organizations must keep in mind the International as well as National Legislations as well as the rising inflationary trends.

14.9 MODELS OF ORGANIZATIONAL BEHAVIOR

We will look at five models of organizational behavior in this.

1. AUTOCRATIC MODEL

This model depends on power. The manager has the power to demand "you do this or else" and an employee who does not follow orders is punished. The manager has formal, official, authority over employees. This model assumes that employees have to be directed and pushed into doing the work. In this model, management does the thinking, employees obey orders and depend on the manager. Employees are tightly controlled. The manager can hire, fire and perspire them. Employees may obey managers but employees may not respect management.

Typically, employees receive minimum pay for minimum expected performance. Employees may have lower skills. Often, employees work in the authority model because they have to provide subsistence for themselves and their families.

Its weakness is that it leads to micro-management. With micro management, managers control all details of daily operations. Managers control time and processes, they put their needs above those of employees, they insist on complicated approval processes for even the smallest things and closely monitor all results.

The problem with the autocratic model and micro management is that it leads to low employee morale, poor decision-making (no one will make a decision because he/ she is afraid of the decision being over turned) and high turnover. As well, employees kept quiet about hating the workplace, they certainly made their feelings known at home and in the community. This model can get things done but it has high human costs. It can be useful in crisis situations, within armies or with short-term employees.

2. **CUSTODIAL MODEL**

In the late 1800's, employers realized that employees might work better if their basic needs more satisfied, if they were more secure and had a better quality of work life. This was called paternalism- taking care of employees by providing them with benefits to meet their security needs. The custodial approach depends on economic resources – money for wages and benefits - to motivate employees. The company has to have enough money to cover these costs. By the 1930's most employers were offering welfare program for example, housing, medical care and insurance, fewer working hours sick pay, pensions and paid vacation time off.

The problem with the custodial model is that it leads to dependence on the organization by the employee because of the security offered. Employees do not want to leave the organization, not so much because they like the job, but because they like or depend on the benefits that go with it. They cannot afford to quit. In this model, employees may focus on economic rewards. They may be reasonable content, but may not be highly motivated – just passively cooperative. Companies that adopt the custodial approach normally have a lower staff turnover. However, employees do not produce their best work and are not motivated to grow to their full potential. The custodial model is a good foundation for organizations to grow to the next approach.

3. **SUPPORTIVE MODEL**

It depends on leadership, not authority or money. Through leadership, managers provide a work situation in which employees can develop. The supportive model assumes that employees want to work and will take responsibility. Employees are encouraged to be involved in the organization. Employees are more strongly motivated because their status and recognition needs are better met than with earlier models.

The supportive approach is not about money, but about the way people are treated at work. A supportive manager helps employees solve problems and accomplish their work. However, some managers may *agree* with the model but *not actually practice it* at work.

This model is followed widely, especially in the West, because it responds to employee drives for complex needs. It is especially useful in production work places. Employees in developing countries are aware of management practices around the world and are demanding more modern approaches.

4. **COLLEGIAL MODEL**

Collegial means people working together cooperatively. In this model, management builds a feeling of partnership with employees. The environment is open and people participate. The collegial model is about team work. Managers are coaches to help build better teams. Employees are responsible – they feel obliged to others on the team to produce quality work. Employees must be self-disciplined. Many employees feel satisfied that they are making a worthwhile contribution. This leads to self-actualization and moderate enthusiasm in the way they perform. The collegial model is especially useful for creative work, like marketing or communications or in thinking environments, like education or planning.

5. **THE SYSTEM MODEL**

This is the most recent model. In this model, people want more than money, job security and cooperative teams. Employees today want trust, an ethical workplace, managers who show care and compassion and a workplace that has a sense of community.

The system model focuses on identifying developing and managing the strengths within employees. Managers focus on helping employees develop feelings of hope, optimism, self-confidence, empathy, trustworthiness, esteem, courage, efficacy and resiliency.

In the system model, managers protect and nurture their employee to develop a positive workplace culture which leads to organizational success and committed employees. Both managers and employees need social intelligence in this model with managers as facilitators.

In the system model, managers and employees see the mutual benefits and obligations they share in the complex system (the organization). Everyone has psychological ownership for the organization, its products and services. Everyone feels possessive, responsible and at home in the organization. Employees can reach a state of self-motivation. Their highest order needs are met. They have passion and commitment to organizational goals, not just their own personal wants and needs.

FIVE MODELS OF ORGANIZATIONAL BEHAVIOR

	Autocratic	**Custodial**	**Supportive**	**Collegial**	**System**
Based on	Power	Economic resources	Leadership	Partnership	Trust, sharing
Managerial orientation	Authority	Money	Support	Teamwork	Caring, compassion
Employee orientation	Obedience	Security and benefits	Job performance	Responsible behaviour	Psychological ownership

Employee psychological result	Dependence on loss	Dependence on organisation	Participation	Self-discipline	Self-motivation
Employee needs met	Subsistence (survival)	Security	Status and recognition	Self-actualization	Wide range
Performance result	minimum	Passive cooperation	Awakened drives	Moderate enthusiasm	Passion and commitment to organisational goals

Models have changed over time. The choice of model depends on employee needs and the situation. Any of the models work in some situations. There is a trend toward the newer models. The Model used depends on the knowledge and skills of managers, the expectations of employees, the policies and ways of life in the organization and the nature of the work e.g. low skilled, high programmed work, temporary work, or intellectual work.

14.10 CHECK YOUR PROGRESS

Fill in the Blanks

1. Organizational behavior is a field of study that investigates the impact that -----------------, group and --------------- have on behavior within organizations.
2. ---------------------------- was the first person who attempted to study human behavior at work using a systematic approach.
3. ---------------- are the living, thinking, feelings beings who created the organizations.
4. ---------------- defines the official relationships of people in organizations.
5. -------------------- is the study of human behavior at work in organizations.

14.11 SUMMARY

Organizational Behavior is the study and application of knowledge about how people as individuals and groups act in an organization. The main objective of Organizational Behavior is to make managers more effective and accurate at describing, understanding, predicting and controlling human resources at work. Organizational Behavior, being an interdisciplinary subject, draws heavily from other behavioral sciences. Many factors pose challenges and offer opportunities to the Organizational Behavior. Now, Organizational Behavior managers need to understand better and more about human behavior than before to make organizations run effectively.

14.12 KEYWORDS

Organizational Behavior: It is concerned with the study of human behavior at work.

People: People consist of individuals and groups.

Ecology. It is concerned with the relationship of living things with their environment.

Anthropology: The study of societies to learn about human beings and their activities.

Social System: Social system provides external environment which the organization operates.

14.13 SELF ASSESSMENT TEST

1. Define Organizational Behavior. What is its scope?
2. What is the need for studying Organizational Behavior?
3. What are the major challenges facing today’s organizations and management? Discuss.
4. Describe how Organizational Behavior is an inter-disciplinary subject.
5. Discuss the various Organizational Behavior Models and the situations under which each of these can be effective.

14.14 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. Organizational behavior is a field of study that investigates the impact that **individuals**, group and **structure** have on behavior within organizations.
2. **Frederick Winslow Taylor (1856-1915)** was the first person who attempted to study human behavior at work using a systematic approach.
3. **People** are the living, thinking, feelings beings who created the organizations.
4. **Structure** defines the official relationships of people in organizations.
5. **Organizational behavior** is the study of human behavior at work in organizations.

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Subject: Management Concepts and Organizational Behaviour	
Course Code: MC 101	**Author: Prof. M. C. Garg**
Lesson No. 15	**Vetter:**

ORGANIZATIONAL CULTURE AND CLIMATE

STRUCTURE

15.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Define organizational culture and state its characteristics and determinants.
- Explain the various models of business culture.
- Make a distinction between good climate and bad climate.
- Distinction between organizational climate and organizational culture.
- Explain the various factors which affect organizational culture.

15.1 INTRODUCTION

Basically, Organizational culture is the personality of the Organization. Culture is comprised of the assumptions, values, norms and tangible signs of organization members and their behaviours. Members of an organization soon come to sense the particular culture of an organization. Culture is one of those terms that are difficult to express distinctly, but everyone knows it when they sense it. For example, the culture of a large, for-profit corporation is quite different from that of a hospital, which in turn is quite different that of a university. You can tell the culture of an organization by looking at the arrangement o. furniture, what they brag about, what members wear, etc. similar to what you can use to get a feeling about someone's personality.

Corporate culture can be looked at as a system having inputs, processes and output. Inputs include feedback from society, professions, laws, stories, heroes, values on competition or service, etc. The process is based on our assumptions, values and norms; e.g., our values on money, time, facilities, space and people and outputs or effects of our culture are organizational behaviours, technologies, strategies, image, products, services, appearance, etc. The concept of culture is particularly important when attempting to manage an organization-wide change. Practitioners are coming to realize that, despite the best-laid plans, organizational change must include not only changing structures and processes, but also changing the corporate culture as well. There's been a great deal of literature generated over the past decade about the concept of organizational culture — particularly in regard to learning how to change organizational culture. Organizational change efforts are rumoured to fail the majority of time. Usually, this failure is credited to lack of understanding about the strong role of culture and the role it plays in organizations. That's one of the reasons that, many strategic planners now place as much emphasis on identifying strategic values as they do on mission and vision.

15.2 DEFINITION OF ORGANIZATIONAL CULTURE

The term "culture" has been adapted from the Latin word 'cultura' and in the broadest sense means 'the result of human action Originally, an anthropological term, culture refers to the underlying values, beliefs and codes of practice that makes a community what it is. The customs of society, the self-image of its members, the things that make it different from other societies, are its culture. Culture is powerfully subjective and reflects the meanings and understandings that we typically attribute to situations, the solutions that we apply to common problems. The idea of a common culture suggests possible problems about whether organizations have cultures.

Organizations are only one constituent element of society. People enter them from the surrounding community and bring their culture with them. It is still possible for organizations to have cultures .of their own-as they possess-the paradoxical quality of being both 'part' of and 'apart' from society. They are embedded in the wider societal context but they are also communities of their own, with distinct rules and values.

The term ‘organization culture’ refers to a system, that members share and that distinguishes the organization from others. This system strongly influences how employees will behave while they are at work. The culture of an Organization can be analyzed based on how it rates on ten characteristics, which are relatively stable and predictable over time. Member identity is the degree to which employees identify with the Organization as a whole rather than with their type of job or professional expertise. Group emphasis is the degree to which work activities are organized around groups rather than individuals. People focus on the degree to which the decisions of management take into consideration the effect of outcomes on people. Unit integration is the degree to which organizational units work in a cooperative or independent manner. Control is the degree to which regulations, rules, and direct supervision are used. Risk tolerance is the degree to which employees are encouraged to be aggressive and innovative. Reward criteria are the degree to which rewards are allocated on employee performance rather than seniority or favouritism. Conflict tolerance is the degree to which employees are encouraged to air conflicts and criticisms openly. Means-end orientation is the degree to which management focuses on results rather than the techniques used to achieve them. Open-systems focus is the degree to which the Organization monitors and responds to changes in the external environment.

Organization culture is the collection of relatively uniform and enduring values, beliefs, customs and practices that are uniquely shared by an organization’s members and which transmitted from one generation of employees to the next. According to Robbins, “Organization Culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations. Culture has its origin in the organizational interaction. Organization Culture is the fabric of meaning in terms of which human beings interpret their experience and guide their action.

An organization's culture is not an espoused list of values developed offsite by the executive team and framed on the wall in the lobby. These are ideals. What you strive to be as an organization and what values you hope to endorse, may be different from the values, beliefs, and norms expressed in your actual practices and behaviour. It is critical that one must find out who you really are as well as striving for who you want to be. Awakening the emperor to the, fact that he has no clothes is often a risky and delicate first step in closing the gap between the real and the ideal. Cultural assessment can provide measurable data about the real Organizational values and norms that can be used to get management's attention. It can dispel some of management's illusions about what really matters in the Organization and will tell them how far off the mark things really are. Management may find that it is not practicing what it preaches. However, telling the CEO the truth about the Organization he/she has built can often be dangerous to your career progress. Delivering such a message takes skill as a coach and a willingness to take risks and confront conflict.

15.3 CHARACTERISITCS OF ORGANIZATION CULTURE

Organizational cultures have the following characteristics: (a) Cultures are collective beliefs that in turn shape behaviour. They are a form of a shared paradigm. (b) Cultures are based in part on emotion, which is particularly conspicuous when change is threatened. (c) Cultures are based on a foundation of historical continuity. The potential loss of continuity in part explains the resistance to change. (d) Cultures are defined by, and subsequently define symbols. (e) Although cultures resist change, they are constantly changing. This paradoxical condition limits the speed of change and consumes large quantities of energy (f) Cultures are more probabilistic than deterministic. It is a set of fuzzy imperatives.

Basic assumptions, values and norms - The culture of an Organization operates at both a conscious and unconscious level. Often the people who see your culture more clearly are those from the outside – the new hires, the consultants or vendors. When coaching or advising senior management, remember that culture comprises the deeply rooted but often unconscious beliefs, values and norms shared by the members of the Organization. Those not living inside the culture can often see it more objectively. Culture drives the Organization and its actions. It is somewhat like "the operating system" of the Organization. It guides how employees think, act and feel. It is dynamic and fluid, and it is never static. A culture may be effective at one time, under a given set of circumstances and ineffective at - another time. There is no generically good culture.

Culture operates at various levels: Cultures surrounds us all. Cultures are deep rooted, pervasive and complex; According to Edgard Schein, "Organizational learning, development, and planned change cannot be understood without considering culture as the primary source of resistance to change. Schein divides organizational culture into three levels: (i) Artifacts: these "artifacts" are at the surface, those aspects (such as dress) which can be easily discerned, yet are hard to understand; (ii) Espoused Values: beneath artifacts are "espoused values" which are conscious strategies, goals and philosophies. (iii) Basic Assumptions and Values: the core, or essence, of culture is represented by the basic underlying assumptions and values, which are difficult to discern because they exist at a largely unconscious level. Yet they provide the key to understanding why things happen the way they do. These basic assumptions form around deeper dimensions of human existence such as the nature of humans, human relationships and activity, reality and truth.

Avoidance of conflict is a value that is an excellent example of an unconscious norm that may have a major influence on the organization but is frequently unconscious. For an insider, this is difficult or impossible to see, particularly if the individual has “grown up” in the organizational culture. A recently hired employee, the external consultant and the executive coach are all frequently in the best position to identify these unconscious assumptions or values. Espoused or secondary values are at a more conscious level; these are the values that people in the Organization discuss, promote and try to live by. All employees of Hewlett Packard, for example, are required to become familiar with the values embodied in the “HP Way.” Some of the most visible expressions of the culture are called artifacts. These include the architecture and decor, the clothing people wear, the organizational processes and structures, and the rituals, symbols and celebrations. Other concrete manifestations of culture are found in commonly used language and jargon, logos, brochures, company slogans, as well as status symbols such as cars, window offices, titles, and of course value statements and priorities. An outsider can often spot these artifacts easily upon entering an Organization.

15.4 DETERMINANTS OF ORGANIZATIONAL CULTURE

Determinants are the causes, which creates a consequence. Thus determinants of Organization Culture are the causes or factors responsible for creating a particular culture in an organization. The factors or determinants may be internal as well as external, as follows:

a. **Economic condition:** the economic condition of the organization determines the spending habits and working style of the organization. For example, a company having sound economic background can afford various facilities like gymnasium, sports room, provisions of foreign tours, etc., that will drive the choice of the employees as also their taste and which will finally add up to the organization culture. Economic conditions also determine the risk taking ability of the organization and will also set a culture accordingly.

b. **Leadership style:** Consider the case of Jack Welch, the former CEO of GE. His leadership style had set a culture specific to GE where the employees get the value for their work and no unscrupulous activity is tolerated. Jack Welch is no longer the CEO of GE, having retired from his position, but all GE units have similar cultures, as institutionalized by him.

c. **Organizational policies:** Work culture may be defined as the rules, regulations, policies, practices, traditions, rituals, values and beliefs of the organization. These dimensions of work culture are both physical and visible and some are implicit or implied norms, for example, open office layouts, fostering teams, focus on customer satisfaction, greater emphasis on talent retention, equitable treatment of employees, concept of learning organization. They all form a part of organizational policies and have a profound effect on the cultural dimension.

d. **Managerial Values:** Deal and Kennedy (1982) advocate consensus building based on sharing; developing high-trust between individuals; allowing time for people to change; to set the direction but allow employees to work out the details (empowerment in today’s terminology); and in another, more direct intervention, provide the training to develop the new skills needed. They see middle management’s role changing dramatically. Within an “atomized organization”, managers “will be both the bearers of culture as well as its promoters”.

e. **Organizational structure:** Reporting lines, hierarchies, and the way that work flows through the business.

f. **Characteristics of members:** Employees who are human beings necessarily play these roles. A worker is a total person and, to the organization, the total person goes to work. The organization is, however, interested in work only, but work and worker cannot be separated. Personal characteristics of each member thus affect the culture of an organization.

g. Organization size: In case of a small organization, fostering of a particular culture is very easy but the larger the size of the organization, the more difficult it is to embed it with similar cultural combinations.

15.5 ORGANIZATION CULTURE AND LEADERSHIP

One of the critical factors in understanding a corporate culture is the degree to which it is leader-centric. Responding to change in the business world is a key function of leadership. Leadership exists at different levels within an organization. The way each level copes with change and directs the transformation determines how the whole organization will change and sustain the change. Change in organizations covers a vast field of business activity, generally aimed at improving performance and productivity. This can be achieved in different ways - through growth, innovation and skills development; through downsizing, layoffs and replacements; through shifts in assets, resources or market shares; or through a combination of these. However, the way in which an organization is transformed, and the way in which that transformation is managed, depends almost exclusively on the style of leadership and the culture of the organization. In today’s corporate environment, leaders face significant challenges: business is more complex, customized and competitive; the ‘war for talent’ means that people are more important than strategies; the declining supply of executives is accompanied by greater job mobility among this group; the rise of the knowledge economy and reliance on technology; the potential pitfalls of dispersed and virtual working teams, and the increasing interest of investors in ‘intangibles’. Changes are uncomfortable because, in general, people want the status quo to remain. They become even more uncomfortable when managers isolate themselves and do not have the answers to questions from the workforce. Indeed, it is better not to communicate than to misinform. However, not to communicate at all creates a climate of fear and mistrust around change. A culture of change must be built on intelligent communication and emotional intelligence which results in appropriate disclosure, avoiding the temptation to hide uncertainty with buzzwords and clichés.

The leader is central to the culture of the Organization. The culture of a company is likely to reflect the leader's personality. So if the CEO avoids conflict and tends to sweep it under the carpet, don't be surprised if you see avoidance of conflict played out in the organization. The behaviour that is modelled by the leader and the management team profoundly shapes the culture and practices of the Organization. What management emphasizes, rewards and punishes can tell you what is really important. The behaviour of members of the senior team, their reactions in a crises and what they routinely talk about, all set the tone of the culture. If the culture is already firmly established when the CEO assumed leadership, he/she having simply inherited a strong set of traditions, then he/she may play the role of the guardian of the old culture. On the other hand, CEOs such as Lou Gerstner at IBM, Lee lococca at Chrysler, or Jack Welch in GE were brought in to be change agents charged with dramatically transforming the organizational cultures of their respective organizations.

15.6 TYPES OF CULTURE

There are different types of culture, just as there are different types of personality. Researcher Jeffrey Sonnenfeld identified the following four types of cultures:

Academy Culture: Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The organization provides a stable environment in which employees can develop and exercise their skills. Examples are universities, hospitals, large corporations, etc.

Baseball Team Culture: Employees are "free agents" who have highly prized skills. They are in high demand and can get jobs elsewhere rather easily. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.

Club Culture: The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.

Fortress Culture: Employees don't know if they'll be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings and loans, large car companies, etc.

Person or Support culture: Support culture is that culture which offers its members 'satisfactions' resulting from relationships, mutuality, belonging and connection. Here the assumption is that people will contribute out of a sense of commitment to a group or organization of which they feel they are truly members and in which they have a personal stake (Harrison: 1987.) The Kibbutz, the commune and the co-operative are all striving for a support culture in an organizational form. In this culture, the individuals themselves have almost complete autonomy over the work they do and if power is to be exercised, then this is on the basis of expertize. Other examples of this culture are universities, barristers, architects, and doctors.

15.7 MODELS OF BUSINESS CULTURE

There are two models of business culture, as presented below. One business operating style is not necessarily better than the other. Each style has its advantages and disadvantages and can only be judged within the particular circumstances faced by the Organization.

Interpersonal Interaction Model: This model emphasizes on the power culture. It reinforces that strong leaders are needed to distribute resources. Leaders are firm, but fair and generous to loyal followers. If badly managed, there is rule by fear, abuse of power for personal gain, and political intrigue. The model emphasizes on the achievement. culture. Results are rewarded, not unproductive efforts. Work teams are self-directed. Rules and structure serve the system and they are not an end by themselves. A possible downside is sustaining energy and enthusiasm over time. The model also enforces the support culture. Employee is valued as a person, as well as a worker. Employee harmony is important. Weakness is a possible internal commitment without an external task focus. The role culture follows the rule of law with clear responsibility and reward system. It provides stability, justice, and efficiency. Weakness is impersonal operating procedures and a stifling of creativity and innovation.

Risk and Feedback Model: This model promotes the Macho, Tough-guy Culture. High risks are taken, quick feedback of results are given, e.g., in the advertising and entertainment field. ‘Work hard and Play hard’ culture is promoted. There are few risks, quick feedback. (Sales driven). A company that has a ‘Bet-the-Company’ culture is characterized by high risk, slow feedback (Aerospace) Process Culture: Little to no feedback. Focus is on “how” work is done. (Highly regulated, government)

15.8 WHY ASSESS CULTURE?

The prime objectives of assessing an organization’s culture are:

a. Giving the Organization a clear picture of their culture from an unbiased assessment.

b. Determining what is needed and what can be accomplished.

c. Proposing a strategic plan for culture change.

d. Maximizing company/Organization investment in each employee.

e. Identifying and eliminating the subtle and overt barriers to productivity.

f. Enhancing respect for all individuals.

g. Enabling and encouraging different management styles to flourish.

Why would a company be interested in assessing its culture? If the organization wants to maximize its ability to attain its strategic objectives, it must understand if the prevailing culture supports and drives the actions necessary to achieve its strategic goals. Cultural assessment can enable a company to analyze the gap between the current and desired culture. Developing a picture of the ideal and then taking a realistic look at the gaps is vital information that can be used to design interventions to close the gaps and bring specific elements of culture into line. If your competitive environment is changing fast, your Organizational culture may also need to change. However, you may only need to change some of its practices and secondary values while keeping a few precious and non-negotiable core values intact. Often an objective assessment tool can zero in on a limited number of elements of culture that need to change, rather than embarking on the futile attempt to change the entire culture.

Value and Goal Alignment across Subcultures, Divisions and Geographic Regions: In many companies, there is a strong dominant culture that is pervasive throughout the organization and across business units or even regions. This kind of organization is said to possess a high level of cultural integration. However, often the culture in large organizations is not singular or uniform. Organizations can vary widely in terms of the degree of cultural integration and the strength of the sub-cultures that coexist. Sub-cultures may share certain characteristics, norms, values and beliefs or be totally different. These sub-cultures can function cooperatively or be in conflict with each other.

Individual-Organization Fit: Corporations that are growing fast must hire a large number of new employees. It is critical that these new hires are a good fit with the current culture. If an individual is out of sync with the culture, the organization’s cultural antibodies will often attack. However, there must also be a good fit with the culture that you are trying to create.

The secret to a company that will last is its ability to manage both continuity and change. Such companies are capable of responding with nimbleness to the environmental drivers that necessitate change in strategy and practices. These drivers include: rapid technological change, changes in industries and markets, deregulation, aggressive competition, the global economy, increased organizational complexity, and new business models. Getting a profile of the current culture can enable organizations to thoughtfully bring the elements of the culture into alignment and move forward towards an ideal.

Benefits to Business: Studying Organizational culture will enable the organization to create a strategic plan, provide a benchmark for measuring future progress, create a culture where both men and women want to work, while improve performance, retention, and attraction of the best.

Building the management team and a successful Organization culture: In a research study it was revealed that in conjunction with the design of the organization, the entrepreneur will need to assemble the right mix of people to assume the responsibilities outlined in the organization structure. Some of the issues identified in the organization design will be revisited here since they are not only critical to be building of the team but are just as important in establishing a positive and successful organization culture. This strategy must be maintained through the stages of start-up and growth of the enterprise.

There are some important issues to address before assembling and building the management team. In essence, the team must be able to accomplish three functions:

- Execute the business plan.
- Identify fundamental changes in the business as they occur.
- Make adjustments to the plan based on changes in the environment and market that will maintain profitability.

15.9 CONCEPT OF ORGANIZATIONAL CLIMATE

The term “climate” is most commonly associated with the study of meteorology, and more specifically aims to observe, describe and measure the various physical characteristics of the atmosphere such as rainfall, temperature, changes in season and so on. When the term “climate” is transplanted into the context of the organization, it becomes more complex because it is not so easy to observe and measure and it is constantly changing as such is not necessarily enduring. Various researchers define organizational climate on the basis of their viewpoint on how climates are formed. There is a clear distinction between those who highlight objective characteristics and those who emphasize subjective elements. The definitions of organizational climate from these varied approaches will now be discussed.

One of the earliest and most widely accepted definitions is organizational climate as a set of characteristics that describes an organization, distinguishes it from other organizations, is relatively enduring over time and can influence the behaviour of people in it. Gregopoulos defines organizational climate as a normative structure of attitudes and behavioural standards which provide a basis for interpreting the situation and act as a source of pressure for directing activity. Pritchard and Karasick defines organizational climate as the relatively enduring characteristic of an organization which distinguishes it from other organizations: and (a) embodies members collective perceptions about their organizations with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation and fairness; (b) is produced by member interaction; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms, values and attitudes of the organization’s culture; and (e) acts as a source of influence for shaping behaviour. Garg and Rastogi (2006) define the concept as a “feeling” that is the result of the physical layout of the organization, the way in which participants interact with one another and how they conduct themselves with other organizational members or outsiders.

15.10 GOOD CLIMATE VS BAD CLIMATE

Climate is worthwhile to understand and measure because there are organizational and human benefits in a ‘good’ Climate, and powerful disadvantages of many kinds of ‘bad’ climate.

Glick (1965) has explained organizational climate as a generic term for a broad class of organizational, rather than psychological variables that describe the context for individuals’ actions. A basic formulation in terms of a simple equation was given by Lewin (1951) to explain the relationship between individuals and their social environments.

$$B=f(P, E)$$

In which B= Behavior; P = Person and E = Environment.

Organizational Climate can only be discussed in terms how it is perceived or felt by organizational members. Consequently, a climate may be perceived as hostile or supportive, as conductive to achievement or stifling, and so on.

Good Climate Vs Bad Climate

‘Bad’ Climate has been linked to:	‘Bad’ Behaviour such as:
1. Turnover	1. Sabotage
2. Stress	2. Absenteeism
3. Sickness	3. Go-slow
4. Poor Performance	4. Bullying
5. Error Rate	
6. Wastage	

7. Accidents	
‘Good’ Climate has been linked to desirable outcomes such as: 1. Job Satisfaction 2. Confidence in Management 3. Affective Commitment 4. Intention to Quit 5. Emotional Exhaustion 6. Faith in Organization 7. Performance	‘Good’ desirable Behaviour such as: 1. Risk-taking (Strategic) 2. Departure from the status-quo 3. Open Communication 4. Trust 5. Operational Freedom 6. Employee Development

15.11 BALANCING THE ORGANIZATIONAL CLIMATE

Balancing the stable organizational climate has become a great task for all management. Chris Watkin and Ben Hubbard (2003), has given steps to be followed in balancing organizational climate:

Balancing the organizational climate			
Steps	Maximum Orderliness	Balanced	Maximum Flexibility
Purpose	Mission, strategy & structure clearly expressed, but overly rigid and not sympathetic to employee needs.	Mission, strategy & structure clearly expressed, but address individual needs, employees involved in their development.	Mission, strategy & structure not clearly established; direction is left to the individual.
Values	Organizational policies	Policies established in	Policies not

	established in terms of permitted actions & strictly enforced but do not consider individual needs.	terms of value structures, and implemented in a flexible manner.	formulated individual behaviour is directed.
Resources	Procedures clearly documented and rigorously enforced, but does not allow for individual initiative.	Procedures prepared and adapted by those who need them in structured manner.	Procedures not documented individually tasks carried ever in many different ways.
Assessment	Performance parameters fixed and quantified but do not allow for subjective criteria	Combination of self-assessment and supervisor assessment; both objective & subjective criteria used; criteria subject to prior agreement from those involved	Performance assessed ad hoc and only subjectively.

15.12 DISTINCTION BETWEEN ORGANIZATIONAL CLIMATE AND ORGANIZATIONAL CULTURE

The concepts of organizational climate and organizational culture are often used interchangeably with researchers in organizational studies treating the concepts as if they are identical. Both culture and climate have been studied for a number of decades and have received a great deal of attention both academically and in the private and public sectors. In the literature, it is clear that organizational climate and organizational culture are two distinct concepts, with Hughes, Ginnett and Curphy (2002) postulating that the concepts are a function of reaction to each other. To ensure that organizational climate is clearly understood and does not become an ignored concept, it is essential to distinguish between the two. Organizational climate and organizational culture are similar concepts in that both describe the experiences of employees and assist us in understanding psychological phenomena in particular organizations, and to provide explanations on how organizations influence behaviour, attitudes and the well-being of individuals; why some organizations are abler to adapt to environmental changes and why some organizations are more successful than others.

The differences between organizational climate and organizational culture are summarized in Table below.

Differences between Organizational Climate and Organizational Culture

ORGANISATIONAL CLIMATE	ORGANISATIONAL CULTURE
Has its roots in social psychology discipline	Originates in the anthropology domain
Focus is on the individual’s perception and cognitions which are used to comprehend and discriminate attributes of the organization’s internal environment	Focus is on analysing the underlying structure of symbols, myths and rituals which lead to shared values, norms and meanings in groups
Relatively enduring characteristics of the organization	Highly enduring characteristic of the organization
More shallow with regard to penetrating individual’s consciousness and organizational realities. Is more visible and operates at the level of attitudes and	Occurs at the level of attitudes and values, but also to a deeper level of assumptions. Is relatively invisible and is preconscious in individuals

values	
Evolves more quickly and changes rapidly	Evolves slowly and is not easy to change
Unique characteristics of individuals are evident	Collective characteristics are exhibited
Quantitative methodology is used	Qualitative methodology is used

15.13 FACTORS AFFECTING ORGANIZATIONAL CLIMATE

Following are the factors influencing Climate and can be grouped under five heads:

a) Organizational Context: The first and foremost influential factor that affects the climate is the management philosophy. If the company is wedded to such a policy that it effectively utilizes its resources both human as well as non-human, then it can be concluded that the climate is good.

b) Organizational Structure: Structure of the organization represents another variable that affects climate. It needs no relationships and delineates authority and functional responsibility.

c) Process: In every organization certain processes are vital so that it runs. Communication, decision-making, motivation and leadership are some of the very important processes though which the management carries out its objectives.

d) Physical Environment: The external conditions of environment, the size and location of the building in which an employee works, the size of the city, weather or the place all affect the organizational climate.

e) System Values and Norms: Every organization has discernible and fairly evident formal value system where certain kinds of behaviours are rewarded and encouraged, and certain kinds of behaviour forces an individual to formal sanctions. The formal value system is communicated to employees through rules, regulations and policies.

15.14 CHECK YOUR PROGRESS

Fill in the Blanks

1. Organizational culture is the ------------ of the Organization.
2. ------------------ are deep rooted, pervasive and complex.
3. ----------- defines organizational climate as the relatively enduring characteristic of an organization which distinguishes it from other organizations.
4. ----------------------- model emphasizes on the power culture.
5. ------------------------ model promotes the Macho, Tough-guy Culture.

15.15 SUMMARY

Culture spans the range of management thinking There is a vexed question of whether or not organizational culture can be managed. Most approaches to organization and management theory identify culture as one of the leading factors on the list of discrete building blocks used to both explain and manipulate desired end results. and organizational culture has been one of the most enduring buzzwords of popular management. Organizational culture is apparently unifying and this strongly appeals to management's concern with projecting an image of the organization as a community of interests. Culture can be observed in many ways that things get done, in the process that everyone in the organization knows must be followed for work to be accomplished.

15.16 KEYWORDS

Organization Culture: This refers to a system, that members share and that distinguishes the organization from others.

Work Culture: It is defined as the rules, regulations, policies, practices, traditions, rituals, values and beliefs of the organization.

Organizational Climate: This is a normative structure of attitudes and behavioural standards which provide a basis for interpreting the situation and act as a source of pressure for directing activity.

Interpersonal Interaction Model: It reinforces that strong leaders are needed to distribute resources.

15.17 SELF ASSESSMENT TEST

1. How important is it for managers to be aware of organizational culture, and why?
2. "Strong culture increases behaviour consistency amongst its members". Comment.
3. State the characteristics and determinants of organizational culture.
4. Write a critical note on the models of business culture.
5. Define organizational climate. State the differences between good climate and bad climate.
6. Make a distinction between organizational culture and organizational climate.
7. What are the various factors which affect organizational climate? Explain.

15.18 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. Organizational culture is the **personality** of the Organization.
2. **Cultures** are deep rooted, pervasive and complex.
3. **Karasick** defines organizational climate as the relatively enduring characteristic of an organization which distinguishes it from other organizations.

4. **Interpersonal interaction** model emphasizes on the power culture.
5. **Risk and Feedback** model promotes the Macho, Tough-guy Culture.

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Subject: Management Concepts and Organizational Behaviour	
Course Code: MC 101	**Author: Prof. M. C. Garg**
Lesson No. 16	**Vetter:**

INDIVIDUAL BEHAVIOUR

STRUCTURE

16.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Define behaviour and explain the process of behaviour.
- Describe the managerial implications of individual behaviour.
- Explain the factors causing individual differences.
- Enumerate the implications of individual differences.

16.1 INTRODUCTION

All organisations are composed of individuals with varied backgrounds, skills, experiences, aspirations and attitude. One reason why we need to study human behaviour is that individuals are different and unique. They respond to different situations and events in a different manner. Sometimes, they are motivated by money; at other times, they are not. Not everyone demands a challenging job. A friendly boss may get results from people on most occasions; yet, he may fail to get things done when people perceive him to be soft and dependent. Certainly, there are differences between individuals, which need to be examined closely, in order to design appropriate human resource policies and strategies.

16.2 CONCEPT OF BEHAVIOUR

Behaviour is what a person does. More precisely, it is defined as the observable and measurable activity of human beings. This is known as overt behaviour. Activities that qualify under this category show great variation; these may be in the form of mental process like decision making, or in the form of physical process like handling a machine. There is another aspect of behaviour which is non-observable or measurable, known as covert behaviour like feelings, attitude formation–favourable or unfavourable, perception formation, etc. The covert behaviour is a significant part of the total behaviour because it shapes and influences overt behaviour. Thus, understanding of the total behaviour is important.

16.3 BEHAVIOUR: CAUSED OF AUTONOMOUS

Behind the proposition that managers must understand human behaviour is the assumption that it is orderly, not arbitrary; systematic, not random. It is the assumption that human behaviour is caused, therefore, can be motivated and directed. Only if there are reliable cause-effect relationships in the human behaviour does it make sense to talk of understanding and predicting human behaviour. Thus, human behaviour can be understood easily if causes behind the behaviour are analysed and can be controlled by manipulating these causes. Closely related to the proposition that behaviour is caused is the notion of human behaviour as a part of a naturalistic system. One person's behaviour is caused by several factors both lying within himself and outside him, that is, the total environment of which he is a part. Thus, he is affected by others' behaviour and also affects others' behaviour. It suggests that human beings are not self-contained entities but are affected by large systems–group, family, society, etc. The concept of causality is important to the managers who must predict organizational behaviour as a basis for managerial action.

There is the antithesis of the notion that behaviour is caused. This is the assumption that human behaviour is autonomous. This assumption is taken from the cultural values. The idea is that individual is an autonomous moral agent whose behaviour is interpretable in terms of good or bad in the context of cultural values. For example, in legal cases, we do not go beyond suggesting that a person's behaviour is bad and can be placed under crime. The behaviour, thus, may be spontaneous though within the limits of cultural values. The implications of this issue have occupied philosophers for centuries. Thus, in organizational behaviour, the real implication of two alternatives may be quite different. If a manager believes in the naturalistic system of cause and effect relationships, he is likely to begin with the question of 'what is', rather than, 'what should be', and based on an analysis of cause and effect relationships, he predicts 'what will be'. Another manager who takes behaviour as autonomous and interprets it in moral terms is likely to take a single cause factor. Thus, he is likely to interpret the bad performance in the organization due to a single factor like legal proposition and may take reward and punishment action accordingly. The above discussion brings two implications for understanding human behaviour.

1. The human behaviour should be taken in terms of cause and effect relationships, and not in philosophical terms. The managers can better be able to intervene and direct organizational processes towards the accomplishment of specific goals if they go far deeper in analyzing the causes of human behaviour.
2. Though they can go for deeper analysis for human behaviour, the accuracy in the predictability of human behaviour is at best a relative matter. Human behaviour, regardless of context, is not perfectly predictable because it is affected by large number of variables and each variable itself is quite complex and subject to change. At best, a manager can generalize to a limited extent and in many cases, he has to act on the basis of partial information. This is the real art of managing.

16.4 PROCESS OF BEHAVIOUR

If we assume that behaviour is caused, and this assumption is true, behaviour takes place in the form of a process. Based on the analysis of behaviour process over the period of time, three models of behaviour process have been developed. These are S-R model, S-O-R model, and S-O-B-C model.

S.R Model

S-R model of human behaviour suggests that the behaviour is caused by certain reasons. The reasons may be internal feeling (motivation) and external environment (stimulus). A stimulus is an agent, such as heat, light, piece of information, etc. that directly influences the activity of an organism (person). Without the stimulus, there is no information to be handled by the internal processes prior to action taken by the person. It implies that his behaviour is determined by the situation. Inherent in the situation are the environmental forces that shape and determine his behaviour at any given moment. The entire situation has been traditionally described as ‘stimulus-response’ (S-R) process.

This S-R model, however, does not give the total concept of caused nature of behaviour specially when the person concerned plays an important role in behaviour because behaviour is shaped by his internal feelings also. Thus, combination of stimulus-response situation and human being will give a more comprehensive model of human behaviour denoting that the situation interacting with the human being precedes and causes behaviour.

S-O-R Model

S-O-R model of human behaviour is achieved by inserting O (organism) in the classical S-R model. The S-O-R model is based upon the stimulus processed by the organism and followed by a behaviour. This O is not passive and immobile as assumed in S-R model. Rather, the O is viewed as a mediating, maintenance, and adjustive function between S and R. As a mediating function, the O is constantly active, scanning its surroundings, monitoring its own actions, seeking certain conditions and avoiding others. As a maintenance function, organs of O are responsible for its health and growth. There are three categories of maintenance organs–receptors (sense organs), connectors (nervous organs), and effectors (muscles and glands). The adjustment function of the O monitors the person’s activities so that he can overcome obstacles and satisfy his needs.

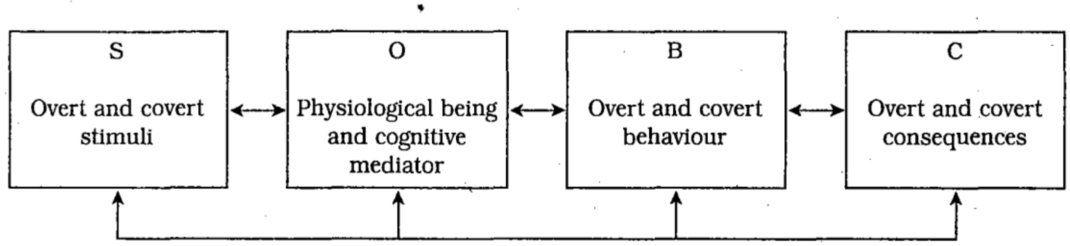
Though the insertion of O in S-R model gives some recognition to the importance to the human variables, it still remains a relatively mechanistic and simplistic approach and does not explain the complexity of human behaviour.

S-O-B-C Model

S-O-B-C model incorporates a more complex mechanism of human behaviour which modifies and extends S-O-R model. In his model, S stands for the situation which is more comprehensive than stimuli of S-O-R model and incorporates all aspects of the environment–immediate stimulus, physical environment, and socio-cultural environment. O is the organism but does not only represent the physiological being as in the S-O-R model, but also the psychological being which is more complex. B stands for pattern of behaviour, both overt and covert. C stands for contingent consequences, both overt and covert. Thus, this model of behaviour has significant departure from earlier models of behaviour which have considered

only overt aspects.

In S-O-B-C model, behaviour takes place because of the interaction of situation (S), organism (O), behaviour pattern (B), and consequences (C) as shown in Figure 3.1.



Feedback

Figure 16.1: S-O-B-C model of human behaviour

The interaction pattern among different elements of human behaviour model is not a simple one but complex. The complexity exists because of two reasons. First, there are different variables within each element of the model and different elements interact among themselves with each element affecting others and, in turn, affected by others as depicted by double- headed arrows in Figure 16.1. Second, organism (O) is not only a physiological being but a combination of physiological and socio.-psychological being. Therefore, this has very significant impact on the behaviour process. It is only O that interacts with the situation, and based on his own nature, he may perceive the situation in a particular way and behave accordingly.

Though S-O-B-C model tries to explain the process of human behaviour, it presents only a bare-bones' sketch of the behaviour. The understanding, predicting, and directing human behaviour in organization may be increased when we identify and analyze the different variables which go in shaping the behaviour. Various factors affecting the human behaviour may lie within the individual himself or lie in the situations with which he interacts. Details of these variables are presented in the next section.

16.5 MANAGERIAL IMPLICATIONS OF INDIVIDUAL BEHAVIOUR

A basic question arises: what are managerial implications of understanding individual behaviour? The simple answer of this question is: to channelize individual behaviour for achieving organizational objectives. This channelization is most effective when there is good person-job fit. A good person-job fit is one in which the person's contributions (efforts, productivity, organizational loyalty, etc.) match the inducements (pay, other benefits, job security, etc.) the organization offers. Each person as an employee has a specific set of needs that he wants to satisfy and a set of job-related behaviours to contribute. If the organization can take perfect advantage of those behaviours and exactly fulfil his needs, it will achieve a perfect person-job fit. For achieving this person-job fit, managers must understand individual behaviour and for understanding this behaviour, managers must understand the factors that affect individual behaviour. These factors are commonly known as foundations of individual behaviour.

16.6 FOUNDATIONS OF INDIVIDUAL BEHAVIOUR

We have seen earlier that behaviour is caused. In this process, both an individual and stimuli play role. Here, we are concerned only with individual as stimuli will be discussed in the remaining parts of the text. Factors that affect an individual's behaviour may broadly be classified into two major categories: physiological and socio-psychological as shown in Figure 16.2.

Factors in individual behaviour

Physiological	Socio-psychological
Intelligence	Personality
Physical abilities	Perception
Age	Learning
Gender	Attitudes and values
Race	Emotional intelligence
	Motivation

Figures 16.2: Factors in individual behaviour

It may be mentioned that physiological factors are biological and, therefore, they cannot be learned. Socio-psychological factors can be developed by an individual over the period of time through learning and practice. Our focus in the remaining chapters of this part will be on these factors as these affect individual behaviour more than physiological factors.

16.7 INDIVIDUAL DIFFERENCES

The nature of human behaviour is complex and in understanding the behaviour of people, they should be studied in their totality by taking a total man concept. This concept is essentially a combination of all factors affecting human behaviour. It recognizes that any attempt at generalization usually falls short of the mark because people are different. If both individual and environmental variables are considered, there can be (i) differences in behaviour in an individual over time (intra-individual) and (ii) differences in behaviour among individuals given the same set of stimuli (inter-individual).

Nature of Individual Differences

Individual differences may be reflected in individual's different types of behaviour–conformity, rate of learning and development, interaction with people having different types of personality characteristics, productivity, and any such type of behaviour. Such differences range along a continuum from desirable to undesirable. With respect to work, people differ in the following respects:

1. People differ in the importance they attach to intrinsic rewards to the job. People with different psychological make-ups respond differently to challenging versus routine jobs. Some people prefer challenging jobs that afford the expression of the scope for higher abilities. As against this, there may be people who prefer job security and routine operations in their jobs. Thus, different people attach different degrees of importance to rewards and kinds of job they would like to perform.

2. People differ in the type of compensation plan they want or desire. Some people like to work under time-wage system while others prefer to work under piece-wage system or incentive system involving compensation based on productivity.

3. People differ in the style of supervision. Some people prefer to provide necessary inputs for important decisions and like to be their own boss to the maximum extent. On the other hand, some people may not like such working and may depend mostly on others for decision making. Similarly, people respond differently to different styles of leadership and supervision. Some may prefer to work under autocratic style while others work more effectively under democratic or laissez-faire style.

4. People differ in their preferred schedules .of work hour. Some people awake early in the morning, start their working and go early to the bed. Some people do exactly opposite of this,

5. People differ in their tolerance for stress and ambiguity. Some people do better in stressing and ambiguous situations as such situations may bring out their best and they feel the situations as challenging. Others may not bear such stresses for long.

16.8 FACTORS CAUSING INDIVIDUAL DIFFERENCES

The variability in human behaviour is the result of operation of many factors which shape behaviour. All these factors affect the human behaviour in one way or other. As indicated in the previous section, some of these factors lie within the individual himself and others lie in the situations with which he interacts. Various such factors, relevant in organizational context, are presented in Figure 16.3

Individual behaviour caused by

1. Physiological variables
   - Intelligence
   - Physical abilities
   - Age
   - Gender
   - Race
2. Socio-psychological variables
   - Personality
   - Perception
   - Learning
   - Attitudes and values
   - Emotional Intelligence
   - Motivation

1. Organizational variables
   - Organization structure
   - Organizational Processes
   - Organizational culture
2. Job variables
   - Nature of Job
   - Work environment

Figure 16.3 Factors in individual differences

Each individual differs on the basis of various individual factors. Therefore, two individuals may react differently with a given stimulus in the same situation. However, situational variables play powerful role in shaping behaviour. Therefore, situational variables also make difference between individuals so far as their behaviour is concerned. Psychologists agree that both these variables are important though there is disagreement over the relative importance of these factors. The concept of relative importance of both these factors is important because management has varying degree of controllability over these factors. Situational variables can be controlled to a considerable degree but individual variables can be controlled only to a limited extent, In order to be effective, managers should take both these variables as integrated components rather than as separate entities. Here, brief description of these variables are presented. Their details will follow in different chapters.

Individual Variables

An individual is a combination of physiological as well as socio-psychological being. While some of the physiological characteristics of an individual change over the period of time as a natural process, such as physical maturity with the age, change in the socio-psychological features occurs because of the learning over the period of time.

1. Physiological Variables. Human beings possess certain biological endowments which are vital to their behaviour. Various physiological characteristics of heredity, sensory organs, physical build up, and nervous system, etc. determine the outcome of the behaviour. However, a person is not merely a conglomeration of organs, nerves, bones, and brain but a much more complex. As such, these factors are essential to his maintenance and adjustment but play a relatively minor role in shaping his behaviour.

2. Socio-psychological Variables. These variables are more important in shaping the behaviour of a person. From the moment of birth of a child, various psychological processes–perception, learning, motivation–become integral part of the child which help in shaping his personality. These processes do not operate as isolated separate entities as do the biological mechanism of the body, rather, there is continuous interaction between the person and his environment, both social and cultural. Out of this interaction, he learns many behaviours which help him in shaping his attitudes and values.

All these variables–physiological as well as socio-psychological–taken together make an individual unique and distinct as compared to others and, therefore, his behaviour is likely to be different from others.

Situational Variables

Besides individual variables, situational variables also have impact over the behaviour of an individual. In the organizational context, such variables may be in the form of various organizational features like organization structure, various organizational processes like motivation, influence, communication, and control, and the total culture of the organization. Other situational variables are related to the job that the individual performs and the overall environment in which he performs the job. Both these affect his behaviour.

16.9 IMPLICATION OF INDIVIDUAL DIFFERENCES

The understanding of individual differences, particularly based on individual variables, is important from managerial point of view. Individual differences mean that management can achieve the desired behaviour from individuals by treating them differently. In fact, it is almost impossible to develop one theory about the nature of man, fit everyone into it, and develop an approach to management which will ensure absolute result at all times with all people. Thus, management must analyze how differences in individuals can be used in most appropriate manner.

Individual differences have great importance in the organization because different individuals with different qualities and capacities are required to perform various functions. If the work is to be the best in quality and quantity, it is essential that each operation is performed by the individuals best qualified to perform it. The understanding of individual differences not only solves the problem of assignment of activities to them but also helps in taking best out of them by motivating and leading them accordingly.

Considering the differences among people at work, it is visualized that the future organizations would be highly individualized. They view that organizations in future will accept a wide variety of management structures and technologies so as to accommodate the individual differences because a single organization is likely to offer variety of jobs to suit different individuals. For example, people with different personality characteristics are suitable for different jobs. Thus, understanding individual differences may have provided clue to management to design organization structure, adopt leadership and motivation techniques, and develop control systems so as to serve the needs of different individuals adequately.

16.10 CHECK YOUR PROGRESS

Fill in the Blanks

1. The -------------- respond to different situations and events in a different manner.
2. ------------ is defined as the observable and measurable activity of human beings.
3. Each person as an employee has a specific set of -------------- that he wants to ---------**.**
4. The aspect of behaviour which is non-observable or non-measurable, known as ------------ behaviour.
5. The aspect of behaviour which is observable or measurable known as -------- -behaviour.

16.11 SUMMARY

Individuals are different and unique. They respond to different situations and events in a different manner due to various reasons. If we assume that behaviour is caused, and this assumption is true, behaviour takes place in the form of a process. Based on the analysis of behaviour process over the period of time, three models of behaviour process have been developed. These are S-R model, S-O-R model, and S-O-B-C model. The nature of human behaviour is complex and in understanding the behaviour of people, they should be studied in their totality by taking a total man concept. It recognizes that any attempt at generalization usually falls short of the mark because people are different. If both individual and environmental variables are considered, there can be differences in behaviour in an individual over time and (ii) differences in behaviour among individuals given the same set of stimuli.

16.12 KEYWORDS

Behaviour: Behaviour is what a person does.

Individual Behaviour: It is defined as a mix of responses to external and internal stimuli. It is the way a person reacts in different situations and the way someone expresses different emotions like anger, happiness, love, etc.

S-R model of human behaviour: This model suggests that the behaviour is caused by certain reasons.

Individual Differences: It is a combination of all factors affecting human behaviour.

16.13 SELF ASSESSMENT TEST

1. "Human behaviour is caused, motivated, and goal-directed". Examine this statement and show how model of behaviour incorporates the role of organism in shaping human behaviour.
2. Discuss briefly the foundations of individual behaviour. What are the managerial Implications of individual behaviour?
3. Explain the nature of individual differences and their biological and environmental determinants. What are the managerial implications of individual differences?

4. What are the background factors that determine behaviour in an organization?
5. "Different approaches have made different assumptions about the needs that persons seek to satisfy through organizations." Discuss such assumptions.
6. "Human behaviour s more complex than what people believe." Do you agree with this? What are the factors that add complexity in human behaviour?

16.14 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. The **Individuals** respond to different situations and events in a different manner.
2. **Behaviour** is defined as the observable and measurable activity of human beings.
3. Each person as an employee has a specific set of **needs** that he wants to **satisfy.**
4. The another aspect of behaviour which is non-observable or non-measurable, known as **covert** behaviour.
5. The aspect of behaviour which is observable or measurable known as **overt** behaviour.

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SUBJECT: Management Concepts and Organization Behavior	
COURSE CODE: MC 101	Author: Ms. Richa Verma
CHAPTER NO: 17	Vetter: Dr. B.K.Punia

PERSONALITY

STRUCTURE

17.0 OBJECTIVES

After going through this lesson, you should be able to:

- Define personality and explain the theories of personality.
- Describe the personality dimensions.
- Discuss the personality assessment test.

17.1 INTRODUCTION

Personality is a concept that we use in our routine working while dealing with people. We generally talk about people who are close to us or may or may not related to us. We generally say that a person has good, bad, arrogant or aggressive personality. Thus the word good, bad, arrogant and aggressive explains that personality is related with the behavior of an individual. The term personality has been derived from the Latin word 'per sonare' which means to speak through. This Latin word denotes the mask, which the actors used to wear in ancient Greece and Rome. Long ago when plays were performed the numbers of actors used to be less than the number of roles. So the same actor used to change the masks to make people realize that they are performing a different character. Perhaps due to this reason people relate personality to physical and outward appearance. It is also related with social status of the individual, as the person with high social status is having good personality. Thus in simple sense, personality is sum total of ways in which an individual reacts and interacts with others. Thus,

> *"Personality is the supreme realization of the individuality of a particular living being".*

Personality is a word or characteristics, which is of great importance now a day in every field of life. Every organization examines the personality of the applicant before he became the employee of the concern. Every entrance test, that may be a professional course, job or future studies have logical, relational and constructive personality assessment questions because they form the personality of an individual. All the interviews are designed with the questions that can bring out the personality of the candidate. According to Gordon Allport,

> *"Personality is a dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment".*

Thus, personality embraces all the unique traits and patterns of adjustments of the individual in his relationship with others and his environment. Personality is a process of change and it is related with psychological growth and development of an individual. According to R.B.Cattel,

> *"Personality is that which predict of what a person will do in a given situation".*

17.2 DETERMINANTS OF PERSONALITY

The factors, which shape, change or develop the personality of an individual, are discussed as under. These determinants of personality can be classified into following categories:

1. ***Biological factors:*** The ways an individual sense the external event data, interpret and respond to them are general biological characteristics of human biological system. The study of biological contribution to personality can be divided into:

a) **Heredity:** It is transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. These qualities are present in a person by birth. Heredity refers to those factors like physical stature, facial attractiveness, sex, temperament, muscle composition, energy level and biological rhythms etc. that were determined at conception. At conception, each parent contributes chromosomes containing thousands of genes, which seems to be transmitter of traits in the child. Saying such as "like father, like son" proves the above discussion. Thus, heredity is generally more important in determining a person's temperament than his values and beliefs.

b) **Brain:** It plays very important role in shaping personality. The structure of brain determines personality. People normally say that a person with more number of lines on his brain is more intelligent. Different people will give value to different things. For some beauty is more valuable than intelligence. However, no conclusive proof is available so far about the nature of relationship between brain and personality.

c) **Physical Features:** Another factor that contributes to personality formation is physical characteristics of an individual. While defining personality some individuals give higher weights to physical features of an individual. The external appearance includes height, weight, colour, facial features etc of the individual while determining his personality. The normal belief is that the healthy person is lazy and the thin is angry determines the individual personality. In today's competitive environment for the job of sales executive the physical appearance is an asset of an individual.

2. ***Family and Social Factors:*** Family plays an important role in early personality development. The infant acquires those behaviour patterns that depend upon the socio-economic level of the family, family size, birth-order, race, religion, parent education level, geographic location etc. Social factors include the person's interaction with other people throughout his life. The family and social factors are categorized as below:

a) **Home environment:** It is a critical factor in personality development. A child will have soft personality if he will grow in a warm, loving and protective environment. And if everybody in the family is busy in their life and have no concern for each other then the infant will have rigid personality. The key variable is not the parents per se rather the type of environment that is generated for the child.

b) **Family Members:** Parents and other family members have strong influence on personality development of the child. Parents have more impact than other members of the family do in building the child's personality. We generally see that small children behave like their parents. The relationships between the parents and children are higher then between the children and teachers in building child's personality.

DETERMINANTS OF PERSONALITY

1) Biological Factors
   a) Heredity
   b) Brain
   c) Physical Features
2) Family and Social Factors
   a) Home Environment
   b) Family Members
   c) Social Groups
3) Cultural Factors
4) Situational Factors
5) Other Factors
   a) Temperament
   b) Interest
   c) Character

c) **Social Group:** In addition to home environment and family members, there are other influences from the social placement of the family. Social groups include the person’s interaction with other people which starts with playmates during childhood and continue with peers at work, associates and other work groups. The internal and external work environment continues to influence the people personalities, perception and behaviour throughout his life.

The home environment, family members and social groups influence the socialization and identification process of an individual. *Socialization* is a process by which an infant acquires from the wide range of behavioral potentialities that are open to him at birth, those behavior patterns that are customary and acceptable to family and social groups. It starts with the initial contact between an infant and mother and continues with interaction of infant with other family members and social groups. *Identification process* occurs when a person tries to identify himself with some person whom he feels ideal in the family. Generally, a child in the family tries to behave like his father or mother.

3. ***Cultural Factors:*** According to Hoebel, Culture is sum total of learned behaviour traits which are manifested and shared by the members of the society. The culture within which a person is brought up is very important determinant of behaviour of a person. Culture is a unique system of perception, beliefs, values, norms, patterns of behaviour and code of conduct that influence the behaviour of the individual. It determines what a person is and what a person will learn. The way of talking and dressing sense of Hindus and Muslims are entirely different, as they are prone to different cultures. Each culture trains its members to behave in the ways that are acceptable to the group. The difference among individual behaviour is also based upon socio-economic classes, ages, education, professions and geographic regions. As skilled have different behaviour pattern than the unskilled workers do.

4. ***Situational Factors****:* An individual personality is generally stable and consistent; it may change in different situations. An individual life is unique in terms of events and experience, but these experience sometimes change the structure of the entire personality of an individual. Suppose there is a worker who is very fond of doing work. But sometime due to overload he becomes frustrated from the existing job. Due to this changed situation, his personality composition also changes. Thus demand of different situation may call for different aspects of one's personality.

5. Other Factors

a) **Temperament:** It is the degree to which one responds emotionally. It is distributed according to normal distribution.

b) **Interest:** An individual has many interests in various areas. Top executives in any organization do not have common interest. Thus the organization should provide them job rotation and special training programs to satisfy their interest.

c) **Character:** It means honesty. It is very important requirement for responsible jobs. It is resistance to stealing and cheating others. It is likely that an individual may not steal in normal circumstances, but this can be the demand of undesirable circumstances. For example, if the family of an individual is starving, there is a great probability that one will steal. Thus before analyzing the undesirable character of an individual, one should study his situation as well.

d) **Schema**: It is an individual's belief, frame of reference, perception and attitude which the individual possesses towards the management, job, working condition around him, pay scale, fringe benefits, compensation mechanism, development towards religion, government and satisfaction gained from environment. Thus the complete behavior of an individual is dependent upon the external stimuli.

e) **Motives:** These are the inner drivers of an individual. They represent goal directed behavior of individual. Motives help in determining one's behavior towards a goal.

Thus, the above factors affect the formation and development of personality. At each stage of the life every individual learns from the environment he lives in and the persons he interacts with.

17.3 APPROACHES/THEORIES OF PERSONALITY

1. ***Psycho-analytical Theory:*** The mile stone in the study of personality is Freud's psychoanalytical theory. Freud is of the belief that the personality as a reflection of behaviour has been primarily based on the unconscious nature of personality. The human behaviour and motivation is outcome of following psychoanalytical concepts. Such as:

a) **ID:** It is the unconscious part of the human personality. It is most primitive part and is the storehouse of biologically based urges. Example- urges to have food, water etc. ID is original source of personality present in a newborn or infant. The principal of working for ID is ‘Pleasure’. Id tries to satisfy the urge as soon as possible without considering the realities of life.

b) **Ego:** Ego manages ID through the realities of the external environment. Ego is conscious in nature and is a mechanism to relate our conscious urge to outside real world. As Ego is conscious and logical part of human personality, ID is guided and governed by Ego. It explains the ways of thinking and behaving. ID demands immediate pleasure at whatever cost, Ego controls it so that the pleasures are granted at appropriate time and in acceptable manner. Ego delays satisfying ID motives and channels the behaviour, which is socially acceptable. It makes people work to live and adjusting to the realities of life. The principle of ego to work is ‘Reality Principle’. It takes into account what is possible in this world.

   As the function of ID and Ego are contrary there is always ongoing tension between ID and Ego i.e. between urges and realities of life which keeps Ego to develop more sophisticated thinking skills. Thus to keep ID under control, Ego is supported by Super Ego.

c) **Super Ego:** It is higher level restraining force and can be described as the conscience of the person. The conscience creates standards of what is right or wrong. It represents the rules and the norms that check the cultural, moral or ethical behavioral values of the individual in the social environment. However, an individual is not aware of presence and working of superego in oneself. It is developed slowly in a person when he absorbs central values and follows the standards of society. Superego keeps ego to judge what is right or wrong.

Example: A Boy is feeling hungry because of ID. He passes through a shop with food displayed in the window and thus the urge of hunger arises more strongly. But the boy has no penny and the Ego suggest the ways to satisfy hunger that if you don’t have money to buy food, steal and run. Then, Super Ego warns boy that there is something wrong as stealing is considered blundered in society and it is punishable.

THEORIES OF PERSONALITY

1) Psycho-analytical Theory
2) Trait Theory
3) Type Theory
4) Self Concept Theory
5) Social Learning Theory

2. ***Trait Theory:*** It visualizes personality as a reflection of certain traits of the individual. This theory was put forward by ‘ALLPORT”. Trait is a distinctive and personal form of behaviour. There are many traits, which are common to most people, some are unique to a person and other individuals share some. On the basis of trait theory, people can be described as aggressive, loyal, pleasant, flexible, humorous, sentimental, impulsive, cool and so on. Traits are basic elements of personality and can be used to summarize behaviour. The trait of an individual or ‘Personal disposition is studied at three levels:

a) **Cardinal Trait Level:** ALLPORT defined cardinal traits as those pervasive traits which are so powerful/dominant that rarely all the individual action can be traced back to them. As these are highly influential traits, so they are named after key historical figures like Mother Teresa, Hitler, Romeo etc. This level describes a trait so broad and so deep in its impact that it overshadows the influence of other traits for the same individual.

b) **Central Trait Level:** ALLPORT describes central traits as those that might be referred in careful recommendations or at a rating scale. These are unique and limited in number. The traits at this level means to convey what can be expected from a person most of the time.

c) **Secondary Trait level:** These are least generalized traits of a person. The range of influence of these traits is very narrow. These peripheral traits are specialized to the situation.

Cattell used groups of traits to describe the structure of personality. He put these traits in the following categories:

a) **Surface Traits:** Wise-foolish, sociable-seclusive, honest-dishonest etc.

b) **Source Traits:** Trustful-suspicious, relaxed-tense, dominant-submissive, forthright-shrewd, cheerfulness-depressed etc.

3. ***Type Theory:*** Type is simply a class of individuals said to share common collection of characteristics. Type approach discuss the personality in the following ways:

a) Type on the basis of body build

i. **Endomorph:** They are fat, thick in proportion to their height. They seek comfort, eat too much, jovial, affectionate and liked by all. They are even tempered, show a relaxed posture, easy to get along with others and are tolerant of others. They prefer to be led than to lead.

ii. **Ectomorph:** They are thin, long and poorly developed physically. They work well in closed areas and displays restraint, inhibition and desire for concealment. They prefer not to attract attention to him and tend to be distrustful of others. They are anxious, ambitious and dedicated.

iii. **Mesomorph:** They are basically strong, athletic and tough. They seek lot of muscular activity, tends to be highly aggressive and self-assertive. They desire action, power and domination and they can run faster and smile brighter.

b) Type on the basis of nature

i. **Introvert:** The people with following characteristics are introvert such as-shyness, social withdrawal, emotional, process the idea within themselves. Introvert can be good scientists and researchers.

ii. **Extrovert:** People having following characteristics are extrovert. These are- socials, talkative, less emotional, easily makes friends, easily express their ideas and feelings. Extroverts propagate more knowledge and ideas to society. They can be good reporters, actors and marketers.

iii. **Ambiverts/Reserved:** These are the people between introverts and extroverts.

c) Type A and Type B

i. **Type A:** Persons are those who are highly achievement oriented, competitive feel, chronic sense of time urgency and impatient whenever their work slow down. Type A are on fast track of life and are more successful in reaching top slot. They work against opposing forces. Managers in this category are hard drivers, detailed oriented people with high performance standards. These people have difficulty in increasing cordial interpersonal relationships and create a lot of stress for themselves and for the people they deal with. If they have to complete a task within given deadline, they feel pressurized. Researchers have proved that Type A personality profile lead to health problems and specially heart related illness.

ii. **Type B:** These kinds of persons are easy going, no competitive drive, feel no emergency. They are relaxed, sociable and have a balanced outlook on life. They are not over ambitious, are more patient and take a broader view of things. In order to meet a deadline, they do not feel pressurized. They may be hardworking but feel no pressing conflict with people or time and hence are not prone to stress and coronary problems.

4. ***Self-Concept Theory:*** This theory is organized around the concept that the individual himself largely determines personality and behaviour. It is also termed as organismic or field theories, which emphasize on totality and inter relatedness of all behaviour. There are four factors consider in self-concept theory. These are-

a) **Self-Image:** Every person has certain beliefs about who or what he is. The beliefs of the individuals are the proof of self-image or self-identity. Thus self-image is the way one sees himself.

b) **Ideal Self:** As discussed earlier self image indicates the realities of a person as perceived by him, but ideal self indicates the ideal position as perceived by him. It denotes the way one would like to be.

c) **Looking glass-self:** This is the way one thinks people perceive about him and not the way people actually see him. It is the perception of a person about how others perceive his qualities and characteristics. It is a social product, which emerges from face-to-face interaction with others from the very beginning of life. This interaction directs how others see him as an individual.

d) **Real Self**: This is what one actually is. An individual self-image is confirmed when other person's response to him, indicate their beliefs about who and what he corresponds with. On the basis of feedback from environment, the person re-evaluates himself and re-adjusts himself as per the expectation of others. Thus a balance should be maintained between real self and self-image.

Thus self-concept plays a very important role in analyzing individual behaviour. It gives a sense of meaningfulness and consistency. On the basis of self-concept, a person perceives a situation.

5. ***Social Learning Theory:*** This theory believes that personality development is a result of social variables. It emphasizes on conscious needs and wants of an individual. This theory uses "reinforcement and punishment approach" in understanding personality. It looks at personality as some total of all that a person has learned from outside stimuli. There is mutual interaction between external environment and behaviour. For example- if an individual receives bad behaviour from society, the frustration causes and reinforces aggression as a personality trait. And if he receives good behaviour from people in terms of praise, this reinforces

good behaviour. Learning can also occur from observation; we watch the behaviour of other people, draw observation about them and express our own behaviour.

17.4 PERSONALITY DIMENSIONS/ATTRIBUTES INFLUENCING BEHAVIOUR

Personality is a set of relatively stable characteristics or dimensions of people that account for consistency in their behavior in various situations. Personality is a major determinant of what will be done and how it will be done in the job where most of the working day is spent in interacting with other people. In any organization every individual's personality reveals how he works with superiors, subordinates and other people, how an individual adjust himself to a particular situation and how he reacts to the changes occurring in the existing jobs or on the new job. Some of the important personality factors or dimensions that determine what kind of performance will be achieved or what kind of behavior is exhibited at work are:

PERSONALITY DIMENSIONS

1. *Self-Concept and Self-Esteem*
2. *Authoritarianism*
3. *Need Patterns*
4. *Bureaucratic Personality*
5. *Machiavellianism*
6. *Tolerance for ambiguity*
7. *Locus of control*
8. *Risk Taking*

1. ***Self-Concept and Self-Esteem****: Self-Concept* is the way individuals define themselves as so who they are and drive their sense of identity. *Self-esteem* is the degree of respect; liking or disliking an individual has for him. It is a measure of self-confidence and respect for one's abilities and motivation. It denotes the extent to which an individual regard himself as capable, successful, important and

worthy. People with high self esteem are very friendly, affectionate, find it easy to form interpersonal attachment and find good in other people. They tend to take on more challenging assignment and contribute significantly to their organization if the organization rewards them suitably for their efforts. They are high performers. Low self-esteem people are usually critical of others, are generally depressed and blame others for their own failure. They contribute to poor performance, which in turn leads to low self-esteem.

2. *Authoritarianism:* A closely related term to authoritarian is “dogmatism” which refers to the rigidity of a person’s beliefs. Authoritarianism refers to blind acceptance of authority. Authoritarian people believe in obedience and respect for authority. They believe that there should be status and power differences among people in organization. The individual with high authoritarian personality is intellectually rigid, judgmental of others, deferential to those above and exploitative of those below, distrustful and resistant to change. They rightly adhere to conventional values, are conservative, endorse parental control for keeping the family together, are concerned with toughness and power, are close minded and are generally less educated. Where the job demands sensitivity to feelings of others, tact and ability to adapt the complex and changing situations, the persons with high-authoritarian personality would be negatively related to performance.

3. *Need Patterns:* Every individual has needs for achievement, affiliation, autonomy and dominance at work. People with:

a) *High need for achievement* engage themselves totally in work in order to feel proud about their achievements and success.

b) *High need for affiliation* work with great co-operation with others.

c) *High need for autonomy* prefers to work in the environment where the supervision is less.

d) *High need for dominance* is effective in an environment where they can enforce their legitimate authority.

4. ***Bureaucratic Personality:*** This kind of persons has respect for rules and regulations. Thus, on this account it differentiates from authoritarian person whose respect for authority is blind. Bureaucratic persons are not innovative; even not ready to take risk and they keep themselves at ease while following other directions. They value subordination, rules, conformity, impersonal and formal relationship. In the routine and repetitive work, they are better supervisors.

5. ***Machiavellianism****:* It refers to manipulation of others as a primary way of achieving one's goals and gaining and keeping control of others. The extent to which an individual is Machiavellian is measured by Mach Scale. People with high score on mach scale have high self-confidence and self esteem. They are cool and calculating, logical in assessing the system around them. They have no hesitation in using others or taking advantage of others in order to serve their own goals, willing to twist and turn facts to influence others and try to gain control of people, event and situation by manipulating the system to their advantage. As they thoughtfully and logically approach their situation, they are skilled in influencing others. They are successful in exploiting structured situations and vulnerable people.

6. ***Tolerance for ambiguity:*** Because of rapid changes an individual has to work in an environment which is full of uncertainty. They should develop high level of tolerance for ambiguity. People or managers with high tolerance level of ambiguity can work effectively without much stress. But the people with low tolerance for ambiguity can work effectively in structured work setting but it is difficult for them to work in changed conditions.

7. ***Locus of control:*** It is the extent to which individual believe that they control their own lives or external forces control their lives. In other words, the degree to which people believe that they are masters of their own fate

The individual with '*internal locus of control'* believes that he is master of his own destiny. He believes that his internal traits determine what happens in a given situation and he controls events concerning his own life. The person with this kind of personality seeks opportunities for advancement and relies more on their ability and judgement at work. The study proves that the persons with internal locus of control are highly confident. They use their own wisdom and energy while working on any projects.

The individual with '*external locus of control'* tends to believe that events occur purely by chance and because of the factors beyond their control. They feel that the outside forces are affecting the events in his life and the individual is at the mercy of destiny, chance or other people. The person with this kind of personality are generally in active and allow the events occur own their own.

8. ***Risk Taking:*** This shows the willingness of individual to take or avoid risk. It shows how long a manager takes to make a decision and how much information he requires before taking a decision. High-risk taker takes rapid decision with less available information. The propensity to assume risk is dependent upon the nature of job. An accountant performing auditing activities should be risk averse; on the other hand, in the expectation of higher return a high risk-taking propensity results high performance for a stock trader's brokerage firm. As a general saying is higher the risk, higher the return.

17.5 PERSONALITY ASSESSMENT TESTS

1. ***Subjective Test:*** This includes interviews, observations, case studies etc. A person is interviewed and observed carefully to judge his capabilities and capacities. Sometimes a person is also judged with the help of case studies and autobiographies. The judgement and critical remarks about the case studies and autobiographies help in judging the personality of a person.

2. ***Objective Tests:*** It includes questionnaire, K.G. Aggregation etc. These kinds of tests give stress on the mental ability, capabilities rather than on personal appearance of a person.

3. ***Projective Test:*** In this the test like WAT (Words Association Test) and TAT (Thematic Aptitude Test) are conducted. These tests play a major role in analyzing the personality of a person. These tests comprise of words and pictures. And the person is judged by his/her reaction to the picture and words.

All these tests have been devised to assist the personality of the person in the most effective manner.

17.6 CHECK YOUR PROGRESS

Fill in the Blanks

1. Personality is the supreme realization of the --------------- of a particular living being.
2. ----------------- is sum total of ways in which an individual reacts and interacts with others.
3. ------------------- is transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells.
4. The structure of ------------- determines personality.
5. ------------------ is the degree to which one responds emotionally.

17.7 SUMMARY

Every individual possesses a unique set of traits and characteristics, which remain stable overtime. This uniqueness and consistency form the aspects of personality. It is the stability of these characteristics that sometimes assist in predicting behaviour of a given person. There are many factors like biological characteristics, family and social groups, cultural and social factor, which contributes towards formation of personality. An individual can be manifested in various forms like authoritarian personality, bureaucratic personality, Machiavellian personality and so on. There are many theories that are developed in predicting the behaviour of an individual on the basis of various attributes. Some tests are also designed for assessing the personality of an individual.

17.8 KEYWORDS

Personality: It embraces all the unique traits and patterns of adjustments of the individual in his relationship with others and his environment.

Authoritarianism: A closely related term to authoritarian is "dogmatism" which refers to the rigidity of a person's beliefs.

Trait Theory: It visualizes personality as a reflection of certain traits of the individual.

Machiavellianism: It refers to manipulation of others as a primary way of achieving one's goals and gaining and keeping control of others.

Self-Concept: This is the way individuals define themselves as so who they are and drive their sense of identity.

17.9 SELF ASSESSMENT TEST

1. Define personality. How personality does relate to organizational behavior?
2. Briefly describe the various theories of personality.
3. Give a brief account of the factors contributing personality. What are the various tests for assessing personality?
4. What are the various dimensions of personality that are related with interpersonal and organizational behaviour?

17.10 Answer to Check Your Progress

Answer to Fill in the Blanks

1. Personality is the supreme realization of the **individuality** of a particular living being.
2. **Personality** is sum total of ways in which an individual reacts and interacts with others.
3. **Heredity** is transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells.
4. The structure of **brain** determines personality.
5. **Temperament** is the degree to which one responds emotionally.

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COURSE: MANAGEMENT CONCEPTS AND ORGANIZATIONAL BEHAVIOUR	
COURSE CODE: MC-101 LESSON: 18	AUTHOR: SURINDER SINGH VETTER: DR. B. K. PUNIA

PERCEPTION

STRUCTURE:

18.0 LEARNING OBJECTIVES

After going through this lesson, you should be able to;

- Define perception and explain its components.
- Describe the perception models.
- Assess the various factors influencing the perception process.

18.1 INTRODUCTION

The psychological processes that allow an individual to adjust his behaviour are called perception. The behaviour of an individual is inclined by his personality, motives and efforts. The behaviour and performance provides satisfaction to the employees who get stimulated to work more and develop his personality and work quality.

18.2 DEFINITION OF PERCEPTION

Perception may be defined as “a cognitive process by which people attend to incoming stimuli, organise and interpret such stimuli into behaviour”. Perception can also be defined as “a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment”. The environment is a stimulus to influence behaviour, because the stimuli are attended, organised and interpreted to arrive at certain forms of behaviour. The sensory organs, i.e. eyes, nose, ears, skin and tongue, are used to change the stimuli into behaviour through their attention, recognition and interpretation processes. Individuals do not accept the information or stimuli unless they are evaluated and interpreted by the mental processing system. Individuals attend to the stimuli, recognise and translate them into meaningful information, which inspire them to act and perform the job. These processes are known as perpetual process. When employees get satisfaction through their performance, either by meeting their physical or mental needs, they perceive the organisation in the right perspective. It helps them understand the functions and achieve satisfaction.

18.3 COMPONENTS OF PERCEPTION

Perception is a process of sensory organs. The mind gets information through the five sense organs, viz. the eyes, ears, nose, tongue and skin. The stimulation coming to these organs may be through action, written messages, oral communication, odour, taste, touch of the product and people. The perception starts with the awareness of these stimuli. Recognising these stimuli takes place only after paying attention to them. These messages are then translated into action and behaviour.

1. **Stimuli:** The receipt of information is the stimulus, which results in sensation. Knowledge and behaviour depend on senses and their stimulation. The physical senses used by people are vision, hearing, touch, smell and taste. Intuitions and hunches are known as the sixth sense. These senses are influenced by a larger number of stimuli, which may be action, information, consideration and feelings, etc. The stimuli may be in the form of objects or physical commodities. The human body itself is developed through the acceptance of the stimuli. The mind and soul are the victims of these stimuli occurring in the surroundings of the people. The family, social and the economic environment are important stimuli for the people. The physiological and psychological functions are the result of these stimuli. The intensive and extensive forms of stimuli have a greater impact on the sensory organs. The physical work environment, socio-cultural environment and other factors have certain stimuli to influence the employee's perception. In all, the perception begins only when people deal with stimuli; that is, stimulating factors give information about the situation.

2. **Attention:** People selectively attend to stimuli. Some of the stimuli are reacted to while others are ignored without being paid any attention. The stimuli that are paid attention depend purely on the people's selection capacity and the intensity of stimuli. Educated employees pay more attention to any stimuli, viz. announcement of bonus, appeal for increasing productivity, training and motivation. The management has to find out suitable stimuli, which can appeal to the employees at the maximum level. If the attention of the employees is not drawn, the organisation cannot expect proper behaviour from the employees. An organisation should be aware of all those factors, which affect the attention of the employees. During the attention process, sensory and neural mechanisms are

affected and the message receiver becomes involved in understanding the stimuli. Taking employees to the attention stage is essential in an organisation for making them behave in a systematic and required order.

3. Recognition: After paying attention to the stimuli, the employees try to recognise whether the stimuli are worth realising. The messages or incoming stimuli are recognised before they are transmitted into behaviour. Perception is a two-phase activity, i.e. receiving stimuli and translating the stimuli into action. However, before the stage of translation, the stimuli must be recognised by the individual. The recognition process is dependent on mental acceptability. For example, if a car driver suddenly sees a child in front of his running car, he stops the car. He recognises the stimuli, i.e. the life of the child is in danger. His mental process recognises the danger after paying attention to the stimuli. If he does not pay attention to the stimuli, he cannot recognise the danger. After recognising the stimuli, he translates the message into behaviour.

4. Translation: The stimuli are evaluated before being converted into action or behaviour. The evaluation process is translation. In the above example, the car driver after recognising the stimuli uses the clutch and brake to stop the car. He has immediately translated the stimulus into an appropriate action. The perception process is purely mental before it is converted into action. The conversion is translation. The management in an organisation has to consider the various processes of translating the message into action. The employees should be assisted to translate the stimuli into action. For example, the announcement of bonus should be recognised as a stimulus for increasing production. The employee should translate it into appropriate behaviour. In other words, they should be motivated by the management to increase productivity. During the translation period, psychological mechanism commonly known as sensory and mental organs is affected. They influence perception. The incoming stimuli are interpreted and perception is developed.

5. Behaviour: Behaviour is the outcome of the cognitive process. It is a response to change in sensory inputs, i.e. stimuli. It is an overt and covert response. Perceptual behaviour is not influenced by reality, but is a result of the perception process of the individual, his learning and personality, environmental factors and other internal and external factors at the workplace. The psychological feedback that may influence the perception of an employee may be superior behaviour, his eye movement, raising of an eyebrow, the tone of voice, etc. The behaviour of employees depends on perception, which is visible in the form of action, reaction or other behaviour. The behavioural termination of perception may be overt or covert. The overt behaviour of perception is witnessed in the form of physical activities of the employees and covert behaviour is observed in the form of mental evaluation and self-esteem. The perception behaviour is the result of the cognitive process of the stimulus, which may be a message, or an action situation of management function. Perception is reflected in behaviour, which is visible in different forms of employees' action and motivation.

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

7. Satisfaction: High performance gives more satisfaction. The level of satisfaction is calculated with the difference in performance and expectation. If the performance is more than the expectation, people are delighted, but when performance is equal to expectation, it results in satisfaction. On the other hand, if performance is less than the expectation, people become frustrated and this requires a more appealing form of stimulus for developing proper employee work behaviour and high performance. It is essential to understand the factors that influence the perception process and mould employees' behaviour towards the corporate objectives and self-satisfaction. Individuals observe several stimuli everyday. They confront these stimuli, notice and register them in their minds, interpret them and behave according to their background and understanding. Employees confronted with stimuli select only a few stimuli of their choice and leave other stimuli unattended and unrecognised. Factors influencing the selective process may be external as well as internal, organisational structures, social systems and characteristics of the perceiver.

18.4 FACTORS INFLUENCING THE PERCEPTION PROCESS

There is no doubt that stimuli play a significant role in the perception process as various factors relating to the perception process have been noticed by behavioural experts. The factors influencing perceptions are the perceiver's characteristics, object and situations. However, they can be analysed under specific heads such as the perceiver's characteristics, personal factors, internal factors, organisational structures and social conditions.

1. PERCEIVER'S CHARACTERISTICS

Perception depends on how an individual views the objects and situations. Some employees may perceive the workplace as incorporating favourable working conditions, while others may perceive it as a place of good pay. The perception is not actual reality, but it is the viewing of the reality, which differs from person to person according to their respective characteristics. Perceptions of the object are influenced not only by individual's characteristics but also by the characteristics of other employees, the manager's personality and employee's views from their perception of the workplace. The characteristics of employees, viz. attitude, motives, interests, habits, experience, expectations, learning and personality have a greater influence on perception formation.

(i) Attitude: The attitude and aptitude of employees influence perception formation. If they have positive attitudes towards the management, they directly perceive the stimuli given by management. In case of negative attitudes, the employees suspect the management's approach. Employees of high aptitude have a desire and attitude for growth. They behave positively towards the management of an organisation.

(ii) Motives: The motives and desires of employees cause them to view stimuli differently as per their level and angle. Helpful motives of the employees will always assist the management. If they desire to develop themselves and the organisation, they will perceive objects and situations positively. Employees having low motives will not work sincerely. The perception will differ depending on different types of motives. An indecisive manager perceives his supervisors differently. Personal insecurity of a manager results in doubtful perception about his supervisors, irrespective of their intentions. People who are dubious are prone to see others as dubious persons. Motives are reflected in actions based on perception.

(iii) Interest: The interest of individuals draws more attention and recognition to stimuli. Less attention and recognition lowers the impact of stimuli or objects on behaviour. If employees lack interest, behaviour pattern will be less effective, and the perception will be weak. Managers cannot influence the employees in their work culture. Since individual interests vary from person to person, the perception is also different. However, the management tries to create interest among the employees to have higher perception of the organisation.

(iv) Habits: Habits die-hard and therefore individuals perceive objects, situations and conditions differently according to their habits. Many employees learn quickly. Others are slow in perceiving a stimulus. Some employees are not bothered about the management. They do not perceive the object correctly. Some people work by smoking or chewing pan. Thus, the habits of people have different perception levels.

(v) Experiences: The experience of employees' result in different levels of perception. A young employee takes time to understand the object and situation. Experienced employees generally understand objects quickly and correctly.

However, in contradictory situations, it is difficult to correct aged persons, whereas the young are easily moulded towards achieving the objectives of the organisation.

(vi) **Expectation:** Expectations distort the perceptions. People see what they expect to see. If they see the object and the situation differently from their expectations, they get frustrated. They are unable to modify their behaviour. The employees may expect more inclination towards them positively in terms of payments and fringe benefits; therefore, they perceive the management from that angle. The real stimuli are not properly perceived if expectations exist there on. The management has to evolve expectations for proper perception.

(vii) **Learning:** Learning levels of employees have a great impact on their perceptions. It is an important factor influencing perception formation. Educated persons have higher perceptions than the less educated persons. Attitudes are developed according to the learning levels.

(viii) **Personality:** Personality has different levels of perception. The personality of a perceiving person considerably affects the stimuli transformation behaviour process. Young people perceive objects and situations in the original form. Experienced persons perceive the objects as per their personality levels. Perception influences learning, which is a developing factor of personality. The personality has a wider impact on the perception process too. Persons can view objects and situations as per their personality levels. The age, sex, motivation, learning levels, etc. influence perception.

2. EXTERNAL FACTORS

The perception process is influenced by external factors, which may be objects and situations. The external points related to objects and situations have great influence on the perception process. The external factors may be the size, interest, contrast, repetition, motion, familiarity, novelty and others.

(i) **Size**: The size of the object or stimulus has a greater impact on the perception process because the size influences attention and recognition in a more effective manner. Employees are greatly influenced by tall and well-built managers as compared to the normal-sized individuals. The engineering department pays more attention to big and, attractive machines; Big-sized objects have a natural attraction and get more attention.

(ii) **Intensity**: Scholars on human behaviour have revealed that the more intense the stimuli, the higher the attention and recognition in the perception process. A strong voiced manager has more impact on supervisors and employees. It is observed that managers use voice modulation to get the attention of employees. Bright letters and strong appeal have more impact on people than normal letters and low appeal. More attention results in a higher recognition and behaviour pattern. The intensity varies as per the needs of the organisation. The same type of intensity may not be useful for all the situations and objects.

(iii) **Contrast:** Contrasting objects have more impact on behaviour. Employees pay more attention and recognition to contrasting objects and situations. Machines making noises are hardly noticed, but a machine coming to a halt is immediately noticed, because of contrast stimuli. Normal communication and performance have less impact than abnormal and contrast communication. The purpose of contrast stimuli is to attract more attention and recognition. However, if the contrast is not helpful in drawing more attention, it should be avoided and more attention-drawing stimuli should be exercised for gaining a real perception of work behaviour.

(iv) **Repetition**: Repeated stimuli have more impact on performances than a single statement. Repetition has the advantage of being attention-catching. When stimuli are waning, repetition generates fresh attention and recognition. Supervisors repeat orders several times to have them followed by employees.

(v) **Motion:** People pay more attention to the moving objects than to stationary objects. This is just the impact of eyes on the mind. Workers are more attentive towards working machines than stationary machines. The video films of some training programmes create more of an impact on employees than others.

(vi) **Familiarity**: Employees would like to hear and see those programmes with which they are familiar. Training programmes demonstrated in the language of the employees are highly attended and recognised. Examples, which are known and easily understood, are used for motivating employees.

(vii) **Novelty**: Novel actions 'get more attention. New ideas and model preaching will draw the attention of the perceiver. Changing jobs reduce monotony. Novel objects and situations are recognised clearly by the perceivers.

(viii) **Situations:** Situations have a great influence on people's perceptions. A favourable work environment develops a positive attitude and work culture because the perception process is easily channelised and rightly directed. The management style and functioning of the organisation influences the employee’s mental state through attention and recognition. Work relations also have some impact on perception forces.

(ix) **Objects:** Objects are external factors influencing the perceiver because he has no control over them. The physical and internal attributes of objects are influencing factors of perception. The physical and time proximity, complex nature of objects, presentation of messages and the territorial approach of the management have great impact on the perception.

3. **INTERNAL FACTORS**

Internal factors are within the personal control of the perceivers. They use these factors when they so desire. They are based on the individual’s psychological setup, economic and social background, learning, personality and motivation.

(i) **Psychological setup:** Factors such as attitude, interest, preferences, likings and other psychological bent of mind distort the perception process. People perceive what they like to perceive because of their attitudinal and mental approaches. These factors are the outcome of not only the self-factors of the individuals but their actions and interaction with other people. People working with employees do help in the foundation of the psychological setup. One person's problem may be another person's satisfaction. For example, giving a higher bonus is a state of satisfaction to employees, but becomes a problem for managers.

(ii) **Economic and Social background:** The employee perceptions are based on economic and social backgrounds. The employee's level of understanding depends upon their economic and social backgrounds. Socially and economically developed employees have a more positive attitude towards development rather than less developed employees. However, developed employees are prone to decision-oriented functions. Conflicts between managers and employees will increase in this case. The problems can be resolved only through proper perception processes.

(iii) **Learning:** The state of learning influences the perception process. Highly educated persons can easily and rightly perceive the management's problem. They cooperate in problem solution. On the contrary, less educated employees are less concerned about the management. They perceive the management as a separate and superior part of the organisation, who tend to exploit the labour, irrespective of the reality. People perceive as per their levels of learning. It is therefore essential for the organisation to make its employees knowledgeable and educated for their effective performance and behaviour. The learning of managers and workers is a twin requirement.

(iv) **Personality:** The personality of the perceiver as well as the stimulator has an impact on the perception process. The age, sex, race, dress, facial expressions and body postures of both the persons have a direct influence on the perception process. If the perceiver is female and the stimulator is male, the perceiver gets some influences only if she prefers males. Otherwise, the perception process will be disturbed. The ethnic personalities have some influence on perception. Physical and mental characteristics, work pattern and age similarities affect the perception process.

(v) Motivation: The pattern of motivation in an organisation helps to develop perception building. Motivated people have the right perceptions about the stimuli, whereas the loco-profiled workers are doubtful about the message given by the management for the development. The approach of the female managers to problems is given more attention and recognition. Motivational theories have revealed the perception processes of particular categories of employees. Attention is drawn towards their needs, satisfaction and achievement desires. The mental state of motivational desire influences the perception process. Stimuli based on external factors receive varied degrees of attention and recognition. Internal factors, i.e. factors related to employees and managers, have different degrees of impact on the attention and recognition process while being translated into behaviour, which results in performance.

4. ORGANISATIONAL STRUTURE

The perceptual process is influenced by the organisational structure and process. The perceptual structure, perceptual grouping, constancy, context, defence, workplace and process have been recognised as important factors influencing the perceptual process.

(i) Perceptual structure: The organisational structure influences the perception of employees and other people related to the organisation. The departmentalisation, decentralisation, delegation of authority and other structural frameworks have important bearings in the mind of employees. An adequate amount of decentralisation makes employees feel that the organisation is welfare-oriented. Similarly, too much centralisation gives rise to the feeling of suspicion in the minds of employees. Structure itself becomes a flowchart of perception. Work relations and the decision-making authority provide an important understanding of organisational perception. If the employees view the structure positively, they willingly contribute to the development of the organisation.

(ii) Perceptual grouping: The manager generally groups all the stimuli together to influence the employees. The grouping is done based on closure, continuity, similarity and proximity. The closure doctrine of grouping is based on the Gestalt Principle of psychology wherein the individuals perceive the whole object although the whole unit does not exist. For example, the manager perceives that all the members cooperate with him in achieving computerisation, whereas some members really oppose mechanisation. The manager tries to close the disagreement and maintains uniformity in agreement for mechanisation. On the other hand, if the members do not withdraw their disagreement, they observe their individual perceptions. The continuity principle emphasises that the stimuli should continue to make an impact on the perceiver. Discreet stimuli may however distort the perception process. The continuity principle is different from the closure principle as missing stimuli are applied in the latter case, whereas a continuous link is maintained in the former case. It is observed that only continuous and related stimuli are easily attended and recognised. The obvious and continuous flow of stimuli may produce the desired behaviour. The similarity principle assumes that similar stimuli are easily attended, recognised and perceived. The similarity has its own impact on the employees. For example, employees wearing special clothes at the workplace automatically carry the message of the organisation. Similarity in age, sex, education and other characteristics have a direct impact on the employee's perception. The proximity principle refers to the grouping of the segments into one unit. Nearness of stimuli will be perceived as wholesome for the group. All the stimuli are considered one because of physical proximity. For example, all the employees in one-cadre will be considered as one group which is stimulated by the proximity of stimuli. Departmental employees are considered as single group employees because of proximity. They are motivated on the basis of proximity stimuli.

(iii) **Perceptual constancy**: Perceptual constancy plays an important role in the perception process. The stability and unchangeability of objects help in the constant perception process of people. The constancy of stimuli helps in easy perception because people become accustomed to the stimuli. The size, shape, place and colour of objects and situation are easily observed if they are constant. Constant stimuli make the perception process easy and effective.

(iv) **Perceptual context**: The context of the stimuli with reference to objects and situations has a meaningful impact on the perceiver. If the perceiver has the confidence that the stimuli are relevant to their work and awards, they may pay more attention to the perception process, policies and objectives relevant to employees. Welfare is paid more attention. Verbal communication in the relevant context is given more perceptual consideration.

(v) **Perceptual defence:** The defensive role of the management is well recognised by the employees. There are many areas where employees develop conflicts, which are resolved by the management. Such functions, which provide defence to conflicting views, are given more importance by employees. People like to defend their professions, work and work relations, if they are satisfied. On the contrary, dissatisfied workers criticise their own work and workplace. Many workers perceive conflicts as not being very serious. They only perceive conflicts as casual and to be expected, without any significant features. Some employees however find conflicts alarming. They react to warning signs and perceive the situation differently. Managers can find different perceptions for their actions because they view the situation from the angle of defence.

(vi) **Perceptual workplace**: The perceptual process is affected by the workplace too. The climate temperature, noise, smoke and other factors have a direct bearing on the perception and psychological traits of employees. Consequently, the perceptual process is different for different employees. Some employees develop a positive perception while others develop a negative perception of the workplace. All employees perceive the same situation and object differently because of the varied nature of their workplace.

(vii) Perceptual process: The relationship between employees and managers is crucial in the perceptual process. Employees may perceive a low output with pleasure to influence their supervisor. The management has a different perception of performance and evaluation. Some may perceive a self-fulfilling prophecy by the management, when they have too high or too low expectation from employees. High expectation inspires managers to motivate their employees positively. Managers develop subjective attitudes many times about the performance and process. Besides, the employees' efforts are also considered for performance and process valuation. During the work process, some employees are troublemakers and some are loyal. The perceptual process is an important factor for the perception process of management and employees.

5. SOCIAL FACTORS

Social conditions have much influence on the perception process. Perceivers and the perceived objects have complex characteristics. They are perceived differently in different situations. The attributes of objects are important considerations influencing the selectivity process of perception. Attributes of objects, the subject, the situations and the perceiver have become so important that a separate theory known as attribution theory has been developed under the perception theory. Social factors consider how one person behaves towards the other person and how other people behave towards him. The interaction between the manager and his subordinates is considered under social factors, which include the stereotyping effect, the halo effect, contrast effect and projection.

(i) Stereotyping effect: The perception process takes the shortest method in some cases and considers only routine effects. Stereotype judgement is based on an ideal situation or the type of impression formed about the group. It is the consideration of individual's characteristics as being representative of the whole group. If an employee is found well behaved, the whole group of employees is considered to be good. If, in an organisation, a manager is helpful, it is generalised that the organisation is very helpful and sympathetic towards employees. It is an inductive method wherein conclusions are aggregated from individual performance; that is, it accumulates particular cases to arrive at general conclusions. Stereotyping is generalisation, which has the advantages of being time saving, accurate and common. For example, assume that the management has previously found that sportsmen and athletes have been very successful workers in the factory. They were ambitious; hardworking and can easily overcome adverse situations. In future selection process, the management may appoint such sportsmen and athletes without undergoing many selection procedures. Similarly, many decisions are taken on the basis of the stereotyping effect. The generalisation may prove disastrous if it is relied on heavily without proper scrutiny and examination of individual characteristics. The most important stereotyping effects are observed in the form of age, sex, nationality and social status. The stereotyping effects under social perception consider the attributes, traits and other qualities of a member of a social organisation. These qualities are generalised as the qualities of the social organisation or group. However, there may be perceptual errors, because the generalised attributes and qualities may not be found in all the cases. Therefore, the perception process takes into consideration the amount of perceptual errors when deriving conclusions based on stereotyping effects. Favourable and unfavourable traits are always calculated and evaluated to find their impact on the behaviour or decision taken. Stereotyping has become an important factor of social perception, which is based on ethnic groups-socio-economic groups, demographic groups and so on. The individual difference in the group is recorded to evaluate the perceptual errors in arriving at stereotyping effects. The belief factor in stereotyping effects has become an important tool to arrive at certain decisions. One can conclude that an organisation has a democratic manager. The common characteristics are the basis of belief. If a manager belongs to the said democratic organisation, one can believe that he will also have the same characteristics. The errors may be there in belief because of ignoring variations in characteristics and holding mistaken beliefs. The beliefs or stereotyping effects are modified from time to time to arrive at correct perception behaviour and decisions.

(ii) **Halo effect:** The halo effect occurs only when a single factor is taken for performance evaluation or perception, with the process ignoring other important considerations. For example, if an employee is considered good on one account, he is treated as good on all accounts. But, in the real field, he may not be good on every account. The halo effect is related to the personality assessment based only on a single trait. If a manager is found to be intelligent, he is considered good for cooperation, dependability and for other purposes. The halo effect arises on account of the nuclear expression of traits, which are not frequently encountered and have moral implications. The perception process becomes deceptive if only one factor is given more importance. If an employee possesses all desirable qualities except that of loyalty to the manager, he is not put in the same perceptual setup as the personally loyal employees, having no profession attributes and work devotion. The halo effect is an attribution. Error or perceptual error should be avoided in the perception process. The communicating authority should be well aware of the halo effect for proper motivation.

(iii) **Contrast effect:** Like stereotyping and halo effect, the contrast effect is another factor of social perception, i.e. perception in a group. People perceive differently in many cases. Whatever the manager emphasises, the employees may take different views of the stimulus. For example, manager asks employees to increase productivity for getting a bonus. Employees may view this stimulus or message as the manager being bothered about his promotion. If employees develop this perception and translate it into practice, the stimulus will work against the purpose. The contrast effect is an error of social perception. Politicians generally produce a contrast effect amongst their audience. The contrast effect occurs because of doubtful relations, swift conclusions, unfavourable attitudes and so on.

(iv) Projection: Generalisation leads to projection. People have the habit of projection although it may not be correct. People may project future events differently from the reality in many cases. Personal attributes, objects and situations are to be considered before projection. However, projection may not be always incorrect. If it is properly evaluated and placed, the projection may give the correct perception. For example, if a manager is trustworthy, he may also treat his employees trustworthy. Contrary to this, many employees may not be trustworthy. Similarly, a manager who is good may not necessarily consider his employees good too. Thus, the projection process differs from person to person, place to place and object to object, and this has an ultimate impact on the perception process.

18.5 PERCEPTION MODELS

Perception models are related to the perception objectives and perceptual setup to achieve objectives. Broadly speaking, perception model may be selected from among the decision-making model, the satisfying model, implicit favourite model and the intuitive model. Each has its respective advantages.

1. Decision-making Models

There are different types of decision-making models. Of these, the optimising model, the individual decision-making model and the ethical decision-making model are some of the important perception models based on the decision-making process.

(i) Optimising model: The optimising decision-making model assumes the rationality, goals and preferences for arriving at the final choice of maximising the outcome. Rationality assumes that people prefer consistency and value maximising. People are logical and objective-oriented. They are goal-oriented and use the steps of optimising to select the best alternative. People are clear about their preferences and choice methods. They are knowledgeable about the need for a decision, can identify the decision criteria, assign proper weights and values, develop alternatives, evaluate the alternatives and select the best alternative. The decision makers list the needs, which are more thrusting and less thrusting. The criteria dividing the steps are weighed and evaluated to find various alternative solutions to a problem. First, alternatives are developed in different forms. Secondly, the alternatives are evaluated as per the weighted criteria. Different alternatives are related and ranked. The alternative having the maximum weights is rated as the best and given the first rank. The decision thus arrived gives maximum value or optimises the use of resources.

(ii) Individual decision-making model: Individuals think before they act in their own manner and method. They follow the simple process of decision-making. They consider their decision the best because the decision is taken as per their individual outlook. Some individuals prefer satisfying decisions while others take maximisation of uses as the best decision. However, there are people who do not bother about the decision process, but take a swift decision based on their personal whims and discretion. The majority of the people use a simple decision-making process. Neatness, promptness, enthusiasm, attitudes, preferences and education have a great influence on the individual's decision-making process.

(iii) Ethical decision-making model: The decision-making process involves ethical considerations, which are utilitarian, consistent and just. Utilitarianism refers to the greatest good for the greatest number of people. Goals like productivity, profitability, economy and efficiency are considered under the ethical decision-making process. Consistency with the existing rules and regulations are important for making ethical decisions. Right decisions are preferred, as they do not antagonise any person. Equitable distributions of benefits and costs are the basic point of justice. Ethics are based on cultures and social setup. Ethical decisions have a moral support and long lasting features. Ethics and culture influence the decision-making process at every stage, i.e. ascertaining the needs for decisions, identification of the decision criteria, allocation of weight to the criteria, development of the alternatives, evaluation of the alternative; and selection of the best alternatives. The needs and attitudes are developed as per the ethics and culture of society.

2. SATISFYING MODEL

The satisfying or bounded rationality model is used to arrive at suitable decisions. When people face complex problems, they require at least those solutions, which may satisfy them to a minimum level. A simple and satisfying model is constructed within the limits of rationality. All the problems are analysed, their complexities are understood and solutions are put forward for conspicuous choices. The difference between the optimising and satisfying model is that all alternatives are not evaluated under satisfying model as is done in the former case. Instead, only those alternatives are evaluated which are satisfactory and sufficient. Only those alternatives, which are good enough, are selected for getting satisfaction. If satisfying attributes exist in alternatives, the further search of good enough attributes continues till the best alternative is arrived at. The satisfying model considers only simple and limited models. Only those alternatives are considered which are commonly known and are within the limits of the decision makers. Remote, non-feasible alternatives are not considered, and only useful and approachable decisions are used for solving problems.

(i) **Implicit Favourite Model:** Like the satisfying model, the implicit favourite model solves complex problems by simplifying the process. An alternative will be considered and evaluated only when it is identified as a favourite, which is implicitly known to the decision maker. In this case, the decision maker is neither rational nor objective. He implicitly selects a preferred alternative. The implicit favourite is the right choice. It has been revealed by research that people prefer an implicit favourite decision which mayor may not be the optimising alternative. In the implicit favourite model, the problem is first identified. Thereafter, implicit favourite alternatives are developed to find the required solutions. Evaluation criteria to judge each and every alternative as the favourite are developed. Using the criteria, the alternatives are reduced to a lower number, viz. one or two. If these alternatives do not fulfill the requirements of the decisions, new implicit favourite alternatives are developed, evaluated and selected as discussed already.

(ii) Intuitive Model: The implicit favourite model gives birth to the intuitive model, which believes in one's own decision as favourable. The implicit favourite model requires even evaluation of the alternatives. Intuition is considered the best criterion to select an alternative as the best alternative solution to the problem. Intuition is one's own inner feeling or sixth sense. It depends on one's own experience and knowledge. Many decisions taken at the unconscious level of the mind are very useful. Intuitive and rational decisions are not opposite to each other, but are complementary to each other. Intuitive decisions result from quick decision-making processes, although they are not always dependable. The management should rationally evaluate intuitive decisions.

18.6 CHECK YOUR PROGRESS

Fill in the Blanks

1. The psychological processes that allow an individual to adjust his behavior are called **perception**.
2. The physical senses used by people are vision, hearing, touch, smell and **taste**.
3. The **stimuli** are evaluated before being converted into action or behaviour.
4. The **personality** of the perceiver as well as the stimulator has an impact on

the perception process.

5. The closure doctrine of grouping is based on the **Gestalt Principle** of psychology wherein the individuals perceive the whole object although the whole unit does not exist.

18.7 SUMMARY

Behavior is a fatality of the environment, which is observed in the form of stimuli. The sensory organs perceive the stimuli as per their learning and personality. The reverse functions are also correct. The perceptions, if modified through adequate and qualitative stimuli, help to develop learning and personality. Improved behaviour has better performance and rewards, which provide more satisfaction to the employees. A satisfied employee tries to learn and work effectively. An organisation grows with the developed employees. Perception is therefore an important and initial step for developing an organisational behaviour. It is a cognitive process, which selects, organises and interprets the stimuli. It overlay the base for behaviour. Although, perception may not be a real-world presentation, it is an imaginary understanding of the situation. The behaviour of an individual is guided by perception. People perceive differently as per their learning and personality. The perceptual world of a manager is different from the perceptual world of employees. Social factors also influence the perception process. Employees coming from a poor family have different perceptions of an organisation from those coming from rich families. The levels of education, family background and political situation have a direct impact on the perception level.

18.8 KEYWORDS

Perception: It is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

Halo effect: The halo effect occurs only when a single factor is taken for performance evaluation or perception, with the process ignoring other important considerations.

Behavior: Behavior is the outcome of the cognitive process.

Objects: Objects are external factors influencing the perceiver because he has no control over them.

18.9 SELF ASSESSMENT TEST

1. What do you mean by perception in the context of organisation?
2. "Behaviour is the problem". Comment.
3. Do you think the behaviour is natural and should be ignored?
4. "Employees of different organisations have different perceptions". Explain.
5. Define the components and models of perception.

18.10 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. The psychological processes that allow an individual to adjust his behavior are called **perception**.
2. The physical senses used by people are vision, hearing, touch, smell and **taste**.
3. The **stimuli** are evaluated before being converted into action or behaviour.
4. The **personality** of the perceiver as well as the stimulator has an impact on the perception process.
5. The closure doctrine of grouping is based on the **Gestalt Principle** of psychology wherein the individuals perceive the whole object although the whole unit does not exist.

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COURSE: MANAGEMENT CONCEPTS AND ORGANISATIONAL BEHAVIOUR	
COURSE CODE: MC-101	**AUTHOR: SURINDER SINGH**
LESSON: 19	**VETTER: DR. B. K. PUNIA**

ATTITUDES

STRUCTURE

19.0 LEARNING OBJECTIVES

This lesson will make you to understand:

- How attitudes affect human behavior?

- Identify how attitudes are developed so that mangers can affect attitudes by controlling various factors.

19.1 INTRODUCTION

Attitude is the major factor, which affect the behaviour of a person or an organisation. It manipulates the perception of objects and people, exposure to and comprehension of information, choice of friends, co-workers and so on. The importance of attitudes in understanding psychological phenomenon was given formal recognition early in the history of social psychology. From the time of the concept's entry into the language of psychology until now, interest in attitudes has been strong and growing. However, over the years' attitudes have been studied with differing emphases and methods. For example, between the period of 1920s and up to World War II the attention of attitude researchers was directed principally towards definitional issues and attitude measurement. In addition, there were studies concerned with relationship of attitudes to some social variables. World War II brought with it a growing concern about the place of the attitude concept in understanding prejudice, particularly anti-Semitism. This period also brought the measurement of attitudes and opinions concerning various facts of soldiering and war. After the war, the subject of attitudes was taken up by academicians, particularly in the context of attitude change. Till now, the researchers have developed a loosely structured theoretical framework formulating the psychological processes underlying attitude change and the direct application of the study of attitudes to contemporary social problems.

19.2 MEANING AND CONCEPT OF ATTITUDES

Attitudes may be defined in two ways conceptual and operational. Even there is a quite difference in the conceptual definition of the term attitude. The term attitude first entered in the field of social phenomenon, it was natural to conceive of attitude as a tendency, set, or readiness to respond to some social objects. Some authors define attitude as a mental and neural state of readiness, organised through experience, exerting directive or dynamic influence upon the individual's response to all objects and situations with which it is related. From this point of view, attitude implies a heightened responsiveness to certain stimuli. Many researchers have defined attitude in terms of effect and evaluation. For example, Krech and Crutchfield define attitude as an enduring organisation of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of the individual's world. Thus, attitudes are beliefs imbued with emotional and motivational properties and are expressed in a person's favourability towards an object. The evaluative nature of attitude is also emphasised by Katz and Scotland when they define attitude as a tendency or predisposition to evaluate an object or symbol of that object in a certain way. Evaluation consists of attributing goodness-badness or desirable-undesirable qualities to an object.

In addition to conceptual approach, there is operational approach in defining the term attitude. The concept of attitude is operationalised in a number of ways; but in most cases, studies rely on some kind of questionnaire to measure attitudes. Taking attitudes from this point of view, only evaluative aspect of attitudes has been taken into account. For example, Fishbein has noted that most measures of attitudes tap an underlying dimension of favourability-unfavourability and, therefore, attitudes should be regarded as synonymous with evaluating meaning. Thus in practice, the term attitude often is used in a generic sense to any reports of what people think or feel or the ways in which they intend to acts.

19.2.1 ATTITUDE, OPINION AND BELIEF

An opinion is generally the expression of one's judgement of a particular set of facts or an evaluation of the circumstances presented to him. Thurstone defines opinions as expressions of attitudes. However, Kolasa observes that an opinion is response to a specifically limited stimulus, but the response is certainly influenced by the predisposition with which the individual is operating that is the attitude structure. Undoubtedly, attitudes are basic to opinions as well as to many other aspects of behaviour. Although attitudes tend to be generalised predisposition to react in some way towards objects or concepts, opinions tend to be focused on more specific aspects of the object or the concept. McCormick and Tiffin observe that the measurement of attitudes is generally based on the expressions of opinions. But we should distinguish between attitude scale like a thermometer or barometer, which reflects the generalized level of individuals' attitudes towards some object or concept, and opinion survey which typically are used to elicit the opinions of people toward specific aspects of, for example, their work situation.

A difference can also be made between attitude and belief. A belief is an enduring organisation of perceptions and cognitions about some aspects of individual's world. Thus belief is a hypothesis concerning the nature of objects, more particularly, concerning one's judgement of the probability regarding their nature. In this sense, belief is the cognitive component of attitude, which, reflects the manner in which an object is perceived. Kolasa observes that beliefs are stronger than opinions; we hold them more firmly than we do the more changeable evaluations of minor or transitory events represented by opinions.

19.2.2 ATTITUDES AND BEHAVIOUR

Individual's behaviour is not a simple and direct stimulus-response relationship; rather it is affected by the individual concerned, as is explained by S-O-B model. The work situation is interpreted by individual, and attitudes play an important part in which the situation is interpreted. Only after individual's interpretation and comparison does the response occur. This means that response expected of a purely objective and rational consideration of the work situation and its characteristics may not be the actual response of the individual. His response depends completely on how he interprets the situation and on his own personal attitudes towards the situation. Obviously, attitudes are an important consideration because of their central position in the process transforming work requirements into effort. Attitudes have been thought as serving four functions and thereby affecting the behaviour, as discussed below:

(i) **Instrumental**: Attitude serves as a means to reach at a desired goal or to avoid an undesired one. Instrumental attitudes are aroused by the activation of a need or cues that are associated with the attitude object and arouse favourable or unfavourable feelings.

(ii) **Ego-defensive:** The ego-defensive function of attitudes acknowl-edges the importance of psychological thought. Attitude may be required and maintained to protect the person from facing threats in the external world or from becoming aware of his own unacceptable impulses. Ego-defensive attitudes may be aroused by internal or external threat, frustrating events, appeals or to the build-up or repressed impulses, and suggestions by authoritarian sources. The attitude influences his/her behaviour by affecting his perception of the situation accordingly.

(iii) **Value Orientation:** The value-orientation function takes into account attitudes that are held because they express a person's values or enhance his self-identity. These attitudes arise by conditions that threaten the self-concept, appeals to reassert the person's self-image, or by cues that engage the person's values and make them salient to him.

(iv) **Knowledge:** The knowledge function of attitudes is based on a person's need to maintain a stable, organised and meaningful structure of the world. Attitudes that provide a standard against which a person evaluates aspects of his world serve the knowledge function too.

These functions of attitudes affect the individual's way of interpreting the information coming to him. Since attitudes intervene between work requirements and work responses, information about how people feel about their jobs can be quite useful in prediction about work response. Thus these types of attitudes can portray areas of investigation for making the individual and the organisation more compatible.

19.3 THEORIES OF ATTITUDE FORMATION

There are so many theories that have been projected to explain the attitude formation and change. Although, these theories have many limitations, they provide useful thinking about the processes underlying attitude formation. These theories are organised into major groupings according to the nature of the psychological processes postulated to underlying formation and change of attitudes. These theories may broadly be classified into three categories: cognitive-consistency theories, functional theories and social judgement theories. However, there is frequent discontinuity between various grouping because related approaches have focused on different sets of phenomena. Nevertheless, such classification is valid from practical point of view.

19.3.1 COGNITIVE CONSISTENCY THEORIES

Attitudes do not exist in isolation; indeed, a complex structure results which, appears to have at its heart a consistent tendency to maintain balance and resist change from influences of various types. In general, these theories are concerned with inconsistencies that arise between related beliefs, bits of knowledge, and/or evaluations about an object or an issue. Through various consistency theories differ in several respects, including the form of inconsistency about which they are concerned, all of them have in common the idea that the psychological tension created by this unpleasant state leads to attempt for reducing the inconsistency. There are four important theories under this group.

A. Balance Theory: The basic model of balance theory has been provided by Heider. The theory is concerned with consistency in the judgement of people and/or issues that are linked by some form of relationship. There are three elements in the attitude formation; the person, other person, and impersonal entity. Two generic types of relationships are considered to exist between the elements;

linking or sentiment relations and unit relations. The linking relations encompass all forms of sentiment or effect, while unit relationships express the fact that two elements are perceived as belonging together. Both linking and unit relations can be positive and negative. In a three element system, balance exists if all three relations are positive or if two relations are negative and one is positive. Imbalance exists if all three relations are negative or if two relations are positive and one is negative. People tend to perceive other and objects linked to them so that the system is balanced. Thus if a perceiver likes a source who favours a certain position on an issue, the balancing process induces the perceiver to favour that position too. The balanced states are stable and imbalanced states are unstable. When imbalanced states occur, the psychological tension created motivates the person to restore balance cognitively by changing the relations. Thus, a person’s attitudes towards an object depend on his attitudes towards a source that is linked with the object.

The basic model of Heider has been criticised on some grounds. For example, the theory does not consider the degree of linking or unit relationship nor the relevance to the perceiver of the elements and relations. Consequently, there are no degrees of balance or imbalance, and it is not possible to make quantitative predictions about the degree of attitude change.

In the extension of balance model, Abelson has suggested four methods in which a person can resolve imbalance in cognitive structures: denial, bolstering, differentiation, and transcendence. Denial involves denying a relationship when imbalance occurs. Bolstering involves adding element in the structure that is adding another issue in the main issue. Differentiation involves splitting one of the elements into two elements that are related in opposite ways to other elements in the system and negatively related to each other. Transcendence involves combining elements into larger, more super ordinate units from a balanced structure. These processes occur in hierarchy so that a person's attempts to resolve imbalance in the ordering are discussed. The ordering is based on the assumption that the person will attempt the least effortful resolution first. This theory helps in understanding the role of persuasive communication and interpersonal attractiveness in changing the attitudes.

B. Congruity Theory: Osgood and Tannenbaum have proposed the congruity theory of attitudes which is similar to the balance theory. The focus of the theory is on changes in the evaluation of a source and a concept, which are linked by an associate or dissociate assertion. Congruity exists when a source and concept that are positively associated have exactly the same evaluations and when a source and concept those are negatively associated-have exactly the opposite evaluations attached to them. Congruity is a stable state and incongruity is unstable one. As such, incongruity leads to attitude change, and the theory states how much attitudes towards the source and towards the concept change in order to resolve the incongruity.

C. Affective Cognitive Consistency Theory. This theory, propounded by Rosenberg, is concerned with the consistency between a person's overall attitude and effect towards an object or issue and his beliefs about its relationship to his more general values. Rosenberg has related attitudes to one aspect of cognitive structure-means-end relationship between the object or issue and the achievement of desired and undesired values or goals. The theory is also called structural because it is concerned mainly with what happens within the individual when an attitude changes. It proposes that the relationship between the affective and the cognitive components of the attitude change when an attitude is altered.

The theory postulates that a person’s effect towards or evaluation of the attitude object tends to be consistent with this cognitive structural component. When there is inconsistency beyond a certain level of tolerance, the individual is motivated to reduce the inconsistency and thereby to change one or both components to make them more consistent. The theory, thus, suggests that changes in the affective component produce changes in the cognitive component in order to bring about consistency between the two. The theory also suggests that persuasive communication can be used to change the attitudes. The persuasive communication conveys information about how the attitude object or issue furthers the attainment of certain desirable ends or conveys persuasive material that results in a re-evaluation of the goals themselves.

D. Cognitive Dissonance Theory: The cognitive dissonance theory, proposed by Festinger, has had by far the greatest impact on the study of attitudes. At first sight, this theory may appear similar to the affective cognitive theory. The difference between the two is that this theory (dissonance) tends to tie in the third component of the attitudes (behavioural tendency) with cognitions about the attitude object. Rather than dealing with only one belief, this theory deals with relationship a person's ideas have with one other, it states that there are three types of relationships between all cognitions: dissonance, consonance, and irrelevance. Cognitions are dissonant whenever they are incompatible; or if they are opposed to one’s experience about the relationship of events. Cognitions are consonant when one follows from the other on the basis of logic or experience. Cognitions are totally irrelevant when two events are not interrelated. The presence of dissonance gives rise to pressures to reduce or eliminate the dissonance and avoid- the further increase of dissonance. Dissonance varies in magnitude. The total amount of dissonance is a function of the proportion of relevant elements that are dissonant with one another relative to the total number of consonant and dissonant elements, each weighted by the importance of the elements for the person. Higher the degree of dissonance, higher would be the attempt to reduce it. Dissonance is reduced through three methods: changing a behavioural cognitive element, changing an environmental element, and adding a new cognitive element. The basic model of Festinger applies to several situations affecting behaviour of persons. In each behaviour, the person experiences dissonance when he engages in behaviour contrary to his attitudes. Since magnitude of dissonance is a function of the relative number and important elements, the amount of justification a person has for engaging in the attitude-discrepant behaviour is an important determinant of the amount of dissonance he experiences. Justification adds consonant element to the otherwise dissonant situation. For example, when a person has to choose among a number of alternatives, he experiences conflict before the decision. After the decision, he experiences dissonance because the positive features of rejected alternatives and negative features of selected alternative dissonant with the choice. To overcome this dissonance, the justification process starts. Dissonance reducing changes have the net effect of increasing the valuation of the chosen alternative and decreasing the valuation of rejected alternatives.

19.3.2 FUNCTIONAL THEORY

Functional theory considers how attitudes and efforts are related to the motivational structure of the individual. The theory focuses on the meaning of the influence situation in terms of both the kinds of motives that is arouses and the individual's method of coping and achieving his goals. An understanding of the functions served by attitudes is important for attitude change procedure since a particular method may produce change in individuals whose attitudes serve one particular function, but may produce no change in an opposite direction in individuals for whom the attitudes serve a different function. The most prominent person who visualised functional theory is Katz and he suggests four functions of attitudes: utilitarian or instrumental function, ego-defensive, value orientation, and knowledge, as discussed earlier. It can be seen that there is some similarity in parts of this theory to cognitive dissonance theory. What Katz points out is that when an attitude serves an adjustive function one of the two conditions must prevail before it can be changed; (i) the attitude and the activities related to it no longer provide the satisfaction they once did; or (ii) the individual's level of aspiration has been raised shifts in the satisfaction which come from behaviours bring with them changes in the attitudes. When new behaviours inconsistent with attitudes bring satisfaction these attitudes then must be adjusted. However, Katz functional theory has not stimulated much research except for the work on changing ego-defensive attitudes.

Kelman has given another approach about the functional approach of attitudes. His theory is directed towards the types of social relationships that occur in social influence situations. Kelman has distinguished three processes of attitude formation and change compliance, identification, and internalisation. These processes derive functional meaning primarily from their emphasis on the motivational significance of the individual's relationship to the influencing agent, or from the differing types of social integration that they represent. Compliance occurs when an attitude is formed or changed in order to gain a favourable reaction from other person or group. Identification occurs when a person forms or changes his attitude because his adoption helps him establish or maintain a positive self-defining relationship with the influencing agent. Internalisation involves adopting an attitude because it is congruent with one's overall value system. The individual perceives the content of the induced attitude as enhancing his own values. This approach makes an important contribution towards an understanding of the conditions that influence the maintenance and stability of attitude change.

19.3.3 SOCIAL JUDGEMENT THEORY

The social judgement theory, formulated originally by Sherif and Hoveland, attempts to explain how existing attitudes produce distortions of attitudinally related objects and how these judgements mediate attitude change. Accordingly, a person's own stand on an issue, that is, initial attitude, serves as an anchor for the judgement of attitudinally related stimuli. The person's initial attitude on an issue provides a point of reference against which he evaluates other opinions. These views can be considered in terms of attitudinal continuum and can be considered as comprising latitudes. The latitude of acceptance, which is the range of opinions the individual finds acceptable, encompasses the opinion that best characterizes his own stand. The attitude of rejection, which is the range of opinions the individual finds objectionable, encompasses the opinion he finds most objectionable. The attitude of non-commitment is the range of opinions that the person finds neither acceptable nor unacceptable.

19.4 FACTORS AFFECTING ATTITUDE FORMATION

The attitudes are learned. Though there are different approaches as how learning works and is acquired by individuals, generally it is held that individuals learn things from the environment in which they interact. Thus for attitude formation, all those factors must be taken into account from which people learn. Such factors may be analysed in term of group, then to larger Starting from the family as a group, an individual move in a close group, then to larger groups, and finally to the society as a whole. Apart from these groups the individual's psychological make-up, particularly his personality, is also responsible for shaping his behaviour and attitudes; thus in order to understand the various factors and how they affect the attitudes, both these category of factors should be analysed.

a. **Group Factors:** The influence of groups on the attitudes of individuals is inversely proportional to the distance of the group from the individual. From this point of view, three types of groups have different types of effect on the attitudes of a person.

Family: The term family may be used in a variety of ways: it may include a nuclear family which means the immediate group of father, mother, and children; an extended family which includes nuclear family and other relatives. Both these types of family have influence on the attitudes of individuals. In fact, when a person starts learning anything about the world, he learns it through his mother which is known as the process of socialisation. In this socialisation process, he learns and forms attitudes also. Gradually, when the child grows up he comes in contact with others in the family but does not make significant contact with persons outside his family. Family has two important roles. First, other family members have certain personality characteristics, evaluative criteria, and attitudes, and the family as a whole has certain attitudes and values, which are shared by all other persons. Second, family mediates the influence of larger social systems on the individual's attitudes, values, and personality characteristics. As an individual interacts with other family members, he simultaneously both influences the personality characteristics and attitudes of others and in turn is influenced by others. Since a family is a primary group, the attitudes of family members tend to converge and are typically more homogeneous than would be the case if they were not in the family.

Reference Groups: The awareness and learning of behaviour alternatives is accomplished efficiently through the influence of reference groups. A reference group is any interacting aggregation of people that influences an individual’s attitudes of behaviour. This group may include family or other types of groupings, either primary or secondary groups. Reference groups serve important inputs to an individual’s learning of his attitudes and awareness of alternative behaviours and life style. This happens through the process of socialisation. Socialisation, as discussed earlier, is a process by which a new member learns the value system, the norms, and the required behaviour patterns of the society, organisations, or groups in which he is entering. Though all groups with which an individual makes contact have influence on his attitudes, the values and norms of the primary groups play a very important role in influencing attitudes, opinions, and beliefs of the members of the group.

Social Factors: The social classes have important influence on individual's attitudes. They have the important task of transmitting cultural behaviour patterns to specific groups and families. They define the expectations of society for groups of people and for families within the groups. The family then transits these cultural expectations to the individual. Thus social classes restrict behaviour between individuals of differing social classes, especially in intimate relationships. People have their close relationships with people of similar classes, which tend to restrict attitude formation in similar patterns of other members. This is so because attitudes and values provide goals, which aid alternative evaluation and provide motivation for research and evaluation. These are transmitted differently among social classes.

(ii) Personality Factors: Personality factors are important in attitude formation. However, many personality characteristics themselves are determined by group and social factors, as discussed earlier. Personality differences between individuals are very important Concomitant of the discussion of attitudes. This area has been the subject of great interest of research and study, particularly with respect to broader area of prejudice and social functioning. Various studies show that there is positive relationship between different personality factors and attitudes. Adrono *et al.* show that there was a coherent pattern of ethnocentric attitudes including anti-semitism among persons having authoritarian personality. The ethnocentric stuck to the straight and narrow, holding conventional values, not being able to accept certain socially unacceptable impulses and, therefore, in the main, projecting these on others. McClosky has found a relationship between personality correlates of conservatism and liberalism. He found that the conservative attitudes characterised these at the lower end of the intelligence scale with less education and with less awareness of current events. Various other research studies also show positive relationship between personality variables and particular attitudes. Since personality itself is influenced by various group and in understanding attitude formation, these factors, particularly former ones, must be analysed.

19.5 ATTITUDE MEASUREMENT

The subjective attributes of people are attitude. They can be regarded as constructs in the sense that they are conceptualisations of human qualities that are formed on the basis of either rational consideration of statistical evidence. Thus, people may vary along each of a number of attitudinal dimensions. Keeping this measurement aspect into consideration, the attitude might be defined operationally by describing the measurement systems that psychologist use to measure attitudes. Attitude measurement, developed largely by social psychologists, is concerned with efforts to tap these attitudes as they are characteristics of individual. There are many methods of attitude measurement. In pulling together numerous methods dealing with attitude measurement, Summers uses the following organisation which, in effect, is classification of methods of attitude measurement: (i) self-report (usually elicited with, questionnaires dealing with beliefs, feelings, and behaviours) ; (ii) indirect tests (such as projective techniques and disguised approaches); (iii) direct observation techniques; and (iv) psychological reaction techniques. However, attitude measurement of employees in organisations is most commonly carried out with self-respect questionnaires. Measurement of attitudes based on questionnaires uses several scaling methods. There are three types of attitude scaling which are commonly used in attitude measurement: Thurstone type of scale, Likert scale, and semantic differential. The Turnstone type of scaling goes back to the early work of Thurstone and Chave, who collected a large number of statements relating to the area in which attitudes were to be measured. These statements may be relating to any object about which attitudes are to be measured. The statements are both favourable and unfavourable, and are placed in piles: most favourable statement being placed in pile 1 and the most unfavourable one being placed in pile 11. Other statements are placed in between, their position depending on the degree of favourability or unfavourability. The scale is then presented to the respondents. Each respondent checks the statement with which he agrees. His attitude score is then based either on the average or the median scale of the statements that he has checked. Soon after Thurstone scale, Likert experimented with certain other varieties of attitude scales. Liker’s attitude scale uses five points. The statement relating to the measurement of attitudes is given to the person concerned and he is asked to check one of the five points given for every statement. These points show degree of agreement or disagreement with the given statements. The Likert scale is considered better as compared to Thurstone because of several positive facts. For example, in this scaling, there is not much problem in making numerous statements because for every aspect, only one statement is required which will show both positive and negative degrees. Seiler and Hough refer to Likert scaling as equally or more reliable than the Thurstone, and faster and equally or more valid. The semantic differential, an attitude scaling technique that lends itself to various applications, was developed by Osgood, Suci, and Tannenbaum. Semantic differential means the successive all vocation of a concept to the point in the multidimensional space by selection from among a set of given scaled semantic alternatives. For any given purpose it consists of several or many pairs of opposite adjectives or phrases, with scale values in between. In using this scale, the respondent marks the position along each scale that reflects his attitude to the attitude object. Scale values (often ranging from 1 to 7) are associated with the different responses and individual's attitude score usually is the sum of these. Apart from these measures of attitudes, certain other scales have also been developed. These include the Guttman technique, the error-choice method, and the sentence completion method.

19.6 ATTITUDE CHANGE

There is often a paradox of attitudes in that people need them to provide stability to social world yet world is a changing one and people must change their attitudes appropriate to the situation. The attitude change appropriate to organisational requirement is more important because attitudes affect behaviour and only certain behaviour is desirable from organisation point of view. Organisations adopt a number of techniques for changing attitudes of their members so that their behaviour corresponds with the organisational requirement. However, whatever the techniques for attitudes change are adopted, they can be effective only if basic characteristics of attitudes and their nature are kept inconsideration. Though various theories of attitude formation and change have been presented earlier which help in understanding attitudes and the techniques through which they can be changed, the change techniques can be more effective, if three basic factors (as discussed below) are considered adequately:

1. Characteristics of Attitudes: In understanding attitude change, the analysis of attitude characteristics is an important element. Theories attitudes suggest numerous types of their characteristics. Such characteristics may be (i) extremeness of the attitude (ii) multiplexity, (iii) consistency, (iv) interconnectedness, (v) consonance of the attitude cluster of which the focal attitude is a part, (vi) the number and strength of the needs which are served by the attitude, and (vii) centrality of related values. Taking these characteristics of attitudes, there may be two types of attitude change: congruent and incongruent. The congruent change involves an increase in the strength of an existing attitude, either to make a positive attitude even mare favourable or to make a negative attitude mare strongly negative. An incongruent change is .one in which the direction of change is opposite to the originally held attitude. Congruent change is easier to produce than incongruent one-specially when the attitude held is extreme, central in the attitude system, and interconnected with supporting attitudes. Another characteristic involved in changeability of attitudes is their simplicity. The number off acts involved in the cognition and the number of facts to which it is related makes the attitude simple or complex. It is mare likely to produce change in simple attitude than the complex one. The degree of interconnectedness determines the changeability of attitudes. Usually, attitudes which are strongly supported by other attitudes are mare resistant to change. Similarly, depending on haw many social wants support them and the strength of these wants, the attitudes may be mare or less changeable. Attitudes which reflect the core or principal component of an individual's personality would mast likely be very resistant to change.

2. **Personality of Attitude Holder:** The personality factors of attitude holder are also important in attitude change in the sense that some persons are mare pursuable as compared to others. This is so because of personality differences. Such differences change the natural of attitudes because attitudes are subjective qualities. Persuability is the tendency of a person to accept a persuasive communication. It commonly refers to a response to a direct influence attempt. Several personality factors suggest different types of persuability. First is level of self esteem of the person. The mare inadequate a person feels and the mare social inhibitions he has, the mare likely is he to be perusable. People with a great deal of confidence in their own intellectual ability are not only mare resistant to change but mere willing to expose themselves to discrepant information. Related to the personality factors, there is a style of thinking referred to as close minded or dogmatism. Dogmatism is a farm of authoritarianism where there is admiration of those in authority and hatred far those opposed to authority. There is a strong belief in the cause and a decreasing tendency to admit that other causes might be valid. Dogmatism is a relatively closed system in which the beliefs and disbeliefs are isolated from one another. It tends to be organised around some central authority theme, which must be protected at all costs. In dogmatism, there is high degree of rejection of opposing beliefs, a relatively low level of interconnection among belief systems, and complex cognitions about positively valued objects as against cognitions about negatively valued objects. In such cases attitude change is often resisted. However, personality factors should not be over emphasised in attitude change because the change makes much more sense in the context of total change attempt situation.

3. **Group Affiliation:** Individuals often express-their attitudes in terms of group. This is more so in the case of less extreme attitudes. This is so because

membership in the group prevents existing attitudes from being disturbed by filtering the information. As will be discussed later, one of the powerful bonds which, hold the group together is the fact that members think alike. Information likely to cause dissonance or inconsistency is either omitted or perceived according to group norms with some modification or is rejected or considered irrelevant. Though people are not always exposed to information in the concept or groups and information, which may change their attitudes impinges upon them from many sources, even outside the group, their membership still influences the way the new information is perceived. This is particularly true of primary groups, such as family, friendship group, etc.

METHODS OF ATTITUDE CHANGE

Various methods have been adopted for attitude change. Cohen has classified them into four categories: Communication of additional information approval and disapproval of a particular attitude, group influence, and inducing engagement in discrepant behaviour. However, in some way or the other, all these methods involve introducing discrepancies among the elements making up the individual's attitude in the hope that elements win be rebalanced through changing the affective component of the attitude. Thus, in practice, the central variable in attitude change is the feeling comment associated with the attitude object. Thus from organisation's point of view, a manager may take the following actions in bringing out change the attitudes of organisational members. Such a course of action may be in the form of group action, persuasion through leadership, persuasion through communication, and the influence of total situation. These factors have been taken for detailed analysis in later chapters. The group influence has been discussed in the next chapter while other methods are discussed in the next part.

19.7 CHECK YOUR PROGRESS

Fill in the Blanks

1. An -------- is generally the expression of one's judgement of a particular set of facts.
2. The basic model of balance theory has been provided by ----------.
3. ------------ defines opinions as expressions of attitudes.
4. --------------- is an attitude, which directs people to adopt certain behaviour.
5. Attitude formation is related to the -------------- aspects of behaviour.

19.8 SUMMARY

Attitude is the bent of one's mind toward an object or subject. It involves liking or disliking people, work and objects. Desire is an attitude, which directs people to adopt certain behaviour. Attitude is developed through learning, although the family, society and nation exert great influence in the attitude formation of people. Attitude is a combination of popular belief and interest. For example, the attitude of male workers is that female workers cannot perform hard work. Attitude is learned and expressed, apart from being primarily acquired by people through interaction with members of family and society. Attitude formation is related to the cognitive aspects of behaviour.

19.9 KEYWORDS

Attitude: Any reports of what people think or feel or the ways in which they intend to acts.

Belief: A belief is an enduring organization of perceptions and cognitions about some aspects of individual's world.

Reference Group: A reference group is any interacting aggregation of people that influences an individual’s attitudes of behavior.

Functional Theory: This theory considers how attitudes and efforts are related to the motivational structure of the individual.

19.10 SELF ASSESSMENT TEST

1. What is the concept of attitudes? How do attitudes differ from opinions and beliefs? How do attitudes affect behaviour?
2. What are the various theories of attitude formation and change?
3. What are the various factors responsible for attitude formation? How can these factors be controlled?
4. What are the various methods of attitude measurement? How does attitude measurement help the management?
5. What are the various factors, which must be taken into account in attitude change? Discuss some methods for attitude change.

19.11 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. An **opinion** is generally the expression of one's judgement of a particular set of facts.
2. The basic model of balance theory has been provided by **Heider**.
3. **Thurstone** defines opinions as expressions of attitudes.
4. **Desire** is an attitude, which directs people to adopt certain behaviour.
5. Attitude formation is related to the **cognitive** aspects of behaviour.

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COURSE:	**MANAGEMENT CONCEPTS AND ORGANISATIONAL BEHAVIOUR**
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LESSON: 20	**VETTER: DR. B. K. PUNIA**

LEARNING AND VALUES

STRUCTURE

20.0 Learning Objectives

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20.0 LEARNING OBJECTIVES

The objective of the lesson is to understand:

- Learning as a factor affecting human behavior.
- To know the reinforcement for inducing positive human behavior.

20.1 INTRODUCTION

An important tool of individual behaviour in an organisation is learning. The learning depends upon one's personality, perception and situation. Its process and outcome are motivating factors in an organisation. The learning process is the process by which individuals acquire the knowledge and experience to be applied in future behaviour. It may be intentional and incidental. It encompasses the total learning process from the beginning of life to its end, going through reflexive responses to knowing abstract concepts and complex problem solving. It involves motivation, cues, response and reinforcement. Motivation acts as a spur to learning. Motivation decides the degree of involvement for the search of knowledge. The learning starts with motivation, which is given direction by cues. Motives are stimuli, while cues are attention and recognition of the stimuli for learning. Cues guide employees to behave in the right way. If behaviour is shaped through the learning process, the response is visible. Response accepted for behaviour becomes reinforcement, which moulds the behaviour of employees. If an employee is motivated to learn about computers, he tries to find out the cues of its uses in employment. Getting favourable cues, he responds to learning. With constant reinforcement of computer operation, he acquires the changed behaviour of computer handling.

20.2 DEFINITION OF LEARNING

Several authors have defined learning in different ways. All of them have accepted that learning shapes human behaviour. Employees may learn knowingly or unknowingly in the organisation. Tim R. V. Davis and Fred Luthans have defined learning as a cognitive and modeling process for acquiring knowledge and experience. They have analysed different theories of learning for explaining the learning process. Robbins has stressed upon learning as a "relatively permanent change in behaviour that occurs as a result of experience". He has opined on experience only, although an employee might change his behaviour as a result of a social process. Learning is a process of observation, action, reaction and response to some stimuli. Learning is a process of change in behaviour. The outcome of learning is a permanent change in behaviour. Therefore, learning is a permanent change in behaviour as a result of a cognitive process. A temporary change in behaviour is not learning because it is purely reflexive. Change in behaviour is the necessary outcome of learning. If it were purely theoretical, it would not be learning. A cognitive change process in the mind of an employee resulting in behaviour is learning. "Learning is the process by which an activity originates or is changed by reacting to an encountered situation, provided that the characteristics of the change in activity cannot be explained on the basis of native response tendencies, maturation or temporary states of the organism". This definition includes almost all the attributes of learning. It reveals that learning is the inferred process, which influences behaviour. The learning is an original activity for the employee. He gets new things or may change his process as a result of observation and cognitive processes. The learning can take place only when the employee reacts to the stimuli, evaluates and accepts the stimuli for changing his behaviour. Learning must be deliberately accepted. It does not include maturity, temporary changes in behaviour and the natural process of behaviour. Behaviour is learned through a cognitive process. It is not a spontaneous and natural process. A child knowing the language of her mother is not learning, because it is a natural process. Children learn good habits and sports on account of their environment, which is a stimulus of learning. The learning process starts with motives and continues with cues, responses and reinforcements until the learner acquires the required changes in behaviour permanently. Learning to drive a car is a good example of a learning process. The learning process is a mental and habit formation process. Attention is paid to certain stimuli used for learning, which are recognised and translated into reinforcement and behaviour. If the learner gets a reward for his improved behaviour, he forms it into behaviour. Proper habits motivate the employee who makes efforts in the right direction. The efforts result in satisfaction and become a stimulus for further learning. The employee pays further attention, recognises and translates stimuli to strengthen habits. This process continues and the employee learns and effects permanent changes in his behaviour, which become a part of his habits. The habit helps in recognition of good behaviour. A habit motivates an employee to perform better. It helps him pay proper attention. He learns constantly and effects a permanent change in behaviour. Learning improves behaviour. This process continues and the employee learns in the process.

20.3 PROCESS OF LEARNING

(i) Stimuli: Stimuli are any objects and language, which draw the attention of people. Employees get stimuli from the actions of their superiors. Superiors tell and advice employees who pay attention to these stimuli. All the stimuli may not be fully attended to. Literary works are also stimuli, which are given attention by educated employees. Stimuli are provided at jobs by perks and scores. Universities and colleges also impart stimuli for learning. Stimuli provide quality performances. Practical training and vocational teaching are forceful stimuli. The stimuli available at work are numerous. Social, political, cultural and geographical factors provide varieties of stimuli for learning.

(ii) Attention: The degree of attention depends upon the nature of stimuli. Technical and interesting stimuli are highly attended. Employees generally accept career-oriented stimuli. The personality levels of employees influence their desires to learn, motives for need fulfillment and tension reduction. Employees having more values of life pay more attention to the stimuli for acquiring more knowledge and experience. People's creative attitudes are favourable factors for learning and paying more attention to available stimuli.

(iii) Recognition: Attention-paid stimuli are recognised as acceptable factors of improvement and new life styles. Employees paying attention to stimuli are recognising the stimuli for learning purposes. The levels of recognition depend upon the levels of values, preferences, needs and desires of the employees. When objectives are unclear, employees do not pay attention and do not recognise the training as a fruitful process of improvement. In the learning process, employees as useful factors for their well-being and satisfaction must observe unambiguous activities for recognition.

(iv) Translation: Recognized stimuli are evaluated at the mental level to eliminate the irrelevant points for accepting a part of the stimulus for changing behaviour. The evaluation and appraisal of the recognised stimuli helps in reinforcement. An activity will not take place unless it is found useful by employees. The translation and evaluation process is a crucial point for implementing the stimuli in behaviour through reinforcement. Employees behave properly through attitude changes, objectivity, mental and physical development. It is observed in better performances.

(v) Reinforcement: Reinforced perception is learning. The perception process includes stimuli, attention, recognition, translation and behaviour. Perception leads to learning, but perception itself is not learning unless it is reinforced. Repeated action is reinforcement. Reinforcement may be positive, negative, punishment and extinction. Learners learn as per their perception levels. Generally positive reinforcement is more effective for making permanent changes in behavior.

(vi) Behavior: Learning changes behavior through reinforcement of perceived knowledge. It makes permanent changes in behaviour. A temporary change in behaviour is not learning. Positive behaviour gives rewards to employees.

(vii) Reward: Employees expect rewards for learning. If the translated behaviour provides a reward, it is accepted, otherwise it is not accepted. Employees develop their behaviour into habits. Rewards may be monetary or non-monetary. A non-monetary reward includes job satisfaction, status recognition and task achievement. Professional satisfaction is attached to the behaviour, which influences the form of reward. The behaviour of employees decides the level and form of reward. The reward reinforcement makes employees learn more than positive reinforcement behaviour.

(viii) Habits: A permanent change in behaviour becomes a habit, which helps continuous improvement in behaviour and performance. Employees develop the habit of self-appraisal and development. It helps to inspire creativity and confidence in employees who are encouraged to behave properly again and again. Right behaviour is reinforced repeatedly. Habits help the development of capability and capacity of employees. Habits translate theoretical knowledge into practice. Skill development requires habitual performance.

(ix) Motives: Motives depend on the level of satisfaction. Employees getting more satisfaction through learning develop high motives. Less satisfied learners have low motives. Learning is complete only when motives are fully realised and translated into efforts.

(x) Efforts: Habits help achieve good efforts and performance. This is a continuous process. Efforts are the automatic outcome of good habits, which are acquired through the learning process. Self-development is possible through self-effort. Employees willing to develop themselves are self-motivated and effort-oriented. Efforts become the stimuli for learning after development of the standard of employees. Self-learning has been observed when employees have developed good habits and right motives. The learning process itself provides all these opportunities.

The learning process is totally associated with the mental process, inspiration and action. Stimuli reach only the unconscious mind. If it pays attention to stimuli it goes to the inner-level of the mind at subconscious level. Attention is paid by the subconscious mind, which analyses the stimuli and filters out irrelevant stimuli from the employees' angle. The relevant stimuli are attended to, but a smaller portion of the stimuli attended is recognised by the clear mind. Recognition of stimuli is done only by the clear mind. The stimuli recognised further go to the inner part of the mind only when the clear mind has received them and the feeling cell of the mind evaluates their utilities. A felt mind has the capacity to evaluate and appraise the recognised stimuli. The evaluated stimuli if found correct are stored at the level of the feeling cell of the mind. The stored stimuli or retention works for mobilising the function through reinforcement. Repeat and recall are mobilising factors for action. Similarly, a tense mind gets reinforcement; it compels and forces the heart to activate the body for action and behaviour. Intensity at the mental level activates the heart to function. The level, quality and direction of intensity give the behavioural function a real shape. Behaviour is the outcome of intensified stimuli and the heart's activitisation. Behaviour producing reward helps the mental process to think and rethink again and again at all the five levels of the mind. The reward itself becomes a stimulus, which is attended, recognised, translated and reinforced respectively by the unconscious, subconscious, clear, felt and intense mind. It reaches to the heart level, and consequently this process develops into a habit. Permanent changes in behaviour converge in the form of a habit.

20.4 MODELS OF LEARNING

Theories of learning have been developed as models of learning which explain the learning process by which employees acquire a pattern of behaviour. Inborn ability and aptitude to learn new skills and the degree to which the learner participates in the process are considered under models of learning. Some models believe that individuals cannot learn independently. They require the help of experts and personal involvement in the learning process. Other theories believe that employees can learn by observation. Their drive and motives are helpful for the learning process. No one can learn unless they are willing to learn. Employers have to provide adequate opportunities and incentives to employees so that they can get drives for the learning purpose. It is also believed by some theorists that learning is a stimulus - response process. Stimuli are essential for the learning purpose. The stimuli provide understanding and insights to the employees. The learning process helps further learning. Previous learning helps further learning. For example, learning of language and mathematics helps in the learning of higher education. Learning is a constant process, which provides reinforcement to employees to avoid forgetfulness and take up learned behaviour. The basic purpose of any theory is to explain a phenomenon in a better manner so that a learner can acquire it easily and permanently. A perfect theory explains how, when, why and other aspects of learning. Although, there is no perfect and universal model of learning, theorists have devised models of learning under classical, operant and social.

20.4.1 CLASSICAL MODEL OF LEARNING

The classical model of learning developed with experience of the material process accompanied with learning stimuli. Pavlov propounded this model. In Indian mythology, some examples have been observed where the learner took the assistance of natural phenomena to make a pupil learn a new process of functions. Ivan Pavlov, a Russian physiologist, observed that a dog started secreting saliva with the ringing of a bell, as the ringing of the bell was accompanied by the showing a piece of meat to the dog. It is a natural phenomenon that a dog secretes saliva when meat is put before the mouth of dog. If the natural phenomenon known as unconditioned stimulus is accompanied by an artificial phenomenon known as conditioned stimulus, the dog generated a conditioned response ultimately, as the process was repeated constantly. The unconditioned response, i.e. the secreting response, becomes a conditioned response after sometime as the dog learnt that the ringing of a bell meant the availability of meat.

The classical model of learning believes that the unconditioned and conditioned stimuli would be repeated several times to get the net result of a conditioned stimulus which would be a conditioned response. In the Pavlov theory, the dog learnt to secrete saliva (conditioned response) at the ringing of a bell (conditioned stimulus), after repeatedly performing the functions of unconditioned stimulus (showing meat) and conditioned stimulus (ringing bell) simultaneously. Later on, the unconditioned stimulus was separated from the conditioned stimulus to get a conditioned response. Employees can be conditioned accordingly. The conditioned stimulus may be changed to get the result of second or third conditioned stimulus. Employees can learn the new conditioned stimuli if they are repeatedly given new stimuli along with the old unconditioned stimulus. The monetary incentives are generally accepted as the unconditioned stimuli for motivating employees. If these stimuli are accompanied with non-monetary incentives for some period, employees learn to work hard with non-monetary incentives. People have a natural liking for dance, drama, exhibitions, etc., which can be used for getting conditioned response from them. Learning while you work in the factory provides conditioned response to the employees. Reinforcement of the unconditioned stimulus and conditioned stimulus is needed to get a conditioned response. Conditioned stimuli with reinforcement help in learning. Reinforcement makes the conditioned stimulus behave as an unconditioned stimulus to get its natural response.

Classical conditioning is passive and creates reflexive behaviour. It is elicited. It is a natural process, which may be useful in the primitive stage of an employee's knowledge. An advanced employee may not get the benefit of classical conditioning, which is purely a formation of a Stimulus - Response link habit. Repeated pairing of a conditioned stimulus with an unconditioned stimulus would result in a conditioned response. Learning car driving is based on stimuli-response (S-R) behaviour where the driver is immediately alerted to a response as he confronts a boy in front of his running car, i.e. conditioned stimulus. Initially he starts with unconditioned (natural) stimuli and later on he develops conditioned (artificial) stimuli. In Indian industries, classical conditioning is an important method of learning when employees start with certain natural phenomena along with an artificial work style to arrive at new methods of working.

20.4.2 OPERANT MODEL OF LEARNING

The operant or instrumental model of learning is a developed form of classical learning, i.e. the S-R link habit. Employees behave in a particular manner because they would like to get a reward (Response). Reward or the desired results acquire certain behaviour traits. Reward creates drives and motives to acquire certain behaviour amongst employees. B. F. Skinner, a Harvard psychologist, propagated operant learning. He argues that behaviour increases and develops to acquire certain benefits. The desired behaviour is the outcome of acquired benefit or reward. Employees do not accept behaviour, which is not rewarded. The reinforcement of behaviour is contingent upon the reward. Employees work hard to get additional benefits. The learning process starts with the reward or response. Learned employees for the sake of customer satisfaction, employee productivity and shareholder wealth improve corporate functions. The learning takes place for the said responses. The classical conditioning has the stimulus as the beginning of learning, whereas operant learning starts with the response, which becomes a stimulus for the learning process. The reward develops habits, motives and efforts for providing them with stimuli for learning. The employees pay more attention, recognise properly and translate their recognition into behaviour. It is a clear fact that learning starts with reward and performance satisfaction. People do not like to learn a process, which is not rewarded. Behaviour is improved through learning for rewards and benefits. In the absence of a reward and response, behaviour is not shaped, and the learning process does not take place or continue in the future. The environment of the factory becomes a stimulus for leaning. It is the reverse of classical learning where the stimulus provides the response. The reward or response itself becomes a source of drive and motivating factors. The drive can be developed by a variety of responses or events. The drive helps to develop the habit of learning for achievement. The habit is developed or learned through motives, which improve the efforts of the employees. Efforts provide satisfaction because they feel happy while performing a job. Effort encourages and becomes a stimulus for learning. More attention is paid to job content and context, because it has been recognised as a source of reward. Translation and reinforcement help behaviour, which assures reward. A particular behaviour is learnt to get a given reward. Reinforcement strengthens behaviour, which in turn is aimed at acquiring the reward, which drives habit and motivates efforts for a proper performance. Motives lead to behaviour, which is satisfying. It is a known law of effect that reward strengthens habits because of lessening drive. It is R-S link behaviour, which becomes a habit if rewarded. Reinforcement has become an important factor to shape stimuli into behaviour. Reinforcement may be positive or negative. Positive reinforcement assures reward, whereas, negative reinforcement avoids unpleasant conditions. Employees are alerted to avoid unpleasant happenings through learning. For example, proper operation of machines is needed to avoid accidents or casualities. Negative reinforcement, i.e. avoidance of unpleasant events is useful for learning the proper handling of electric appliances and machines. The positive and negative reinforcement change behaviour, which if rewarded becomes a habit. Punishment and extinction are not part of the process of learning. They are used to avoid unpleasant behaviour. Modem theorists do not believe in punishment and extinction because they may be averse to the learning process. On the contrary, reward and response are taken for learning. The larger the reward, the larger will be the reinforcement and stimulus to learn. To change the desired behaviour into habit, reward is an inevitable point and conversion factor.

The classical learning process lays emphasis on changing unconditioned stimuli to conditioned stimuli. If the conditioned stimulus has been acquired through the process of pairing with unconditioned stimulus, learning is acquired, as it will give a conditioned response. Operant learning emphasises response, which stimulates learning by changing the present behaviour into the required behaviour. The S-R connection in classical learning is changed to the R-S connection in operant learning. The reward or response need not be financial. It may be non-financial and psychologically satisfying to the employees. The classical theory believes that employees will fulfill their basic and other needs if they work hard or in a learned manner. On contrary, the operant learning theory emphasises that the required learning and behaviour is adopted for getting basic and other needs. A manager works for getting social recognition. He learns to manage efficiently to gain recognition. He learns to manage efficiently to gain recognition and fame. Scientific research and technological development is related to operant learning.

20.4.3 SOCIAL LEARNING MODEL

Employees learn from their surroundings, peers, parents, teachers and other people. They learn socially by observation, and the importance of the perception process has been recognised under the social learning model. Stimuli, attention, retention, reproduction and reinforcement have been accepted as basic components of social learning. Employees pay attention to several social stimuli, which occur in their surroundings. They do not pay attention to all stimuli, but pay attention to only those stimuli, which are attractive, easy to recognise, important and useful. The attended stimuli are recognised and translated by employees. The learning level depends upon how much the recognised stimuli are retained in the mind of employees. The retention process is helpful for storing information. Stimuli, which are translated as useful and satisfactory, must be retained for reproduction and recall purposes. The recall provides reinforcement and behaviour. If rewards are provided, the behaviour will become a habit. The learning process is completed when employees show changes in behaviour, which becomes a habit, i. e. permanent change in behaviour. Social learning has become a more useful process of learning because it goes beyond the process of classical operant learning by recognising the fact that there are more points and subjects of learning than the antecedent stimuli of classical and contingent consequences of operant learning. Social learning refers to the learning process through vicarious process, modeling and self-control.

Social learning includes the vicarious process, which is useful for learning, which involves observational learning. Millar and Bollard propounded the vicarious process wherein they believe that learning can take place through imitation process. Social learning includes the socialisation process. It refers to learning through social action, reaction and interaction. The language, customs, functions and performances are the outcome of social, cultural and political phenomena. Culture and religion are accepted for teaching the new generation about life style and behavioural patterns in society. People observe others and acquire a mental picture of the act and its consequences, which may be reward and punishment. If the consequences are positive and satisfactory as per social norms, people like to imitate and perform with repetition. If people find that the consequences are negative and full of problems, the imitated acts will be rejected. It is not a discrete performance with discrete response consequences. Operant learning is discrete response stimuli whereas social learning is a continuous response stimuli connection.

Modeling is effectively applied for shaping behaviour. It is used for the improvement of human behaviour. The behaviour leads to performance 1improvement. It is capable of meeting the technical skill requirements. A favourable environment increases the probability of attention and retention. Role-playing and demonstration is modeled on the target behaviour. The behaviour is acquired as a result of the modeled process of existing behaviour. Continuous intermittent factors help develop behaviour. Modeling procedures have a favourable impact on behaviour and habits.

20.5 REINFORCEMENT

Reinforcement is the crucial factor in the learning process. This is also known as the method of shaping employees' behaviour. Perception becomes learning only through reinforcement.

Perception = Stimuli → Attention → Recognition → Translation → Behaviour

Learning = Stimuli → Attention → Recognition → Translation → Reinforcement → Behaviour → Habit

Reinforcement is the repeated use of the translated stimuli to induce new behaviour. It increases the strength of response and induces repetitions of the response, which is the outcome of the translated and evaluated stimuli. When reward is attached to behaviour, it becomes a habit. Reinforcement increases the possibility of specific responses occurring in future as a result of evaluated stimuli or uses.

Learning = Input → Process → Output

= Stimuli → Reinforcement → Behaviour

Reinforcement is (he instrument or process of learning in all the models discussed already. No stimuli can take the shape of behaviour unless reinforcement or repetition takes place during the learning process. A learner of car driving learns until such time it becomes a part of the total habits of the learner. The behaviour i.e. learning car driving becomes a habit because the learner gets rewarded for his behaviour in the form of the satisfaction of car driving. Reinforcement is the repeated exposure of knowledge for translation into practice and habit. New behaviour or change in behaviour is the output of learning, which is the outcome of stimuli input through reinforcement. Classical, operant and social learning models lay emphasis on reinforcement. Reinforcement is another term for conditioning. The stimuli, response and social activities are conditioned to arrive at a new behaviour or change in behaviour. Behaviourists have proposed conditioning of employees for proper behaviour. Repetition, adherence, stimulus, generalisation or discrimination, converting theory into practice is various forms of reinforcement. A habit is formed through repeated rewards attached to behaviour. While conditioning explains how employees learn from cues or stimuli, operant (instrumental) conditioning refers to response or goal directed activities. Social conditioning is concerned with social recognition and acceptability. Employees learn in this case through modeling various observation or self-understanding. Reinforcement is a cognitive process. The stimuli are translated into habit through an effective, cognitive and behaviour process. Reinforcement, being cognitive in nature, is environmentally based. The law of effect is used in reinforcement for getting the reward. Goal-oriented reinforcement is long lasting and increases the strength of response.

20.6 TYPES OF REINFORCEMENT

Reinforcement may either be positive and negative, extrinsic and intrinsic, primary and secondary, and in the form of punishment and extinction. It is used to shape the behaviour of employees. Systematical reinforcement of successive steps will move employees closer to the desired response. They reinforce improvement in their behaviour.

20.6.1 Positive and Negative reinforcement: Positive reinforcement consists of events that assure achievement of a specific response or the desired behaviour. Getting technical skills assures the desired result of reward, and the changing of behaviour into a permanent habit of technical performance, when response is pleasant as a result of the repetitive efforts of employees, is called as positive reinforcement. It means that positive reinforcement assures desired consequences and pleasant achievements through strengthening of the present behaviour or present new behaviour. Positive reinforcement strengthens behaviour for pleasant performance and reward. It is the presentation of attractive results. Negative reinforcement does not give an unpleasant response, but avoids an unpleasant response. Negative reinforcement is the termination or withdrawal of an unpleasant and undesirable result. It helps employees escape from aversive or disagreeable conditions. Negative reinforcement is the termination of unattractive results. It is not punishment because punishment discourages behaviour, and negative reinforcement avoids unpleasant or disagreeable behaviour. Appreciation of an employee, who is successful in performing a task if constantly repeated, will be positive reinforcement. Repeatedly warning employees against the careless handling of electrical machines would be negative reinforcement as it attempts to avoid accidents. Negative reinforcement strengthens and increases a particular type of behaviour, as the employees learn how to avoid and prevent accidents while operating electric machines. The withdrawal or avoidance will result in a specific kind of behaviour. Negative reinforcement is not punishment because the latter decreases and discourages behaviour, while the former increases and strengthens behaviour to avoid something undesirable. If an employee does not bother about undesirable results and handles the electric machine carelessly, he will face punishment by his supervisor or meet with an accident. In both the cases, behaviour decreases. If the employees do not follow negative reinforcement, they are punished. Employees learn to escape and avoid unpleasant jobs. They may avoid punishment by being alert enough to avoid undesirable events. For example, employees are not very active and good performers when the supervisor is not present in the factory. If a supervisor comes at a particular time, the employees become active before his entry into the factory. It is a negative reinforcement that employees avoid unpleasant rewards in the presence of the supervisor by non-working and being non-active. If employees do not bother about the supervisor and do not exercise negative reinforcement, i.e. avoiding inaction, they will be punished by the supervisor for non-working and for their laxness. Negative reinforcement simply avoids unpleasant tasks, but it does not assure a pleasant performance for which positive reinforcement is essential in the organization.

20.6.2 Extrinsic and Intrinsic Enforcement: Employees to learn a particular type of behaviour externally use extrinsic reinforcement. The environment in the factory helps exercise extrinsic reinforcement. The employee is influenced by external cues and stimuli. The relationship between the supervisor and employees, monetary incentives and favourable work conditions are several examples of external reinforcement. The behaviour of and instructions by peers and seers are used for moulding the behaviour of the employees. Extrinsic reinforcement is external and has other activities influencing the learning process as reinforcement. Intrinsic reinforcement is internal and uses self-reinforcement. When the employee develops his own understanding of the problem, it is self-reinforcement. Intrinsic reinforcement is self realisation and improvement of behaviour. Feelings and motives become intrinsic reinforcement. Intrinsic reinforcement is considered a more forceful process of learning. Extrinsic reinforcement will not be effective unless intrinsic reinforcement is applied for learning. It is self-appraisal and development. Extrinsic reinforcement is evaluated by employees and, if accepted as useful, will be converted into intrinsic reinforcement. Extrinsic and intrinsic reinforcement are used for learning purposes. Intrinsic reinforcement is personal and relates to satisfaction, recognition, challenges, growth and responsibilities. Extrinsic reinforcement is ultimately evaluated at the level of intrinsic reinforcement. The success of reinforcement depends on how much it influences the internal drive of the employees. In extrinsic reinforcement, for example, monetary incentives would be ineffective if it is not internally accepted as the drive for learning and improvement in behavior.

20.6.3 Primary and Secondary Reinforcement: Primary reinforcement directly influences primary motivational drives. It is related to the primary needs of people. The employees are reinforced to learn by adopting primary functions or basic needs. Children learnt languages and mathematics through primary reinforcement. For example, they are told that A is. Apple, B is Banana because they are used to the words apple and banana. Therefore, the first letter of these fruits will help them understand the letters. The example of fruits is the primary reinforcement. Primary reinforcement is mainly observed in classical learning wherein the artificial reinforcement is accompanied with the natural or primary reinforcement to make a long-lasting impact of artificial reinforcement. The secondary reinforcement is closely related to the operant learning, wherein the rewards are taken as the drives and motives for learning. Secondary reinforcements are artificial and new in their characters. They are first introduced to the learner for adoption in their learning process. Technical education first introduces the machine and its components before detailing its operation. Secondary reinforcements have become significant for understanding complex human behaviour. This reinforcement is used for motivation and modifying behavior.

20.6.4 Punishment and Extinction: Punishment is also a method of learning, although it is very crude and undesirable. It is generally used to make the employees learn a particular type of behaviour. However, it is the least accepted aspect of learning. Supervisors use punishment to modify the behaviour of employees. Punishment is not a well-thought reinforcement. It is the reverse of reinforcement for altering behaviour. Punishment is used in an illiterate society to learn behaviour. Indian workplaces generally use punishment for mending the behaviour of employees, although it is the reverse of reinforcement and learning. There is no shortage of examples where employees learn to attend work in time and perform correctly because of fear of punishment. Fear psychosis is helpful to the learning process. It is a complex and cumbersome method of learning, and cannot be used as an effective reinforcement. On the contrary, punishment decreases reinforcement and consequently the learning process and results. It weakens behaviour and ultimately decreases productivity. Punishment is the appreciation of an undesirable process or the facing of noxious consequences. It is designed to discourage a particular type of behaviour. It creates unpleasant conditions to eliminate undesirable behaviour. Negative reinforcement presents pleasant conditions to avoid unpleasant consequences. Punishment is an unpleasant condition to prevent undesirable behaviour. Punishment focuses on unpleasant reinforcement and undesirable behaviour. Punishment does not contribute to learning the desired response. On the other hand, it creates an undesirable atmosphere and discourages learning for favourable results. Only positive and negative reinforcements help in learning and getting a favourable outcome. Extinction is the withdrawal of desirable consequences and is contingent upon employee's behaviour. The withdrawal of desirable consequences occurs after behaviour has taken place. In this process neither reward nor punishment follows undesirable behaviour. Ignoring undesirable behaviour is extinction. For example, if an employee misbehaves with his colleagues, the supervisor ignores his behaviour. Ignoring this behaviour will extinguish undesirable behaviour. When learned response is not reinforced, it is extinction. The behaviour fades with the neglect of response. Eliminating any reinforcement for maintaining behaviour is called extinction. Punishment and extinction are not true learning processes as there is no effective reinforcement for the learning process. Learning is expected through undesirable stimuli and reinforcement, or avoiding both stimuli and reinforcement to check undesirable behaviour. Positive and negative reinforcement help learning because they provide favourable behaviour and avoid non-favourable behaviour.

20.7 TECHNIQUES OF REINFORCEMENT

Reinforcement plays a crucial role in human resources management such as learning, training, improvement, development and modification. It increases the strength of desired behaviour. Employees are psychologically treatment through reinforcement for delivering good results. If rewards are attached to behaviour, employees develop reinforcement into habits. The pattern and timing of reinforcement are important factors to determine the results of reinforcement.

Some type of reinforcement is essential to produce change in behaviour and result in the effective performance of the organisation. However, the speed, place and timing of reinforcement have much bearing on behaviour change.

20.7.1 Schedules of Reinforcement

The schedule of reinforcement should be properly decided for getting the full result of learning. The schedule of reinforcement may be continuous or intermittent. Intermittent is further classified on interval and ratio basis into fixed and variable.

(i) C**ontinuous Schedule:** A continuous schedule incorporates each and every item of learning in a systematic order. It reinforces the accepted stimuli to get the desired behaviour. Learners get stimuli and cues repeatedly till they learn the desired behaviour. Continuous reinforcement assures a specific habit. The machine operators are continuously told to operate the machine. They are first given a theoretical perception before putting this into practical usage. They operate the machine in the presence of the supervisor who constantly describes the use of each and every part of the machine till they learn how to operate the machine effectively.

(ii) **Intermittent Schedule:** An intermittent schedule does not include demonstration of each and every item of learning as in the case of the continuous schedule. Reinforcement is given after a gap to make the learner repeat himself during the learning process. Intermittent reinforcement provides more opportunities to learn because the learner applies his mind during the interval of not getting instruction. It promotes more resistance to extinction. Desired behaviour is observed easily through reinforcement repeated after a gap and not every time. It is clarified with a simple example of a machine operator in the factory. When the foreman continuously attends the learning of operation process to make the learners conversant with each and every point of his demonstration, the learners are dependent on the trainer and may not apply their minds during performance. However, in the case of intermittent reinforcement, the foreman comes after a certain time and explains whatever is not clear to the employees. He is not present continuously. In this case, the learner applies his mind and tries to think clearly when the trainer is absent, because the trainer will not be present always to solve all his problems. The trainer comes after a gap of time. The time interval depends on the number of employees engaged in learning and the nature of learning. Within the time interval, employees repeat the reinforcement given by the trainer when he has left after instruction. The gap between the first instruction and the second instruction makes the employees learn the behaviour demonstrated in the first instruction. The intermittent schedule helps in the modification of behaviour and the extinction of unfavourable behaviour. The discontinued and discrete schedule helps understand the work profoundly. Reinforcement after a gap recalls previous good behaviour and avoids non-desirable behaviour. Behaviour becomes resistant to extinction. Intermittent reinforcement may be based on an internal ratio.

Interval Schedule: Reinforcement is done with a uniform time interval. The critical variable is time, which may be fixed or variable.

Fixed interval schedule: A fixed interval schedule has a constant variable. The learner attends to the learning process at fixed intervals of a week, fortnight, month or year. Reinforcement is given after a specified period of time. The time interval is fixed for a particular learning process. Since there are different learning processes, the fixed interval varies from one job to another. At the beginning of learning, a short interval is desirable which may extend further at a later stage of learning. Monetary reinforcement is generally at fixed intervals. The time interval is fixed after research to make the interval an effective and useful learning process. Too long or too short an interval may hamper the learning process and consequently the results or response of reinforcement.

Variable interval: The time schedule is not fixed. The learner is unaware as to when he will get the reinforcement. The supervisor has told the employees to work seriously. If anyone is found inactive at any time, he may be punished. The supervisor reinforces his decision at random or at any time not known to the employees. Reinforcement is given in an irregular or unsystematic manner. Unlike fixed interval intermittent reinforcement, the time of reinforcement is not known or certain in case of the variable interval. It makes employees aware of their functions and disciplines all the time, to avoid any punishment during a random visit by the supervisor. In the case of the fixed interval, the employees are aware of the time of the supervisor's visit, and so try to be alert only at that time. At any other time, they are inactive and careless. A variable interval having uncertainty of reinforcement becomes more effective and useful.

Fixed ratio schedule: The difference between interval and ratio is that the critical value is time in the former case and the number of responses in the latter. The reinforcement is initiated after getting a fixed number of responses. For example, reinforcement is fixed after twenty responses. Rewards attached to the output also follow a case fixed ratio schedule. The response of wage is linked to the reinforcement of output. Reinforcement is given after a certain number of responses. If the reward is paid with the response, employees try to have a larger number of responses to get the reward. Bonus linked with productivity is a very good example of fixed ratio reinforcement.

Variable ratio schedule: Reinforcement varies with the response and is not in a fixed ratio. Reward varies from individual to individual in case of the variable ratio schedule. Reinforcement is not fixed to the number of stimuli. It varies from individual to individual, depending upon their levels of personality. Fixed ratio reinforcement may produce different responses because of different levels of understanding of employees. Variable reinforcements based on different levels of personality are expected to produce almost similar responses. The fixed and variable interval as well as fixed and variable ratio provides opportunities for modification and development of behavior. Any schedule of reinforcement is not foolproof. Every reinforcement has its advantages and disadvantages. Therefore, considering the environment and level of employees, reinforcement schedule will be selected. Continuous reinforcement is useful for newly appointed employees with unstable and low frequency responses. It provides early satisfaction, but fades with the withdrawal of reinforcement. Intermittent reinforcement is effective with stable and high frequency responses. A variable schedule gives better results and high performances than the fixed schedule. A variable interval schedule provides opportunities for high responses and more stable and consistent behaviour because of the uncertainty involved. Employees tend to behave sincerely because an element of surprise is involved in variable schedule.

20.8 VALUES

Employees have certain values in life. They view life from different angles which are reflected in their work performance. Learning helps them to develop high values towards their jobs and the organisation. Values refer to the basic convictions, which lead to formation of conduct or social preferences. Values are a combination of different attitudes and attributes of individuals. They help employees decide what is right, good, desirable, and favourable and so on. One value may be useful for a person, but may not be effective for others. The intensity attributes or value system has relative importance. Values are a code of conduct developed by an individual and the social system. Honesty, self-respect, equality, sincerity, obedience, truthfulness, etc. are various examples of values. Values are significant in organisational behaviour. Employees behave properly if they give importance to values. Learning may help provide opportunities for development of values. Employees would be aware of what ought to be done or what ought not to be done by giving importance to values. Behaviour is modified only if people are aware of right or wrong things, which are the deciding components of values. Learning aims to develop values so that employees can perform and behave properly. Values influence objectives too, because values shape the attitude and behaviour of employees. For example, obedient employees perform efficiently without creating any problems for the management Disciplined employees feel directed towards objectives. Learning helps employees develop high values and favourable behaviour.

20.8.1 SOURCES OF VALUES

People develop values from different sources, e.g. parents, friends, teachers, society, religion, workplace and national characteristics. Parents are the initiators of values. Mother and father always tell us what is right or what is wrong. They ask their children to do right things and avoid wrong things. Every family has certain values, which are inculcated in the children. Brothers and sisters play significant roles in developing values. Parental guidance paves the value systems on which children develop their attitude and behaviour. That is why it is said that children of a good family will be good and hard workers. Children in their attitudes and behaviour incorporate parent’s talk about society, friends, nations and work values, and these values. Friends influence each other to resort to particular behaviour. Good company helps develop good values. Teachers teach several good values to be adopted by students. Teachers are real instructors of value to learners. Society has a great impact on shaping the inter-behaviour of people, which provides value formation. Club members encourage (Different values depending upon their respective characters. Values are learnt and developed through religious factors. God, universe, fortune and suffering are attached to value application in behaviour. For example, righteous behaviour pleases god and vice-versa. A pleased god showers fortune and a displeased god give suffering, as per several examples of religious and cultural beliefs. Indian society believes that good values are related to godly pleasure, which give satisfaction to people. Workplaces teach honesty, responsibility, diligence, endurance and so on. People should be honest and responsible while performing a job. Good values have become strong forces for good behaviour whereas bad values destroy social and economic ties. Misery, suffering and dissatisfaction are associated with bad values. Good values give satisfaction as they help one to perform better. National characters have a great impact on the values exercised by the people. Warring nations have been developing warring and fighting values as real factors for satisfaction. Peace-loving nations develop peace values in people. Based on different sources of value formation, values are different. Learning strengthens good values and avoids bad values through positive and negative reinforcements respectively. The social learning process helps in developing various types of values.

20.8.2 TYPES OF VALUES

Values may be of different types, depending upon their sources of formation, namely family values, economic values, social values, religious values and national values. Family values preach methods of living in a family. The behaviour of family members with each other depends on the values developed. For example, the relationship between parents and children, brother and sister and so on have certain behavioural values. A father will treat his children affectionately. Similarly, children are expected to honour and respect their parents. There are different family values, which are bases of satisfaction and happiness in the family. Economic values give importance to money, financial resources and property formation. If an employee is unable to develop himself and his family, he has not given due importance to economic values. In the modem age, people recognise economic values more than other values. Economic well being is considered a symbol of status and satisfaction. Social values refer to the methods of behaviour in society. Social recognition and social satisfaction are related to social values. If a friend helps other friends, he values friendship and selflessness. Religious values are often observed in India where large sections of the people are governed by religious values and acceptances. Religious leaders shape lives of people through the preaching of religious values such as having faith in god, non-interference in others' lives, job fulfillment, being active, non-attachment, etc. The aim of life is told to them and this incorporates several relevant values to shape the behaviour of people. It is also referred to as a terminal value. People practice instrumental values for the development of family and society. Values at the workplace are covered under economic values, whereas values of behaviour accepted in the organisation are known as instrumental values. For achieving satisfaction, National values are preached by national leaders. Mahatma Gandhi preached some significant values to the people of the nation. Truth and non-violence were the two important values preached by him. Different values are attached to particular generations. The modem generation below the age of 30 is freer, leisure-minded, and flexible and so on. Learning programmes should be designed in such a way that the employees can develop high values for corporate development and their satisfaction as well. Instrumental values of honesty, responsibility, ambition, courage and independence may achieve the terminal values of self-respect, security, accomplishment, happiness and self-satisfaction. Older people are conservative, loyal and quality-oriented whereas the younger generation is flexible, leisure liking and believes in building up relations. Good values are to be explored, initiated and developed for the modification of performance behaviour in an organisation. Learning has a great role to play in achieving this objective.

20.9 CHECK YOUR PROGRESS

Fill in the Blanks

1. The learning process is the process by which individuals acquire the -------------- and --------------- to be applied in future behaviour.
2. ------------- are any objects and language, which draw the attention of people.
3. ------------- are the automatic outcome of good habits, which are acquired

through the learning process.

4. -------------- refer to the basic convictions, which lead to formation of conduct or social preferences.
5. ------------- are the initiators of values.

20.10 SUMMARY

Learning is a self-development process. People are interested in self-development. Self-analysis, appraisal and improvement help to learn and acquire the required behaviour. Reinforcement has a major role in the learning process. Further, the human species, unlike animal possess an extremely high proportion of unused mental capacity at birth. Human being has very few instincts or innate response tendencies relative to lower animals. While this may be detrimental to man in the sense that he is helpless for a long period in his early years, it is favorable in the sense that he has greater capacity for adaptation in response to changed survival conditions. This is because of his learning capacity. As such, learning becomes an important concept in the study of human behavior.

20.11 KEYWORDS

Learning: It is a cognitive and modeling process for acquiring knowledge and experience.

Values: Values refer to the basic convictions, which lead to formation of conduct or social preferences.

Family Values: These preach methods of living in a family.

Positive Reinforcement: It consists of events that assure achievement of a specific response or the desired behavior.

20.12 SELF ASSESSMENT TEST

1. Analyse the role of learning theory for understanding human behaviour.

2. Discuss the nature of classical conditioning and operant conditioning. What are the differences between these?

3. What is reinforcement? Discuss its use in organisation.

4. Discuss the learning process in an organisation.

5. Explain the importance of values and reinforcement for learning process.

20.13 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. The learning process is the process by which individuals acquire the **knowledge** and **experience** to be applied in future behaviour.
2. **Stimuli** are any objects and language, which draw the attention of people.
3. **Efforts** are the automatic outcome of good habits, which are acquired through the learning process.
4. **Values** refer to the basic convictions, which lead to formation of conduct or social preferences.
5. **Parents** are the initiators of values.

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Lesson No. 21	**Vetter:**

INTERPERSONAL AND GROUP DYNIMICS

STRUCTURE

21.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Define interpersonal behavior and group dynamics.
- Explain the reasons for formation of group.
- Describe the theories of group formation.
- Enumerate the functions of informal groups.
- List out the characteristics of an effective group.

21.1 INTRODUCTION

The basis of our relationships, our loves, hates, commitments and duties make us what we are. These human bonds - complex, universal and so much a part of our daily existence, whether on a personal or sociopolitical level, are largely responsible for the quality of our lives and thoughts, and not the least, our mental health. Schools, colleges and other learning institutions enlighten us on a variety of subjects and equip us to "face life" economically, socially and intellectually. However, there is no school which educates us about ourselves and the ways in which to conduct ourselves in the multitude of relationships that we are called upon to engage in from day to day: child and parent, brother and sister, student and teacher, employee and boss, servant and master to mention a few. Each one of us learns this independently, through trial and error and eventually develops certain typical ways of coping with people and situations.

21.2 CONCEPT OF INTERPERSONAL BEHAVIOUR

Interpersonal behavior is the behavior and actions that are present in human relationships. The way in which people communicate, and all that this entails, is considered interpersonal behavior**.** Interpersonal behavior refers to the type of behavior that an individual adopts to deal with people around him to attain success or objectives. Interpersonal behavior may include both verbal communication and nonverbal cues, such as body language or facial expressions. Verbal interpersonal behavior consists of joking, relating to one another via the art of storytelling, and taking or following orders. Interpersonal skills are highly desirable in many situations, specifically careers that rely on personal relationships such as the health care industry or sales.

The study of interpersonal behavior is a social science that examines the way people interact with one another. Interpersonal behavior is the most important thing which is required by all the individuals regardless of their level in the organization. In today's world, everything has become too interdependent that it is impossible to work in isolation. Interpersonal skills help individuals to achieve their goals because of increased contacts with the resourceful individuals. It helps employees to move up to the organizational ladder much easily and quickly as compared to the people who lack in the interpersonal skills. People who are good in interpersonal skills are more resourceful and never left alone in difficult times. They are able to get support and help from other people and are more cheerful as compared to those who lack interpersonal behavior.

21.3 MEANING OF GROUP DYNAMICS

It was Kurt Lewin who propounded the concept of Group Dynamics. By Group Dynamics we mean interaction of forces among group members in a social situation. The social process by which people interact face-to-face in small group is called Group Dynamics. Thus, in group dynamics we are concerned with the face-to-face interaction of individuals. It focuses on team work wherein small groups are constantly in contact with each other and share common ideas to accomplish the given tasks. Lewin has developed three leadership styles i.e. Authoritarian, Democratic and Laissez- faire for explaining the group dynamics. The other meaning of Group Dynamics is that it is a set of techniques. It implies that the members’ role in a management situation is discussed, and team building exercise is carried out to develop each member. This meaning is close to Lewin concept of Group Dynamics.

21.4 MEANING OF GROUP

A group is an aggregation of persons with the following conditions:

(i) People must interact with one another.

(ii) People must be psychologically aware of one another.

(iii) People should- perceive themselves to be a group.

A group may be defined as collection of people who have common purpose or objective, interact with each other to accomplish their objectives, are aware of one another, perceive themselves to be part of group.

Thus, mere face to face interaction amongst people is not sufficient to be called a group. They should be aware of one another and perceive the existence of a group. The number of people as contained in the definition should not be taken too, literally, as at some point, the number of people may be too large to fit the rest of the definition. For example, all the citizens of India cannot interact with each other. Further, each group has a common objective, but the members who belong to it may have other personal objectives. It is important to note that in the content of the definition of a group, a group member is to be aware of each other in a group. This awareness of members makes it different from mere aggregation of people. Every job in the organization is interdependent and every task requires the cooperation of more than one individual. Group facilitates this cooperation. Group provides personal relationships at the work place as member talks to one another about job or personal problem, thus groups are useful not only to individuals but also to organization, as it provides norms of behavior for its members. They provide understanding, companionship, supportive relationship and friendships. Group provides an identity for the person at the work-place to achieve a feeling of belongingness from which he can derive esteem, recognition status and happiness.

Work groups also provide security to the individual member by forming pressure groups on management and groups. Whenever there is a problem, the group reacts in collectivity and provides resistance to change imposed upon the members without their consent. Management can use dynamics to bring adaptability among the organization members and to introduce change process successfully.

21.5 REASONS FOR FORMATION OF GROUPS

There are some very practical reasons for formation of groups or people to join a group. Most of us can satisfy our needs only with or through other people. We make small groups for the following reasons:

(i) Companionship - The need for relationship with other people is one of the strongest and most constant of human drives. One can express his, only feeling through companionship. Research studies indicates that the employees with no opportunity for close social contacts find their work unsatisfying, leading to law productivity and high rate of absenteeism and turnover. Classical example is Hawthorne study.

(ii) Safety and Security Needs - Group provide a strong protection to their members from outside pressures. Workers become members of a union and thus feel more secure to be with the group. Groups often resist management's demand for additional output, increased work hours, and higher quality.

(iii) Relatedness or Belongingness Need - In every organization there are people who are very isolated, or who prefer to be absent from work most of the times or an or organizations having high turnover of employees. Research studies indicates that high turnover is related with lack of belongingness. The groups provide us emotional support which is useful at the time of crisis.

(iv) Identification – As a member of group, a person gets identity. The cohesive and small groups provide high morale to its members. Employees working in large organization find it hard to form stable social groupings and so they have low morale.

(v) Job Satisfaction or Self Satisfaction- The groups solution to a problem may be different from what management expects and it may even be more efficient. Many time bureaucratic channels like red tapism is eliminated, shortcuts are evolved and informal channels of communication are established to cut across department boundaries. By the same token, work groups may also engage in better job satisfaction. Many jobs which appears superficially dull, routine and repetitive are made interesting by the group and spontaneity is encouraged and protected by the group. Certain jobs can be done by isolated workers, but working as a group often results in higher motivation of the individuals and leads to better job satisfaction and self-gratification.

(vi) Status - A group provides a prestige to its members. Inclusion in a group is viewed as important by others, provides recognition and status for its members.

(vii) Power - One of the appealing aspects of groups is that they represent power. What often can't be achieved individually becomes possible through group action.

(viii) Effectiveness - It improves the effectiveness of the group activities and thus, the productivity is improved.

21.6 THEORIES OF GROUP FORMATION

A number of theories have been put forward by various experts to explain the dynamics of group formation and some of them are discussed hereunder:

(1) Homans Theory - According to Homans (1950), the basis of group formation is in terms of three elements, activities, interaction, and sentiments of people. The required activities are the assigned tasks at which people work. The required interaction takes place when any persons' activity follows or is influenced by the activity of another. Whereas, the sentiments are the feelings or attitudes of a person towards others, his likes or dislikes, approval or disapproval. The informal interactions are called as emergent interactions and results into emergent activities or informal activities due to sentiments or feelings of the people. With the increase in interactions there shall be increase in shared activities and sentiments. The more sentiments for one another, the more shall be their shared interactions and activities.

Thus, in an organization the people are not merely together physically, but solve problems, attain goals, facilitate coordination, reduce tension and achieve a balance.

(ii) Exchange Theory of Reward and Cost Outcome - In 1959, Thaibaunt and Kelly put forward this theory, thereby, stating the outcome of interaction as the basis of group formation. According to him the outcome of a relationship should be rewarding in order to have attraction or affiliation among the persons or members of a group. If the interaction can't provide personal or social satisfaction to persons and results into anxiety or frustration or embarrassment or fatigue, then

such an interaction becomes a cost for them rather than a reward. In exchange theory affiliation, interaction and common attitude all plays an important role.

(iii) Balance Theory -This theory was propounded by Newcomb in 1961. According to this theory, the groups are formed on the basis of attractions of persons towards each other as they possess similar attitudes towards common objects or goals. For example, Ram interact with Shyam Because of their common attitudes and values towards religion, politics, literature, work authority etc. They will continue to maintain a symmetrical relationship between the attraction and common attitudes and values. Whenever, this relationship between A and B becomes unbalanced, both of them will try to retire the balance if balance can't be retired, then the relationship dissolved.

21.7 TYPES OF GROUPS

(i) Formal Groups – These groups are established by the organization to accomplish specific tasks. The different departments created as part of organizational structure constitute the formal group. They are created deliberately by the management to perform the assigned duties the examples are work groups, committees and quality teams. These group characterized by clear-cut authority – responsibility relationships. The pattern of communication is also well defined.

Rules are laid down to regulate the behavior of group members. The formal groups are also known as official organization. The formal groups may include command groups and task groups.

(ii) Informal Groups - Informal groups are formed within the structure of the organization but by the members themselves rather than by the organization. Informal groups are formed spontaneously in the organization because of social interaction between the people. They are created by the individuals rather than by management. These groups may or may not have the approval of the management. The groups are formed to satisfy social needs of members in the organization. They are natural groupings of people in response to the need for social interaction. They may be based on common interest, language, taste, caste, religion, background, etc. Thus, informal groups are alliances that are formally planned. These groups are natural formations in the work environment. In every organization, a large number of informal groups are formed and they are collectively referred to as the informal organization. In a bureaucratic organization, these groups meet very often to cut short the rigid bureaucratic practices of the management. Sometimes these groups are formed to perform a task better, improve production. The informal groups have focus on person rather than position, develops norms to regulate the behavior of its members. There is no fixed pattern of communication between the: members. That is why the informal groups are more flexible than the formal groups. Since they concentrate on personal contacts between the members, they represent the human side of the enterprise as compared to technical side represented by the formal groups.”

(iii) Command and Task Groups - According to Cartwright and Zander (l974), the command groups consist of managers and their direct subordinates. Whereas, the task groups and committees are created carry out specific organizational assignments and activities. The boundaries of task group are not confined to its immediate superior. For example, in the educational institutions, the command group includes the top administrator or Principal or Head of the Institution and the Head of the Departments of the different disciplines as his direct subordinate. The various task groups are set to carry out specific activities such as selecting students, making of a curriculum; developing teaching and evaluation methods etc. in each department for a specific discipline or courses. The major distinction between command group and task group is that, command group continues to exist, whereas task group is usually formed or established to solve a particular problem.

(iv) Primary Groups - According to Cooley, primary groups are those groups which are characterized by intimate, face-to-face association and cooperation. The primary groups are fundamental in forming the social nature and ideals of the individuals. The term small group is interchangeably used by various people for primary group. The primary group is characterized by a feeling of comradeship, loyalty and a common sense of value among all its members. All primary groups are small groups but all small groups may not be primary group. As the small group only meet interior of small size for face-to-face interaction and communication to occur. The example of primary group is family and peer group.

The Hawthorne study demonstrated, how work groups have qualities of tremendously influencing individual behavior irrespective of contact or environmental conditions.

(v) Interest and Friendship Groups - Informal alliances may take the shape of interest and friendship groups. An interest group consists of people having a specific objective and not aligned to common command or task groups. For instance, employees who group together to pressurize the management for subsidized transport constitute an interest group. But a friendship group includes close friends or relatives. These relations even extend outside the organization. The group members know each other very well and have good relations.

(vi) Reference Groups - The reference group is one with which an individual feels Identified or to which he would like to belong. Examples: Individuals interested to become member of prestigious Lion's Club or Rotary Club; or professionals are interested to join or like to belong professional associations.

(vii) Membership Groups - These are groups to which the individual actually belongs. e.g., Cooperative Societies, Unions, Clubs, etc.

(viii) The In-Groups - The in-group represents a clustering of individuals holding prevailing values in a society or having a dominant place in social functioning. Examples: members of family, members of a team.

(ix) The Out–Groups - The out-groups are clustering looked upon as subordinate or marginal in the future. Whenever there is a win-lose situation in a competitive task, members of win or lose group show tremendous in-group feelings within themselves. Their group, in relation to the other group is called as out-group.

21.8 CLASSIFICATION OF SMALL GROUPS

On the basis of pressure tactics adopted by small groups, Sayles identified four kinds of groups in organizations which are discussed below:

(i) Conservative groups - The member of this group are composed of highly skilled employees in the plant or enterprise. The conservative groups are found at top levels of the organization and display considerable self-confidence. They work on their own and the nature of their jobs is such that they can shut down the plant if they so desire. Such groups have been found to be very strong and most stable among informal groups. They exercise restrained pressure for highly specified objectives.

(ii) Strategic groups - The strategic groups are the highest level policy making groups. The members of such groups are able to prepare a strategy for putting pressures on other groups and management. The members are engaged in jobs (better than the earlier two categories) requiring use of special abilities, skills and judgement. Their jobs are considered as key jobs in the plant. Such groups are found to be highly united and taking active part in union activity. These groups determine the course of action for enterprise.

(iii) Erratic groups - These groups are composed of semi- skilled or skilled workers who work together in groups performing jobs that require close interaction. They display considerable unity. In their relation with management, they, are erratic or lack consistency in behavior. Sometimes they show antagonism towards management while on other occasions they may be cooperative. It is very difficult to predict the behavior of such groups. That is why such groups are called erratic groups.

(iv) Apathetic groups - These groups are composed of relatively low paid and low skilled assembly line workers who lack unity and power and hardly use any pressure tactics and are often controlled by management very easily. Such a group has no acceptable leader and is indifferent to the formal organization.

21.9 FUNCTIONS OF INFORMAL GROUPS

Small groups are important not only from the point of view of their members, they have a great utility from organizations point of view also. They help the organization in better administration by performing the following functions :

(i) Better Relations - A manager can build better cordial relations with his subordinates through informal contacts. He can consult the informal leaders and seek their cooperation in getting the things done from the workers by practicing good human relation skills.

(ii) Developing Future Executives - Informal groups recognize talented workers as their leaders. Such leaders can be picked up by the management to fill vacancies at the junior/senior executive levels in the future.

(iii) Norms of Behavior - Informal groups develop certain norms of behavior which differentiate between good and bad conduct and between legitimate and illegitimate activities. These helps in building discipline and order among the employees.

(iv) Channel of Communication - Informal groups act to fill up the communication gaps which might arise in the organization. Informal communication cuts across the hierarchical and departmental boundaries and transmits information with greater speed. Management can use informal channels to share information with the workers and get their reaction to managements proposals. Informal communication can be of great use to the organization, if it is handled by the management properly.

(v) Filling in Gaps in Manager Abilities - Informal groups may set to fill in gaps in a manager ability. For example, if a manager is weak in planning ability, one of his subordinates may help him informally in such a situation.

(vi) Restraint on Managers - Informal groups do not allow the managers to cross their limits, restrict them for acquiring unlimited power and from using their power injudiciously.

(vii) Solving Work Problems - Informal group helps in solving the work problems of members and organization. It allows sharing job knowledge and taking decisions which affect a number of jobs.

(viii) Better Coordination - Very often informal groups evolve short-cuts and eliminate red tapism. They, facilitate smooth flow of information and quick decision making, and ensure better coordination among various individuals and departments.

21.10 DYSFUNCTIONAL ASPECTS OF INFORMAL GROUPS

Informal groups have dysfunctional aspects too, and create the following problems for the organization:

(i) Conformity –The informal group very often exerts strong pressure on its members for conformity. The members may become so loyal to their group that following the group norms becomes the part and way of their life. This implies that members become subject to willful control of the group towards selfish ends. This will lead to dilution of the effect of organizational policies and practices on the group members.

(ii) Negative Attitude of Informal Leaders – Sometimes the informal leader may turn out to be a troubleshooter for the organization. In order to increase his influence, he may work against the policies of management and manipulate the behavior of his followers. Thus, he can be a source of conflict between the management and the workers. He may induce the followers to work against the interests of the organization. If such a leader is promoted to the rank of an executive, he may prove to be a work shirker and an arrogant and autocratic boss.

(iii) Generation of Rumours – Informal communication may give rise to rumours which is not desirable from organization point of view. Rumour originates for a number of reasons. One cause is plain maliciousness, but it is probably not the most important. A more frequent cause is employees' anxiety and insecurity because of poor communication in the organization. Rumour also serves as a means of wish fulfilment for some employees or applying pressure upon management. Rumour tends to change as it passes from person to person. Its general theme may be maintained, but not its details. The rumour gets twisted and distorted always when it passes from one mouth to another. The message gets its own head, tail and wings on its journey and swells unproportionately to an exaggerated shape. Thus, rumours may prove to be very dangerous for the organization.

(iv) Resistance to Change – Informal groups generally have tendency to resist change. Change requires group members to make new adjustments and acquire new skills. But groups want to maintain status-quo. Sometimes, groups react violently to the proposed changes being brought by the management. This creates obstructions in implementing new ideas and thus organization's survival and growth.

(v) Role Conflict – Every member of the informal group is also a member of the formal organization. Sometimes, there may be role conflict because what the informal group requires of a member is just the opposite of what is expected of him by the formal organization. In such a situation, group members may conform to their social norms. And if an individual member wants to follow the formal instructions of his boss, he may be snubbed by the informal leader and compelled to conform to informal group norms. Thus, organizational interests are likely to suffer in case of conflicts between formal and informal roles.

21.11 MANAGING INFORMAL GROUPS

The best strategy to manage the informal group is to identify and accept its existence, its leadership, its goals and its cultural moorings and endeavor so as to utilize it in the realization of organizational goals. In this context, it is significant for the management to identify the leadership of the informal groups.

The informal groups tend to be small. Each has its leader, who has earned this status because of age, seniority on the job, dominant personality, special capability, physical strength, or some other characteristics. In large informal organization, there may be more than one leader whom the group will follow under given circumstances. An individual with higher formal education than the others may be asked to look into matters that require formal communication. He may be asked to speak for the group in leading with the management, the union, or other informal groups. Another member possessing more job experience and know-how may be consulted in handling a work assignment or solving some problems connected with it.

Often the leader of the informal organization must gain and maintain the recognition of the members, either by working with management or by working against management. The, manager should recognize that this condition prevails. Knowing and understanding the leadership of the groups with whom he deals can be extremely useful to a manager.

A manager can build favorable relationships with informal leaders in several ways. He can consult the leaders and seek their advice on technical matters and human relations problems. He can request their assistance and cooperation in indoctrinating new members and training them to become competent workers in their informal job assignments. Open, two-way communications can be encouraged on a continuing basis for mutual benefit. A manager must be careful not to reduce the status of the leader in the eyes of his constituents, and especially careful not to show favourism or partiality.

Informal communication, though may have ill consequences, can also be used by an enlightened manager to plug the loopholes of the formal communication system. Informal communication is very fast and ensures speedy transmission of information. It is the duty of every manager to see that informal communication does not produce rumours and if a rumour spreads, it should not be allowed to damage the functioning of the organization. In short, management can use every aspect of informal organization to achieve the organizational objectives.

21.12 ELEMENTS OF INFORMAL GROUPS

In informal groups, authority-responsibility relationship, channels of communications, patterns of coordination, etc., are not pre-determined. Informal group operates in an unstructured way. Informal group interacts with the formal organization quite frequently. It affects and is affected by the formal organization. If we observe the working of any informal group, we shall come across the following elements:

1. Leadership – The informal group has its own leader. An informal leader may not be the superior under whom the group members are working. The factors which determine informal leadership are age, seniority, work location, technical competence, etc. It may be noted that persons who emerge as informal leaders are perceived by the other group members as being the best people who can satisfy the goals of the group. The group may have number of leaders for different purposes, the group may have a task leader whose function is to derive the group towards its goal and a human leader who keeps the groups from falling apart.

The formal group leader performs the following functions: (i) he facilitates a consensus among the group members, (ii) he initiates action, and (iii) he provide links with the outside world. If the formal leader is able to perform these functions, he may be accepted as an informal leader also. Workers will go to him for their personal problems, counselling etc.

2. Authority – An informal organization has a set of unique characteristics. It has its own code of conduct, system for communication and system of reward and punishment. There is a network of relationships in an informal organization and it is not surprising if these relationships turn out to be contradictory to the formal prescribed pattern of relationships. The authority in informal organization is personal rather than positional as in case of formal organization. Power in formal organization is earned or given by group members, rather than delegated: therefore, it does not follow the official chain of command. It is more likely to come from peers than from superiors in the formal hierarchy: and it may cut across organizational lines into other departments. It is usually more unstable than formal authority, since it is subject to the sentiments of people. Because of its subjective nature, informal organization cannot be controlled by management in the way that formal organization is.

3. Goals – Groups evolve their own goals reflecting their own special interests. Group members are dedicated to group goals. Group cohesiveness results in the group acting in a unified manner. This cohesiveness is the results of the degree to which the group goals help the satisfaction of the individual's needs. An important management problem, therefore, is to relate the group's objectives to the individual needs of the members of the group. If the goal congruency does not take place, organization will have to pay a price of this goal conflict as the group goals will take precedence over the organizations goals.

4. Communication – Informal organization comes into existence because of the deficiencies of the formal channels of communication. The formal channels of the communication may be inadequate and slow. The need for speedier communication may give birth to informal channels of communication. Informal communication is very fast but its greatest danger is that it may give rise to rumours. Rumours may prove to be detrimental to the interests of the organization. It is the responsibility of the management to maintain informal channels of communication properly by feeding the necessary information, whenever necessary.

22.13 CHARACTERISTICS OF AN EFFECTIVE GROUP

The factors that influence the work group effectiveness are norms, cohesion and leadership. These are discussed hereunder:

(1) Group Norms – A norm is a standard of behavior. Work groups norms are like an individual finger prints - each is unique. Yet there are still some common classes of norms that appear in most work groups. This tell how to behave in a particular group. Norms could be formal or could be informal. It is important to know what behavior .is significant for the groups, which helps to develop a norm. One of the characteristics of the norms is that they develop and shape behavior. That is significant for the group. The other characteristics of the norms is that some norms are applicable to some people only and not to all. Some norms have central importance and are accepted by everyone of the group while others have less importance.

According to Schein (1974) there are pivotal and relevant group norms. The pivotal group norm is a norm to which every member must confirm. Whereas, the relevant group norm is one which is neither central or absolutely essential to follow but is desirable. Conformity should be defined as adjusting ones behavior to align with the norms of the group. Conformity to all the group norms is selective and individual specific, some individuals select only pivotal norms, whereas other rejects all values and norms of the group. In case of complete conformity to group norms, the individual loses his or her ability to influence the group, whereas, in case of complete disconformity to group norms the individual is likely to be expelled by the member. Thus, selection of norms for acceptance be made discretely. As the size of the group increases, norm is less likely to be accepted. Intellectual and creative Individuals are less likely to conform to group norms. Maintenance of conformity to group norms over the time is a difficult task. Small deviation of norms is allowable; however extreme deviation makes the deviator punishable.

(2) Group Cohesiveness – The group cohesiveness is the degree to which the members are attached to each other and are motivated to remain within the group. It is usually reflected by its resiliency to disruption by outside forces. The greater is the likelihood that all the members will confirm strictly to the group standards and greater the likelihood that its leader will represent the feelings of all members.

Cohesive groups are more powerful and are more likely to act in unison when their expectations do not come to be realized.

Factors Influencing Cohesiveness

The degree of group cohesiveness is determined by the following factors:

(i) Nature of the Group – Homogeneous groups, whose members are alike on such factors as age, education, status, experience, background, etc., are better united when the task or goal requires mutual cooperation and conflict-free behavior. Heterogeneous groups are often less effective in promoting their own interests than groups whose members are homogeneous. For example, where people with sharp differences in their scales of pay and job responsibilities work near one another, the resulting informal group is generally less cohesive.

(ii) Time Spent Together – The amount of the time that people spend together influences cohesiveness. As people spend more time together, they become more friendly, they can interact frequently and easily and are likely to be more cohesive and effective than those whose members are scattered. Such groups tend to develop their own language and symbol and codes to communicate with the group members. The opportunity to spend time together is dependent on physical proximity of members.

(iii) Communication – The effective communication is very important for maintenance of group cohesiveness. In fact, one of the determinants of group cohesion is the speed with which message can be transmitted through the group.

(iv) Location of Group – Location of the group plays an important role in determining cohesiveness. Particularly isolation from other groups of workers tends to build high cohesiveness. Where there is no dividing line between one group and another, cohesion is more difficult to achieve because a chain of interactions develops, but little group solidarity. Where members of a group are located closely knitted together and are in isolation from other groups, they will develop greater cohesiveness because of constant face-to-face interaction.

(v) Gender of Group Members – Recent studies indicates that women are more cohesive than men. It may be assumed that women are less competitive and/or more cooperative with people they see as friends, colleagues, or team mate than men are, and this results into greater group bonding.

(vi) Size of the Group – The effective group is relatively small. Small groups are more closely knitted than large ones. When the group is small, its members have constant face-to-face contacts. So, it is easier to have close relationship with all members of a small group than with all the members of a large one.

(vii) Status of the Group – Status of a group determines the degree of group cohesiveness to a great extent. A high status group receives greater loyalty from its members which in turn makes the group stronger. That is why, people are generally more loyal to high status groups.

(viii) Autonomy – A group may be dependent or independent of other groups and, thus, will have a different structure. When each member of a group has independent and different activities, the cohesiveness among members of the group will be less as compared to the group whose members are doing the operations which are dependent upon each other.

(ix) Leadership Style –The different styles of leadership influence group cohesiveness differently. An effective leader keeps the members of the group close by helping them satis1r their social needs.

(x) Outside Pressure – Groups provide security for the individual members from pressures by other groups. The group members work together when they are threatened by a common danger, e.g., a group of employees may forget their personal differences and also ranks against a new supervisor who is regarded as a threat to the group. It may also happen that the group is unable to bear the excessive pressure and cohesiveness cannot be created to withstand the pressure form outside.

(xi) Management Behavior – The behavior of the management has a direct influence on the degree of cohesion that exist within a group. By creating competition among employees and by constantly comparing one employee with another, a manager may make close relations difficult. A manager can also build solidarity by rewarding cooperative behavior. He can utilize group cohesiveness for achieving the goals of the enterprise if he can provide leadership to the group.

(xii) Previous Success – If the group has the history of successes, it builds an espirit de corps that attracts and unites members. Successful enterprises find it easier to attract talented employees than unsuccessful ones.

(3) Group – Leadership is the ability to influence the behavior of others. Leader play significant role in terms of accomplishment of goals of the groups. Activities, interactions and settlements often facilitate the emergence of informal leaders, who helps the group in accomplishment of goals. The effective formal leadership influences the growth and development of organization. Informal leadership helps in the growth of human being and organization too. In order to be successful manager, you must recognize the existence of informal leaders and work with them to develop group norms of high productivity, build more cohesion and enable the members to have their social needs fulfilled.

21.14 QUALITY CIRCLE

Quality circle may be defined as a work group of employees who meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions. A quality circle is a small group of employees doing similar or related work who meet regularly to identify, analyze and solve product-quality problems and to improve general operations. The concept of quality circle emerged from Japan for better quality control techniques. Quality circle provides a future - oriented approach. The quality circles are relatively autonomous units (ideally about 10 workers), usually led by a supervisor or a senior worker and organized as work units. The workers, who have shared area of responsibility, meet weekly to discuss, analyze and propose solutions to outgoing problems. Efforts in improving production and quality involve reducing defects, scrap, rework, and downtime, which are expected to lead to cost reduction as well as increased productivity. The circles also intend to focus on the self-development of workers and the improvement of working conditions, improvement of workers' morale and motivation, stimulation of team work, and recognition to their achievements.

The technique of quality circle has been refined over the years and it is now used to achieve the following objectives:

1. Overall improvement of quality of products manufactured by the enterprise,
2. Improvement of production methods and productivity of the enterprise.
3. Self-development of the employees who take part in the quality circles.
4. Encouragement of innovative ideas among the employees,
5. Building high morale of employees by developing team-work in the organization.

(a) Benefits of Quality Circles

Quality circles are supposed to bring the following benefits for the organization:

1. Formation of Quality circles in Japan and other countries has helped in bringing out several innovations and changes.

2. Quality circles, a valuable tool for increasing productivity, improving quality and increasing workers job satisfaction.

3. Membership in a circle means a participative environment that provides identification with work-group. Participation encourages commitment of the employees in producing quality products. Through quality circles, every one becomes involved with the operation of the company. Everyone from top to bottom works towards a single goal, i.e., success through quality.

(b) Introducing Quality Circle in an Organization

Quality circle is a new concept and its Introduction may cause some resistance on the part of the employees. Therefore, before Introducing quality circle, all precaution must be taken: as in case of any organizational change. The steps in the Introduction of quality circle are briefly discussed below:

1. Propagating the Idea of Quality Circle – The workers must be educated the need and significance of quality circle from the point of view of the organization and the workers. The scope of the quality circle should also be adequately publicized. The workers should be allowed to clear their doubts about quality circle. Attempt should be made to seek their voluntary cooperation in Implementing quality circles in the organization. The management may also arrange for some kind of training of the employees who want to form quality circles.

2. Constitution of Quality Circles – The employees should be encouraged to form quality circles by drawing members doing the similar kind of work. The membership of a quality circle should not exceed ten to twelve members. The Information about the constitution of a quality should be made available to the top management.

3. Analysis of Quality Problems – The members of a quality circles are supposed to meet periodically, say once a month. They would collect data and analyze the same. Past records, employee’s suggestions, customer suggestions are very

Important in this regard. This will lead to identification of the problems that hamper quality.

4. Problem Solving –The members of the quality circle should discuss the problems thoroughly and make a list of possible solutions. The merits and demerits of each solution should be evaluated. The final decision will be taken by the consensus of all the members.

5. Presentation of Suggestions to the Management – The suggestions for improving the quality are put in writing and forwarded to the management. Top management may form a committee to evaluate the suggestions of different quality circles in the organization. The committee may also meet the members of the quality circles, if it has any doubt. The final report will be prepared by the committee. It will list the suggestions, which must be implemented for improving the quality of goods and services.

6. Implementation – Proper publicity should be given to the suggestions of quality circles which are being put into practice. This will motivate the employees as they will feel the importance of having contributed to well-being of the organization. The implementation of the suggestions should be properly monitored by the management so that the changeover to new methods is smooth.

(c) Problems in Implementation of Quality Circles

There are several pitfalls in quality circles. Despite their merits, they have failed in many companies. The common hurdles in initiating quality circles in India are as under

1. Problem of Negative Attitude –The employees and even managers may have ‘negative attitude toward the quality circle. Naturally, they will resist its implementation. The wrong notions of the people about quality circles should be cleared. They should be properly informed about the concept of quality circle and its unity.

2. Lack of Ability –The workers in India have a low level of education. They also lack leadership qualities. To overcome this hurdle, workers education programme should be initiated. It must educate the workers about quality circle.

3. Lack of Management Commitment – The top management may not be committed to the concept of quality circle. The employees may not be allowed to hold the meetings of quality circles during the working hours. The employees will be least interested in devoting their personal time to the quality circle. Therefore, the management should allow the workers to hold quality circle meetings periodically during the working hours. It should extend the assistance required by the quality circles for their smooth working.

4. Non-Implementation of Suggestions – The workers will feel disheartened if their suggestions are turned down without any reason. The suggestions of each quality circle should be given due weightage. If they are likely to improve quality of products, they must be implemented. This will enthuse the members of the quality circle.

21.15 Check Your Progress

Fill in the Blanks

1. Interpersonal behavior is the behavior and actions that are present in human --------------.
2. It was -------------------- who propounded the concept of Group Dynamics.
3. The social process by which people interact face-to-face in small group is called ------------------.
4. The concept of quality circle emerged from ----------- as better quality control techniques.
5. Lewin has developed three leadership styles i.e. Authoritarian, Democratic and --------------- for explaining the group dynamics.

21.16 SUMMARY

The social process by which people interact face-to-face in small groups is called group dynamics. Group dynamics is concerned with the interaction of individuals in a face-to-face relationship. It focuses on teamwork wherein small groups are constantly in contact with each other and share their ideas to accomplish the given task. The group develops its goals clearly and furnishes suggestions to its members for the accomplishment of goals. Every group creates its leader (who may be called informal leader as he is not recognized in the formal organizational structure) who can effectively coordinate the group efforts towards the 'accomplishment of its objectives.

Workers form small groups because of the following reasons: (i) companionship, (ii) satisfaction of safety are security need, (iii) satisfaction of belongingness need, (iv) sense of identification, (v) job satisfaction, (vi) status and (vii) power.

Groups may be classified into (i) formal groups, (ii) informal groups, (iii) command and task groups, (iv) primary groups, (v) interest and friendship groups, (vi) reference groups, (vii) membership groups, (viii) in-groups and (ix) out-groups. Small groups are helpful in building good relations among the members and serve as a useful channel of communication and coordination.

Informal groups have certain dysfunctional aspects also such as (i) conformity to group norms, (ii) resistance to change, (iii) role conflict (iv) negative attitude of informal leaders and (v) generation of rumours. When the members are motivated to remain within the group and they conform strictly to the norms and values of the group, the group is said to be cohesive. Cohesive groups are more powerful. They are more likely to attain their goals and satls1r the needs of the members. Group cohesiveness may be defined as the degree to which members are attached to one another and share the group's goals. It is the strength of the 'glue' which holds the group together. A cohesive group acts as one body and exercises a strong Influence on the behavior of its members.

Hawthorn experiments revealed that a group exercises a significant influence on the attitudes, behavior and performance of its members. Groups norms may encourage high performance or low performance depending upon whether or not these norms are supportive of the organizational goals. The output of members in a highly cohesive group tends to be more uniform than that of members in less cohesive groups. In other words, individual productivity in cohesive groups stays within a norms range reflecting the group's strong social control.

21.17 KEYWORDS

Interpersonal behavior: It is the behavior and actions that are present in human relationships.

Group Dynamics: Interaction of forces among group members in a social situation.

Formal Group: This type of group is established by an organization to accomplish specific tasks.

Primary Group: These are the groups which are characterized by intimate, face-to-face association and cooperation.

Norm: It is a standard of behavior.

Group Cohesiveness: It is the degree to which the members are attached to each other and are motivated to remain within the group.

21.18 SELF-ASSESSMENT TEST

1. Define forma groups and explain its characteristics features.
2. Give a comparative assessment of the importance of formal and informal organization.
3. Distinguish between formal and informal group. What should be the attitude of management towards informal groups?
4. Distinguish between formal and informal group.

5. What is an Informal Group? Describe its features. Provide a guideline to practicing managers for effective utilization of informal groups.

6. Define group dynamics. Why informal group comes into existence?

7. Define group cohesiveness and explain the relationship between group cohesiveness and productivity.

8. What is meant by Quality Circle? How can this concept be introduced in an organization?

9. What is interpersonal behavior? Discuss the important dimensions of interpersonal behavior with examples.

10. “There are some essentials of an assertive personality”. Discuss.

21.19 ANSWER TO CHECK YOUR PROGRESS

Fill in the Blanks

1. Interpersonal behavior is the behavior and actions that are present in human **relationships**.
2. It was **Kurt Lewin** who propounded the concept of Group Dynamics.
3. The social process by which people interact face-to-face in small group is called **Group Dynamics**.
4. The concept of quality circle emerged from **Japan** as better quality control techniques.
5. Lewin has developed three leadership styles i.e. Authoritarian, Democratic and **Laissez- fair** for explaining the group dynamics.

21.20 REFERENCES/SUGGESTED READINGS

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Subject: Management Concepts and Organizational Behaviour	
Course Code: MC 101	**Author: Prof. M. C. Garg**
Lesson No. 22	**Vetter:**

TRANSACTIONAL ANALYSIS

STRUCTURE

22.0 LEARNING OBJECTIVES

After reading this lesson, you should be able to:

- Define the meaning and evolution of transactional analysis.
- Explain the key ideas in transactional analysis.
- Describe the nature of transactional analysis.

22.1 INTRODUCTION

Transactional Analysis (TA) is a system of social psychology developed by Eric Berne. It is a method for understanding people's behaviour by analysing the 'transactions' or interactions which go on between people. Developed in the 1950s using a framework based on Freud but deviating from his ideas in several areas, this theory describes the three ego states (Parent, Adult and Child) which coexist in the personality. The therapy enables clients to become aware of these components of their individual personality, and to understand in which ego state they are functioning in their interactions (transactions) with other people. The goal is to help clients change feelings and behaviours that were formed in childhood that now hinder their development. In a 'transaction' (an interaction with one or more other people), one or other of these ego states will predominate in us and other people in the transaction. Particular communicative behaviours are associated with each of these ego states, but it is important to understand that they are not necessarily associated with chronological stages of psychological development. An adult can exhibit child-like communicative behaviour and a child can exhibit adult- like behaviour.

Transactional Analysis (TA) is both a theory of development and a system of social psychology, that is, it is both theory and practice. The theory contains key concepts that connect it with Freudianism, and with brain research too. As a social psychology, Transactional Analysis postulates relationships within the mind and proposes relationships of various kinds between individuals. During the 1970s, TA spread throughout the world with thousands of people becoming Certified Transactional Analysts and even more using the concepts without formal training, for one of the strengths of TA has been a readily helpful and useful concept. They were devised mainly by the originator, Dr. Eric Berne, MD.

22.2 MEANING OF TRANSACTIONAL ANALYSIS

Transactions refer to the communication exchanges between people. Transactional analysts are trained to recognize which ego states people are transacting from and to follow the transactional sequences, so they can intervene and improve the quality and effectiveness of communication. Transactional Analysis (TA) is theory of personality and human interaction. Fundamental to TA is the concept that a person’s mind can occupy different Ego States and that people’s interactions (“transactions”) can be better understood as transactions between different ego states. TA is an approach to psychotherapy. Transactional analysis defines the basic unit of social intercourse as a “transaction.” There are three “ego states” from which transactions emanate–that of a “parent”, an “adult”, or a “child”. The transactions between individuals can be classified as complementary, crossed, simple or ulterior, based upon the response that an individual receives to a “transactional stimulus”–any action that consciously or unconsciously acknowledges the presence of other individuals.

22.3 EVOLUTION OF TRANSACTIONAL ANALYSIS

Transactional Analysis is one of the most accessible theories of modern psychology. Transactional Analysis was founded by Eric Berne, and the famous parent adult child’ theory is still being developed today. Transactional Analysis has wide applications in clinical, therapeutic, organizational and personal development, encompassing communications, management, personality, relationships and behaviour. ‘Whether you’re in business, a parent, and a social worker or interested in personal development, Eric Berne’s Transactional Analysis theories, and those of his followers, will enrich your dealings with people, and your understanding of yourself.

Probably the most significant trace of the origins of Transactional Analysis are contained in the first five of six articles on intuition that Berne wrote, beginning in 1949. Already, at that early date, when he was still working to gain the status of psychoanalyst, he dared to defy Freudian concepts of the unconscious in his writings. When he began training in 1941 at the New York Psychoanalytic Institute, and later when he resumed his training at the San Francisco Psychoanalytic Institute, Berne obviously believed that becoming a psychoanalyst was important. However, in the end that coveted title was withheld; his 1956 application for membership was turned down with the verdict that he wasn't ready, but, perhaps after three or four more years of personal analysis and training he might reapply. For Eric Berne, the rejection was galvanizing, spurring him to intensify his long-standing ambition to add something new to psychoanalysis. He set to work, determined to develop a new approach to psychotherapy by himself. Before 1956 was out, he had written two seminal papers based on material read earlier that year at the Psychiatric Clinic, Mt. Zion Hospital, San Francisco, and at the Langley Porter Neuropsychiatric Clinic, U.C. Medical School: "Intuition V: The Ego Image": and "Ego States in Psychotherapy." Using references to P. Federn, E. Kann, and H. Silberer, in the first article Berne indicated how he arrived at the concept of ego states and where he got the idea of separating "adult" from "child." In the next article, he developed the tripartite scheme used today (Parent, Adult,-and Child), introduced the three-circle method of diagramming it, showed how to sketch contaminations, labeled the theory, "structural analysis" and termed it "a new psychotherapeutic approach." The third article, titled "Transactional Analysis: A New and Effective Method of Group Therapy," was written a few months later and presented by invitation at the 1957 Western Regional Meeting of the American Group Psychotherapy Association of Los

Angeles. With the publication of this paper in the 1958 issue of the American Journal of Psychotherapy, Transactional Analysis, the name of Berne's new method of diagnosis and treatment became a permanent part of psychotherapeutic literature. In addition to restating his concepts of P-A-C, structural analysis, and ego states, the 1957 paper added the important new features of games and scripts.

Throughout history, and from all standpoints –philosophy, medical science, religion– people have believed that each man and woman has a multiple nature. In the early 20th century, Sigmund Freud first established that the human psyche is multi-faceted, and that each of us has warring factions in our subconscious. Since then, new theories continue to be put forward, all concentrating on the essential conviction that each one of us has parts of our personality which surface and affect our behaviour according to different circumstances.

In 1951 Dr Wilder Penfield began a series of scientific experiments. Penfield proved, using conscious human subjects, by touching a part of the brain (the temporal cortex) with a weak electrical probe, that the brain could be caused to 'play back' certain past experiences, and the feelings associated with them. The patients 'replayed' these events and their feelings despite not normally being able to recall them using their conventional memories. Penfield's experiments went on over several years, and resulted in wide acceptance of the following conclusions:

The human brain acts like a tape recorder, and whilst we may 'forget' experiences, the brain still has them recorded. Along with events, the brain also records the associated feelings, and both feelings and events stay locked together. It is possible for a person to exist in two states simultaneously (because patients replaying hidden events and feelings could talk about them objectively at the same time). Hidden experiences when replayed are vivid, and affect how we feel at the time of replaying. There is a certain connection between mind and body, i.e., the link between the biological and the psychological, e.g., a psychological fear of spiders and a biological feeling of nausea.

Early transactional analysis theory and model: In the 1950s, Eric Berne began to develop his theories of Transactional Analysis. He said that verbal communication, particularly face to face, is at the centre of human social relationships and psychoanalysis. His starting point was that when two people encounter each other, one of them will speak to the other. This he called the Transaction Stimulus. The reaction from the other person he called the Transaction Response. The person sending the Stimulus is called the Agent. The person who responds is called the Respondent. Transactional Analysis became the method of examining the transaction wherein: 'I do something to you, and yu do something back'. Berne also said that each person is made up of three alter ego states: Parent, Adult and Child. These terms have different definitions than those which they connote in normal language.

Parent: This is our ingrained voice of authority, absorbed conditioning, learning and attitudes from when we were young. We were conditioned by our real parents, teachers, older people, next door neighbours, etc. Our Parent is made up of a huge number of hidden and overt recorded playbacks. Typically embodied by phrases and attitudes starting with 'how to', 'under no circumstances', 'always' and 'never forget', 'don't lie, cheat, steal', etc., etc. Our parent is formed by external events and influences upon us as we grow through early childhood. We can -change it, but this is easier said than done.

Adult: Our 'Adult' is our ability to think and determine action for ourselves, based on received data. The adult in us begins to form at around ten months of age, and is the means by which we keep our Parent and Child under control. If we are to change our Parent or Child, we must do so through our Adult.

Child: Our internal reaction and feelings to external events form the 'Child'. This is the seeing, hearing, feeling, and emotional body of data within each of us. When anger or despair dominates reason, the Child is in control. Like our Parent we can change it, but it is no easier.

Parent is our ‘Taught’ concept of life. Adult is our ‘Thought’ concept of life. Child is our ‘Felt’ concept of life. When we communicate, we are doing so from one of our own alter ego states, our Parent, Adult or Child. Our feelings at the time determine which one we use, and at any time something can trigger a shift from one state to another. When we respond, we are also doing this from one of the three states, and it is in the analysis of these stimuli and responses that the essence of Transactional Analysis lies.

At the core of Bern’s theory is the rule that effective transaction (i.e., successful communications) must be complementary. They must go back from the receiving ego state to the sending ego state. For example, if the stimulus is Parent to Child, the response must be Child to Parent, or the transaction is ‘crossed’, and there will be a problem between sender and receiver. If a crossed transaction occurs, there is an ineffective communication. Worse still, either or both parties will be upset. In order for the relationship to continue smoothly, -the agent or the respondent must rescue the situation with a complementary transaction. In serious break-downs, there is no chance of immediately resuming a discussion about the original subject-matter. Attention is focused on the relationship. The discussion can only continue constrictively when and if the relationship is mended.

To analyze a transaction, you need to see and feel what is being said as well. Only 7% of meaning is in the words spoken; 38% of meaning is paralinguistic (the way that the words are said) and 55% is in facial expression. There is no general rule as to the effectiveness of any ego state in any given situation. Some people get results by being dictatorial (Parent to Child), or by having temper tantrums, (Child to Parent), but for a balanced approach to life, Adult to Adult is generally recommended.

Transactional Analysis is effectively a language within i language; a language of true meaning, feeling and motive. It can help you in every situation, firstly through being able to understand more clearly what is going on, and secondly, by virtue of this knowledge, we give ourselves choices of what ego states to adopt, which signals to send, and where to send them. This enables us to make the most of all our communications and therefore create, develop and maintain better relationships.

Modern transactional analysis theory: Transactional Analysis is a theory which operates as each of the following: a theory of personality, a model of communication, a study of repetitive patterns of behaviour. Transactional Analysis developed significantly beyond these early theories of Berne, done mostly by Berne himself until his death in 1970, and since then by his followers and many current writers and experts. Transactional Analysis has been explored and enhanced in many different ways by several people, including Ian Stewart and Vann Joines (their book 'TA Today' is widely regarded as a definitive modern interpretation); John Dusay, Aaron and Jacqui Schiff, Robert and Mary Goulding, Pat Grossman, Taibi Kahler, Abe Wagner, Ken Mellor and Eric Sigmund, Richard Erskine and Marityn Zalcman, Muriel James, Pam Levin, Anita Mountain and Julie Hay (specialists in organizational applications), Susannah Temple, Claude Steiner, Franklin Ernst, S Woollams and M Brown, Fanita English, P Clarkson, M M Holloway, Stephen Karpman and others.

Significantly, the original three Parent Adult Child components were sub-divided to form a new seven element model, principally during the 1980s by Wagner, Joines and Mountain. This established Controlling and Nurturing aspects of the Parent mode, each with positive and negative aspects, and the Adapted and Free aspects of the Child mode, again each with positive and negative aspects, which essentially gives us the model to which most TA practitioners refer today:

Parent- Parent is now commonly represented as a circle with four quadrants:

Nurturing - Nurturing (positive) and Spoiling (negative).

Controlling - Structuring (positive) and Critical (negative).

Adult–Adult remains as a single entity, representing an ‘accounting’ function or mode, which can draw on the resources of both Parent and Child.

Child- Child is now commonly represented as a circle with four quadrants:

Adapted - Cooperative (positive) and Compliant/Resistant (negative).

Free - Spontaneous (positive) and Immature (negative).

Where previously Transactional Analysis suggested that effective communications were complementary (response echoing the path of the stimulus), and better still complementary adult to adult, the modern interpretation suggests that effective communications and relationships are based on complementary transactions to and from positive quadrants, and also, still, adult to adult. Stimuli and responses can come from any (or some) of these seven ego states, to any or some of the respondent’s seven ego states.

22.4 KEY IDEAS IN TRANSACTIONAL ANALYSIS

TA is a sophisticated theory of personality, motivation and problem solving that can be of great use to psychotherapists, counsellors, educationists, and business consultants. Transactional Analysis is based on a very simple model, in which each person is considered to have three primary personality modes or ‘ego states’: Parent, Adult and Child. And at any given time, one of these modes is likely to be dominant. In any ‘transaction’ between two people each will tend to move into a particular ego state. For example, when you ask a stranger in the street for directions, the transaction is likely to be a straightforward, unemotional Adult-Adult one, with a simple transfer of information. (The diagram on the cover of the book under, reference is intended to illustrate just such an Adult-Adult transaction.) By contrast, when an autocratic boss is disciplining a member of staff the transaction is likely to be one with a high emotional charge: Negative Controlling Parent-Negative Adaptive Child. The purpose of TA is to help people to deal with such difficult situations, and to enable them to have a win-win, ‘I’m

OK, you’re OK’ outcome. According to Claude Steiner, Transactional Analysis can be divided into five theoretical and practical conceptual clusters as will be enumerated in the subsequent paragraphs, one of the most prominent ones being Strokes Cluster.

The Strokes Cluster: This cluster finds correlates in existing theories of “attachment,” “intimacy,” “warmth,” “tender loving care,” “need to belong,” “contact,” “closeness,” “relationships,” “social support,” and “love.”

The OK Cluster: This cluster finds correlates in existing theories of “positive psychology,” “flow,” “human potential,” “resiliency,” “excellence,” “optimism,” “subjective well-being,” “positive self-concept,” “spontaneous healing,” “nature’s helping hand,” “vis medicatrix’ nature” (the healing power of nature), and “the healing power of the mind.”

The Script and Games Cluster: This cluster finds correlates in existing theories of” narratives,” “maladaptive schemes,” “self-narratives,” “story schemes,” “story grammars,” “personal myths,” “personal event memories,” “self-defining memories,” “nuclear scenes,” “gendered narratives,” “narrative coherence,” “narrative complexity,” “core self-beliefs,” and “self-concept.”

22.5 EGO STATES

In his’ last book, What Do You Say After You Say Hello? Berne (1972) made it clear that analysis of transactions between ego states is the fundamental activity of a transactional analyst. He focused on ego states and transactions because they are eminently observable. Ego states and their representation as three stacked circles are the icons of Transactional Analysis. Berne postulated three basic ego states–Parent, Adult, and Child–each with an important function. However, he quickly introduced possible additional ego states by subdividing each of the ‘three. For example, the Child had three options: Adapted Child, Little Professor, and Natural Child. Others followed suit until the numbers of potential separate ego states became unmanageable. Dusay (1972) narrowed the large number of potential ego states to five: Nurturing Parent, Critical Parent, Adult, Adapted Child, and Natural Child. These five ego states have been widely researched with varying degrees of scientific rigor. A number of researchers have attempted to demonstrate reliability and construct validity for these ego states. Eric Berne made complex interpersonal transactions understandable when he recognized that the human personality is made up of three "ego states", each of which is an entire system of thought, feeling, and behaviour from which we interact with each other. The Parent, Adult and Child ego states and the interaction between them form the foundation of transactional analysis theory.

The idea of three ego states and the transactional interactions between them are the most distinctive feature of Transactional Analysis and yet have the least amount of resonance in the literature. However, the utility of this concept is the principal reason, why people become interested and maintain their interest in Transactional Analysis.

Transactional Analysis is essentially a cognitive-behavioural theory of personality and change that nevertheless retains an interest in the psychodynamic aspect of the personality. Echoes of each of these clusters of concepts can be found in writings in the fields of psychology, social psychology, and psychotherapy, where they exist independent of any awareness of their possible Transactional Analysis origins. Transactional Analysis includes all five in a sophisticated, interconnected theory of personality and change. From the social sciences literature, we have collected a portfolio of method, theory, and research that corroborates each of the five theoretical clusters.

PAC Model

The PAC model represents three parts of the personality, as Dr. Eric Berne conceived it. The model can be an effective tool to understand why people behave in certain odd ways or other uncomfortable ways. The model is also used to improve communication and ways of management. Eric Berne "saw" that the human personality is made up of three "ego states", as he called it. Each state has its patterned thought system and feelings, now and then with aligned behaviour too. Each of the three systems inside our personality is thus like a state within the state. So thinking, feeling and making value judgments can take place in each of the three ego states. What is called 'transaction' in this context are communication exchanges between people. Transactions consist of what are called stimuli and responses. When people interact, they do so in one of three different ego states– parent, adult and child.

Parent: The Parent is a collection of pre-recorded, pre-judged, and maybe prejudiced matters. They involve the codes for living. On one side, there is a nurturing side to it when it is supportive, while on the other side, there is a downright critical side to it. The Parent may be controlling, deciding, playing a role, and reasoning, and may be right about it. Critical parent-like voices are known as the harsh super-ego, and may go together with low self-esteem, and some self-punishing streaks, unless we are careful.

The parent represents a massive collection of recordings in the brain of external events experienced or perceived in approximately the first five years of life. Since the majority of the external events experienced by a child are actions of the parent, the ego state was appropriately called Parent. Note that events perceived by the child from individuals that are NOT parents (but who are often in parent-like roles) are also recorded in the Parent. When Transactional Analysts refer to the Parent ego state (as opposed to a biological or step-parent), it is capitalized.

Adult: Processing well and dealing fairly and neatly is the Adult. Sound and helpful fact-based decisions are of the Adult too. The Adult is a logic-based reservoir of handy stuff. Logical thinking, rational dictums and moral feelings, goals, handling of reality, or realism goes into this side of ourselves. The Adult can be deadly if essentially contaminated by delusions or prejudices. The same goes for the other two state (Adult and Child). Examples of recordings in the Adult include:

- “Never talk to strangers”
- “Always chew with your mouth closed”
- “Look both ways before you cross the street”

It is worth noting that, while recording these events, the young child has no way to filter the data; the events are recorded without question and without analysis. One can consider that these events are imposed. on the child.

There are other data experienced by the child that are not recorded in the Parent. In the Adult, which twill be described shortly.

Child: In Transactional Analysis (TA) the Child is seen as the source of creativity, recreation and procreation; a handy source of renewal in life. Impulsive, imaginative, and impressionable, it may be suppressed. That would be no good in the long run, as id (life zest) depends on flowing patently or freely for us to thrive and keep on being well. Here is a link to psychosomatics. If suppressed, it may become disturbed, maybe to the point of becoming set on controlling even a nurturing parent figure. We should not have unrealistic expectancies. The Adult has to learn much so that we may avoid becoming unrealistic. In contrast to the Parent, the Child represents the recordings in the brain of internal events associated with external events the child perceives. Stated another way, stored in the Child are the emotions or feelings which accompanied external events. Like the Parent, recordings in the Child occur from childbirth all the way up to the age of approximately 5 years old.

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!”

22.6 TRANSACTIONS AND STROKES

Berne postulated that recognition is a basic, biological need with profound motivational implications. He called the unit of interpersonal recognition a "stroke." Contact and recognition with and from others is an essential part of human relationships. A stroke has been defined as a unit of contact or recognition. Contact or strokes are essential to a person's life. Without them, Berne said, "the spinal cord will shrivel up." This classic Bernean aphorism refers to research that demonstrates that a very young child needs actual physical strokes or caresses in order to survive, and that the early development of the human brain is greatly affected by the kinds of contact that the child receives. People of all ages require adequate levels of contact. The exchange of strokes is one of the most important activities in which people engage in their daily lives.

Berne observed that people need strokes–the units of interpersonal recognition–to survive and thrive. Understanding how people give and receive positive and negative strokes and changing unhealthy patterns of stroking are powerful aspects of work in Transactional Analysis. Berne based his theory on Spitz's (1945) hospitalism studies and Harlow's "monkey studies" with wire and cloth mothers. Spitz established that in a foundling home where the children were deprived of maternal care and affection, motor and intellectual types of development were markedly depressed, mortality was high, and physical growth was retarded. Harlow also showed that baby monkeys clearly preferred cuddling with the softer cloth "mother" model, especially if they were scared. Harlow found that young monkeys reared with live mothers and young peers learned without difficulty to play and socialize with other young monkeys. Babies raised with real mothers but no playmates were often fearful or inappropriately aggressive. Baby monkeys without playmates or real mothers became socially incompetent and, when older, were often unsuccessful at mating; those that did have babies were neglectful of them. Harlow concluded that normal sexual and parental behaviour depended on a wide array of affection ties with peers and family early in life.

The concepts that in Transactional Analysis, refer to as strokes have been written about and studied as “contact,” “attachment,” ”intimacy,” “warmth,” “tender loving care,” “need to belong,” “closeness,” “relationships,” “social support,” and “love.” That the procurement of strokes–the. “need to belong”–is a fundamental human motivation has been investigated by Baumeister and Leary (1995). They concluded that “existing evidence supports the hypothesis that the need to belong is a powerful, fundamental, and extremely pervasive motivation”. That nurturing physical strokes are needed to maintain physical and psychological health has been investigated in innumerable research studies. Excellent reviews of these studies, showing the pervasive relationship between stroking and health, are provided by Lynch and Ford (1977) and Ornish (1998). These concepts are also embedded in the all-important series of attachment studies by Bowlby (1969) and Ainsworth (1982), which also support the view that secure reliable contact with a caretaker is essential for positive development.

Berne proposed that not only positive stimulation but also negative painful stimulation might be instrumental in maintaining health. This hypothesis is essential to the theory of games, which postulates that people will accept and seek negative stimulation even if they prefer positive stimulation.

The OK Cluster

There are four life positions, shown as a grid that became known as the “OK Corra1” The quotation in each box typifies the attitude of each life position. Life positions are basic beliefs about self and others, which are used to justify decisions and behaviour. In the process of developing an identity, people define for themselves, early in life, what the meaning and significance of their life is. Some people see life as a basically benign and positive experience and themselves as basically acceptable. Berne called this positive experience of self “being OK.” Others decide they are not acceptable (not OK) as human beings and that they will fail in some way. These expectations, based on a decision about how life will be, become a person's existential position. People can feel accepting or not accepting about themselves and others. (OK or not OK). This leads to four main existential positions: "I'm OK, You're OK"; "I'm OK, You're Not OK"; "I'm Not OK, You're OK"; and "I'm Not OK, You're Not OK."

The concept referred to in Transactional Analysis as the "OK existential position" is represented in the wider behavioural culture by the concepts of "positive psychology," "flow," "human potential," "resiliency," "excellence," "optimism," "subjective wellbeing," "positive self-concept," "spontaneous healing," "nature's helping hand," "vis medicatrix naturae" (the healing power of nature), and "the healing power of the mind." These concepts, until recently deemed unfashionable and "soft-headed," have taken center stage in psychological research.

In Transactional Analysis, the OK existential position is also referred to as "the universal position" because Berne assumed that "people are born OK"; that is, people have an innate tendency toward health, healing, and a benign expectation and trust of others. This position about self and others is either maintained or lost to a not OK position about self, others, or both.

Hundreds of studies have shown that human beings strongly tend to be selectively positive in their language, thought, and memory and that people who are psychologically healthy show a higher level of positive bias. The research also indicates that people with an OK-OK attitude are likely to be healthier and live longer. In fact, Tiger (1979) postulated that optimism has driven human evolution and is an innate adaptive characteristic of the species, a part of evolutionarily developed survival mechanisms. This is consistent with Berne's views.

The not-OK position has been widely researched in studies about depression, low self-esteem, psychopathology, and in the construction of diagnostic manuals and tests. When lost, according to Berne, the OK position can be regained because it is innate, whereas the not-OK position is tied to a script and therefore, to the arbitrary narrative or schemas on which people can base their whole lives.

Arguably, prima facie evidence over the last centuries is that the human social condition–barring an ecological catastrophe–is steadily progressing in the positive direction of equality, cooperation, democracy, and humanitarianism, which supports the view that this is an innate trend of the species.

22.7 LIFE SCRIPT

Eric Berne proposed that dysfunctional behaviour is the result of self-limiting decisions made in childhood in the interest of survival. Such decisions culminate in what Berne called the "life script," the pre-conscious life plan that governs the way life is lived out. Changing the life script is the aim of Transactional Analysis psychotherapy. Replacing violent organizational or societal scripting with cooperative non-violent behaviour is the aim of other applications of Transactional Analysis.

There has been an upsurge of interest among theorists and researchers in autobiographical recollections, life stories, and narrative approaches to understanding human experience and behaviour. The concepts that in Transactional Analysis are referred to as "life scripts," "script decisions," and "re-decisions" are represented in the wider psychological culture by the concepts of "narratives," "maladaptive schemas," "selfnarratives," "story schemas," "story grammars," "personal myths," "personal event memories," "self-defining memories," "nuclear scenes," "gendered narratives," "narrative coherence," "narrative complexity," "core self-beliefs," and "self-concept." All of these highlight life stories, myths, plots, episodes, characters, and so on.

Berne postulated that people make decisions in childhood that shape the rest of their life "script." Script theory hypothesizes that people can choose lifelong tragic scripts–such as suicide, murder, or alcoholism—in childhood. These choices are supported by routinely recurring games and the roles that people habitually play in them. A compelling example of the manner in which Berne either contributed to or anticipated major trends in behavioural science can be seen in the evolution of the concept of scripts. McAdams, Reynolds, Lewis, Patten, and Bowman's (2001) thorough review of the literature on the psychology of "life stories" contains about 200 references, the majority of which were written well after Berne's introduction of the concept in 1965. Sadly, Berne is not recognized as a pioneer in this review. Most of the relatively few research articles in this area focus on the scripts inherent in short-term events, such as friendships, sicknesses, transitional periods (e.g., from school to work), gender, sexual and abuse scripting, picking sexual partners, and habitual ways of dealing with emotions, such as anger. The narrative literature includes the notion that people are bound to follow certain preconceived behavioural paths and that some of these are harmful to the individual. The notion of an internalized life story or script ties together a number of important theoretical and empirical trends in developmental, cognitive, personality, and cultural psychology.

Schemas are deep cognitive structures that enable an individual to interpret his or her experiences in a meaningful way. He assumes that, because schemas are formed in response to experiences over a lifetime, they can be restructured. This is the basis of re-decision therapy a transactional analytic practice that focuses on a "re-decision" of the early decisions that are the foundation of a person's script. Young expands on this theme with his concept of "maladaptive schemas." The notion that such "life scripts" can be re-decided plays an important part in the American Psychological Association's cognitive-behavioural therapy manual for depression. "Schema change methods" are outlined as strategies designed to "restructure maladaptive core beliefs" responsible for depression.

There are, of course, a number of tragic life scripts documented in the clinical literature as well as in fiction and nonfiction, such as mental illness, depression/suicide, criminality, alcoholism, and other chemical dependencies (Steiner, 1971).

22.8 RACKETS AND GAMES

Berne defined certain socially dysfunctional behavioural pattern as “games.” These repetitive, devious transactions are intended to obtain strokes but instead they reinforce negative feelings and self-concepts, and mask the direct expression of thoughts and emotions. Berne tagged these games with such instantly recognizable names as “Why Don’t You”, “Yes But,” “Now I’ve Got You, You SOB,” and “I’m Only Trying to Help You.” Berne’s book Games People Play achieved wide popular success in the early 60s.

Regarding games, Berne postulated that they are the building blocks of scripts; without the continuous playing of games, scripts cannot advance. Berne assigned roles to the players in games and suggested that they are interchangeable. Karpman (1968) narrowed the roles that are essential to any one game to three: Rescuer, Victim, and Persecutor. The familiar Rescuer-Persecutor-Victim cycle or “Rescue Game” is widely recognized as “co-dependency” in the twelve-step movement. Not playing the various roles of the “Alcoholic” game as recommended by Berne is a basic strategy in Alanon. The proposition that co-dependent (Rescuing) behaviour leads to Persecution and Victimization has not been tested, but it is one of those intuitive Bernean bull’s-eyes that resonate in everyone’s experience.

Nothing in the academic or research literature seems to refer to games or similar concepts, although in popular culture, from which the term “game” derives, there is an intuitive understanding of their occurrence and their negative impact.

22.9 NATURE OF TRANSACTIONAL ANALYSIS

The nature of TA may be enumerated as follows-

- People are OK - thus each person has validity, importance, equality of respect.
- Everyone (with only few exceptions) has full adult capability to think.
- People decide their story and destiny, and this is a decision–it can be changed.

- Freedom from historical maladaptation embedded in the childhood script is required, in or4er to become free of inappropriate unauthentic and displaced emotion which are not a fair and honest reflection of here-and-now life (such as echoes of childhood suffering, pity-me and other mind games, compulsive behaviour, and repetitive dysfunctional life patterns).
- TA is goal oriented, not merely problem oriented.
- The aims of change under TA are autonomy (freedom from childhood script), spontaneity, intimacy problem solving as opposed to avoidance or passivity cure as an ideal rather than merely 'making progress', learning new choices.

22.10 DRAMA TRIANGLE

The drama triangle is a psychological and social model of human interaction in Transactional Analysis first described by Stephen Karpman. The model posts two or three Players in a Game which leads to an unsatisfactory outcome for all participants. Yet this doesn't stop people from repeating their roles.

The game has three roles, which the players may shift between: Rescuer, Victim and Persecutor. The Drama Triangle shows the dramatic roles that people act-out in daily life that are unstable, unsatisfactory, repeated, emotionally competitive, and generate misery and discomfort for both people, sooner or later. The switching that occurs between Persecutor - Rescuer - Victim generates the Drama and the painful feelings that occur when people have hidden agendas, secrets, and then manipulate for dysfunctional personal advantage. The problem about being in the Drama Triangle is that people have No stable [Parent-Adult] limits on behaviour. No-guidance people are out of rational control and do NOT use enough words to identify the problem or do problem-solving.

The Rescuer pretends or professes to help the Victim, a person who may or may not actually need help. Note that the "game" position of Rescuer is distinct from that of a genuine rescuer such as a fire-fighter who saves a victim from a burning building or a lifeguard who saves a victim from drowning. There is something dishonest about the Rescuer's attempts, or at best, a mixed motive.

An example would be a welfare caseworker whose official function to get clients off welfare and to support themselves with jobs. If the caseworker does anything to prolong the dependency relationship, she is not really helping but "Rescuing". There may be subtle or overt pressure from her agency not to have too many successful clients. Threatening to cut off benefits to obviously lazy or selfish clients would be frowned on – even if or especially if such tactics resulted in clients suddenly finding gainful employment after years of dependency. For the drama triangle to come into full bloom, one of the players must shift positions. For example, a Victim may become a Persecutor complaining of getting too much help, not enough help, or the wrong kind of help. A Rescuer may become a Persecutor, complaining that the clients don't appreciate her enough. Officials at he welfare agency may take a role in the game, rescuing staff and clients as long as they play along quietly but Persecuting any staff who start showing good results.

22.11 CHECK YOUR PROGRESS

Fill in the Blanks

1. Transactional Analysis (TA) is a system of social psychology developed by ------------.
2. Transactional Analysis is essentially a ---------------------- theory of personality.
3. The drama triangle is a psychological and social model of human interaction in Transactional Analysis first described by ---------------------.
4. The ------------------- can be an effective tool to understand why people behave in certain odd ways or other uncomfortable ways.
5. ------------------------- theory describes the three ego states (Parent, Adult and Child) which coexist in the personality.

22.12 SUMMARY

Transaction refers to the exchange of thoughts. Thus, Transactional Analysis (TA) is the practice of analyzing transaction and identifying the problems in the same and thus solving it in due course. Transactional Analysts are specialists in human communication in psychotherapy, in relationships and at work; in particular the transactional methods that people use to obtain much needed strokes. Transactional Analysis psychotherapists task is to help people identif5r their ego states and evaluate and improve the ways in which their ego states function, to recognize the inner dialogues between a person’s ego states, especially those that involve a harsh demeaning Parent, to recognize the games that people play and to help them stop playing games and get strokes in a spontaneous, aware and intimate manner. The potent therapist provides permission to change and protection against the anxiety that change creates. Stopping the playing of games is the first step in eventual replacing them with direct and honest interactions and eventually abandoning the dysfunctional life script. Transactional Analysis’ efficient, yet insightful, contractual method makes it ideally suited for brief psychotherapy.

Likewise as consultants, educationists, counselors and coaches, Transactional Analysts –with their skills in analyzing transactional patterns–are able to understand, predict and help Improve dysfunctional, unproductive, toxic, uncooperative interactions between people and can quickly help people communicate clearly and effectively at the three levels of the Parent (values,) the Adult (rationality) and the Child (emotions, creativity.)

22.13 KEYWORDS

Transactions: This is communication between people.

Transactional Analysis: It is a theory of personality and human interaction.

PAC Model: This model represents three parts of personality namely parent, adult and child.

Drama Triangle: This triangle is a psychological and social model of human interaction.

22.14 SELF-ASSESSMENT TEST

1. Define Transactions Analysis.
2. Enumerate the stages of evolution of TA.
3. Transaction is the essence of communication, and communication is the essence of success. Justify.
4. Identify the different ego states in TA and describe the PAC model of TA.
5. What are OK Corrals?
6. What are the life scripts?
7. What are the key ideas in TA?

22.15 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. Transactional Analysis (TA) is a system of social psychology developed by **Eric Berne**.
2. Transactional Analysis is essentially a **cognitive-behavioural** theory of personality.
3. The drama triangle is a psychological and social model of human interaction in Transactional Analysis first described by **Stephen Karpman**.
4. The **PAC model** can be an effective tool to understand why people behave in certain odd ways or other uncomfortable ways.
5. **Transactional Analysis** theory describes the three ego states (Parent, Adult and Child) which coexist in the personality.

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COURSE: MANAGEMENT CONCEPTS AND ORGANIZATIONAL BEHAVIOUR	
COURSE CODE: MC-101	**AUTHOR: SURINDER SINGH**
LESSON: 23	**VETTER: DR. KARAM PAL**

EMOTIONAL INTELLIGENCE

STRUCTURE

23.0 LEARNING OBJECTIVE

The objective of the lesson is to give awareness to the students about:

- Meaning of emotions.
- Types of emotions and emotional intelligence.

23.1 INTRODUCTION

The world is changing rapidly but the changes of the recent past have been unprecedented in the history of human civilization. The advent of information technology and satellite television has revolutionized the entire world leaving the business world no exception. Due to the globalisation process more firms have started moving out from their domestic to international markets. This phenomenon of internationalization has not only led to the products being flown out the national boundaries but also the workforce got intermingled in the world business map. These cross-cultural interactions have changed the mindset of people in general and the younger ones in particular. This phenomenal revolution has led to multifarious changes in the business making the task of business managers more complicated in. attaining the managerial effectiveness, Managerial effectiveness which is the ability of a manager in making his best contribution towards the organisational goals and objectives seem to be possible through emotional intelligence.

23.2 EMOTIONS

There are so many terms, which are interrelated. Therefore, we need to clarify these terms: affect, emotions, and moods.

Affect is a generic term that covers a broad range of feelings that people experience. It’s an umbrella concept that encompasses both emotions and moods. Emotions are intense feelings that are directed at someone or something. Finally, moods are feelings that tend to be less intense than emotions and that lack a contextual stimulus. Emotions are reactions to an object, not a trait. They are object specific. You show your emotions when you are happy about something, angry with someone, afraid of something. Moods, on the other hand, aren't directed at an object. Emotions can turn into moods when you lose focus on the contextual object. So when a work colleague criticizes you for the way you spoke to a client, you might become angry with him. That is, you show emotion (anger) toward a specific object (your colleague). But later in the day, you might find yourself just generally dispirited. You can't attribute this feeling to any single event; you're just not your normal, upbeat self. This affective state describes a mood. A related term that is gaining increasing importance in organizational behavior is emotional labour. Every employee expends physical and mental labour when they put their bodies and cognitive capabilities, respectively, into their job. But most jobs also require emotional labour. This is when an employee expresses organizationally desired emotions during interpersonal transactions. The concept of emotional labour originally developed in relation to service jobs. Airline flight attendants, for instance, are expected to be cheerful, funeral counselors sad, and doctors emotionally neutral. But today the concept of emotional labor seems relevant to almost every job. You’re expected, for example, to be courteous and not hostile in interactions with co-workers. And leaders are expected to draw on emotional labour to charge the troops. Almost every great speech, for instance, contains a strong emotional component that stirs feelings in others. As we proceed in the ensuing paragraph, you'll see that it's because of the increasing importance of emotional labour as a key component of effective job performance that an understanding of emotion has gained heightened relevance within the field of organisational behaviour.

23.3 FELT VERSUS DISPLAYED EMOTIONS

Emotional labour creates dilemmas for employees when their job requires them to exhibit emotions that are incongruous with their actual feelings. Not surprisingly, this is a frequent occurrence. There are people at work with whom you find it very difficult to be friendly. Maybe you consider their personality abrasive. Maybe you know they've said negative things about you behind your back. Regardless, your job requires you to interact with these people on a regular basis. So you're forced to feign friendliness. It can help you to better understand emotions if you separate them into felt versus displayed. Felt emotions are an individual's actual emotions. In contrast, displayed emotions are those that are organizationally required and considered appropriate in a given job. They're not innate; they're learned. “The ritual look of delight on the face of the first runner-up as the new Miss Universe is announced is a product of the display rule that losers should mask their sadness with an expression of joy for the winner Similarly, most of us know that we're expected to act sad at funerals regardless of whether we consider the person's death to be a loss, and to pretend to be happy at weddings even if we don't feel like celebrating. Effective managers have learned to be serious when giving an employee a negative performance evaluation and to cover up their anger when they’ve been passed over for promotion. And the salesperson that hasn’t learned to smile and appear friendly, regardless of his or her true feelings at the moment, isn’t typically going to last long on most sales jobs. The key point here is that felt and displayed emotions are often different. In fact, many people have problems working with others simply because they naively assume that the emotions they see others display is what those others actually feel this is particularly true in organizations, where role demands and situations often require people to exhibit emotional behaviors that mask their true feelings.

23.4 EMOTION DIMENSIONS

There are many emotions. These may be reflected in different ways. These are discussed as follows:

Variety: There have been numerous efforts to limit and define the fundamental or basic set of emotions. Research has identified six universal emotions: anger, fear, sadness, happiness, disgust, and surprise. One factor that has strongly shaped what is and isn't listed in this basic set is the manner in which emotions were identified. Researchers tended to look for universally identified facial expressions and then convert them into categories (see Exhibit 23.1). Emotions that couldn't be readily identified by others through facial expressions, or which were considered a subset of one of the basic six, were not selected.

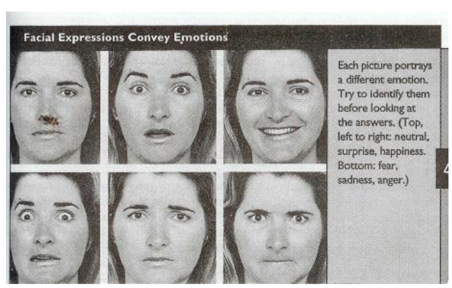

Exhibit 23.1

Exhibit 23.2

Exhibit 23.2 illustrates that the six emotions can be conceptualized as existing along a continuum. The closer any two emotions are to each other on this continuum, the more people are likely to confuse them. For instance, happiness and surprise are frequently mistaken for each other, while happiness and disgust are rarely confused. e.g., I get angry after receiving a poor performance appraisal. I fear that I could be laid off as a result of a company cutback. I'm sad about one of my co-workers leaving to take a new job in another city. I'm happy after being selected as employee-of-the - month. I'm disgusted with the way my supervisor treats the women on our team. And I'm surprised to find out that management plans a complete restructuring of the company's retirement program.

Intensity: People give different responses to identical emotion-provoking stimuli. In some cases, this can be attributed to the individual's personality. Other times it is a result of the job requirements. People vary in their inherent ability to express intensity. You undoubtedly know individuals who almost never show their feelings. They rarely get angry. They never show rage. In contrast, you probably also know people who seem to be on an emotional roller coaster. When they are happy, they are ecstatic. When they're sad, they're deeply depressed. And two people can be in the exact same situation with one showing excitement and joy, while the other is calm and collected. Jobs make different intensity demands in terms of emotional labour. For instance, air traffic controllers and trial judges are expected to be calm and controlled, even in stressful situations. Conversely, the effectiveness of television evangelists, public-address announcers at sporting events, and lawyers can depend on their ability to alter their displayed emotional intensity as the need arises.

Frequency and Duration: Emotional labor that requires high frequency or long durations is more demanding and requires more exertion by employees. So whether an employee can successfully meet the emotional demands of a given job depends not only on which emotions need to be displayed and their intensity, but also how frequently and for how long the effort has to be made.

23.5 CAN PEOPLE BE EMOTIONLESS?

Some people have severe difficulty in expressing their emotions and understanding the emotions of others. Psychologists call this alexithymia (which is Greek for "lack of emotion"). People who suffer from alexithymia rarely cry and are often seen by others as bland and cold. Their own feelings make them uncomfortable, and they're not able to discriminate among their different emotions. Additionally, they're often at a complete loss to understand what others around them feeling. Does this inability to express emotions and read others mean that people who suffer from alexithymia are poor work performers? Not necessarily. Consistent with our discussion on matching personality types with appropriate jobs, people who lack emotion need to be in jobs that require little or no emotional labour. These people are not well suited to sales and managerial positions. But they might very well be effective performers, for instance, in a job writing program code or in any work that is confined exclusively to computer interaction.

23.6 GENDER AND EMOTIONS

The evidence does confirm differences between men and women when it comes to emotional reactions and ability to read others. In contrasting the genders, women show greater emotional expression than men; they experience emotions more intensely; and they display more frequent expressions of both positive and negative emotions, except anger. In contrast to men, women also report more comfort in. expressing emotions. Finally, women are better at reading nonverbal and paralinguistic cues than are men.

Why do they differ? Three possible answers have been suggested. One explanation is the different ways men and women have been socialized. Men are taught to be tough and brave; and showing emotion is inconsistent with this image. Women, on the other hand, are socialized to be nurturing. This may account for the perception that women are generally warmer and friendlier than men. For instance, women are expected to express more positive emotions on the job (shown by smiling) than men, and they do. A second explanation is that women may have more innate ability to read others and present their emotions than do men. Third, women may have a greater need for social approval and, thus, a higher propensity to show positive emotions such as happiness.

23.7 EXTERNAL CONSTRAINTS ON EMOTIONS

An emotion that is acceptable on the athletic playing field may be totally unacceptable when exhibited at the workplace. Similarly, what's appropriate in one country is often inappropriate in another. These facts illustrate the role that external constraints play in shaping displayed emotions. Every organization defines boundaries that identify what emotions are acceptable and the degree to which they can be expressed. The same applies in different cultures. These can be expressed as follows:

Organizational Influences: If you can't smile and appear happy, you're un-likely to have much of a career working at a Disney amusement park. And a manual produced by McDonald's states that its counter’ personnel "must display traits such as sincerity, enthusiasm, confidence, and a sense of humour.” There is no single emotional "set" sought by all organizations. Expressions of negative emotions such as fear, anxiety, and anger tend to be unacceptable except under fairly specific conditions. For instance, one such condition might be a high-status member of a group conveying impatience with a low-status member. Moreover, expressions of intense emotion, whether negative or positive, tend to be typically unacceptable because they're seen as undermining routine task performance. Again, there are exceptional conditions in which this isn't true-for example, a brief grieving over the sudden death of a company's CEO or the celebration of a record year of profits. But for the most part, consistent with the myth of rationality, well-managed organizations are expected to be essentially emotion free.

Cultural Influences: Cultural norms in the United States dictate that employees in service organizations should smile and act friendly when interacting with customers. But this norm doesn't apply worldwide. In Israel, smiling by supermarket cashiers is seen as a sign of inexperience, so cashiers are encouraged to look somber. In Moslem cultures, smiling is frequently taken as a sign of sexual attraction, so women are socialized not to smile at men. The foregoing examples illustrate the need to consider cultural factors as influencing what is or aren’t considered as emotionally appropriate. What's acceptable in one culture may seem extremely unusual or even dysfunctional in another. And cultures differ in terms of the interpretation they give to emotions.

23.8 THE CONCEPT OF EMOTIONAL INTELLIGENCE

For decades, a lot of emphasis has been put on certain aspects of intelligence such as logical reasoning, math skills, spatial skills, understanding analogies, verbal skills etc. Cumulatively known as Intelligence Quotient (IQ), was the thrust area of judgement as far as a person's suitability to a particular was concerned. But the researchers were puzzled by the fact that while IQ could predict the academic performance and to some degree, the professional and personal potential; yet there was something missing' in the equation. Some people with fabulous IQ scores were doing poorly in the professional life; one could say that they were wasting their potential by thinking, behaving and communicating in a way that hindered their chances to succeed, and the major missing part in the success equation was identified as cognitive skills. The discovery of cognitive skills and abilities though appears to be outside the scope of IQ yet is unquestionably important for. If there are some critical ingredients of human intelligence independent of those measured by IQ, their discovery and elucidation will contribute a better, more complete theory of human success with proper blend of Emotional Quotient (EQ). It states that high levels of emotionally intelligent leaders create a climate in which information sharing, trust, health, risk-taking, and learning flourish. The basic message, that effectiveness in organizations is at least as much about EQ as IQ, resonated deeply; it was something that people knew in their guts but that had never before been so well articulated. Scales fell from the eyes of managers when they heard the of emotional intelligence concept as coined by two American psychologists, Peter Salovey of Yale and John Mayer of the University of New Hampshire. Managers were not ready to accept as to how the human qualities such as empathy, self-awareness and emotional control could be of any use in organizational setting. But the entire storm of controversy on the subject came to an end with the Daniel Goleman's bestseller ‘Emotional Intelligence: Why It Can Matter More than IQ’. In fact, he gave the world a new dimension of emotional intelligence while stating that EQ accounts for about 80 percent of a person's success in life. Though emotional intelligence might have marked its presence as an academic catch phrase, yet it is fast developing the main psychological mantra of organizational development in the recent times. The concept emotional intelligence came out of the term emotion, which refers to a feeling with its distinctive thoughts, psychological and biological states, and ranges of propensities to act. So it may be an agitation or disturbance of mind, passion, any vehement but definitely related to the person's mental state. There can be a number of emotions like anger, sadness, fear, enjoyment, surprise, love disgust, and shame etc. A manager's ability to balance the emotions with the reason to maximize long-term happiness i.e. capacity of effectively recognizing and managing one's own emotions and those of others may be termed as emotional awareness or emotional management skills. In the words of Daniel Goleman emotional intelligence, "The ability to motivate oneself and persist in the face of frustration; to control impulse and delay gratification; to regulate one's moods and keep distress from swamping the ability to think; to empathize and. to hope". In fine the concept of emotional intelligence is an umbrella term that captures a broad collection of individual skills and dispositions, usually referred as soft skills or inter or intra personal skills that are outside' the traditional areas of general intelligence and technical or professional skills. In the most general way, the development of emotional intelligence (EO) is the building of skills and understandings related to the ways we feel, manage and act on our emotions. These shape the way we interact with ourselves and with others. EO includes components such as self-control, delaying of gratification, prioritizing, recognizing and communicating emotions and perhaps one of the most critical elements is empathy. Emotional intelligence is the combination of skills, understandings and habits that shape the ways we think, feel and act. The latest researches in neurobiology have brought out that human beings operate from two minds i. e. the rational mind and the primitive mind, which is purely the emotional mind. The rational mind is centered in the neo-cortex, the: Outer part of the brain and allows human beings to plan, learn, remember, love, care and also to make moral and ethical distinctions. On the contrary the emotional mind is the source of basics emotions like anger, sadness, fear, lust, surprise, disgust, etc and help the individuals in attaining emotional competence. Emotional competency is the learned capability that leads to outstanding performance in life. This means that emotional intelligence actually contributes to rational thought. It is now believed that your feelings take precedence over your thoughts in making decision, because a rational mind take littler longer to register and respond than the emotional mind. In this kind of emotional reaction, there is an extended appraisal of the situation, both thoughts and cognition plays a key roulette determining what the emotion be aroused. The ability of an individual to monitor one's own and other's feeling and emotions, to discriminate among them and to use the available information in steering one's own as well as other's behavior has attained much significance - even in the information age. A growing body of research on the human brain proves that, for better or worse, leader's mood affects the emotions of the people around them. The reason for that lies in what scientists calls the open loop nature of the brain limbic system, our emotional center. A closed loop system is self- regulating, where as an open loop system depends on external source to manage itself. Our limbic system's open-loop design lets other people change our very physiology and hence, our emotions. In organisations mood start at the top tends to move the fastest because everyone watches the boss/leader, and the subordinates take their emotional cues from him. Thus the entire phenomenon creates a strong link between emotional intelligence and managerial effectiveness irrespective of the managerial style.

Emotional Intelligence (EI) refers to an assortment of noncognitive skills, capabilities, and competencies that influence a person's ability to succeed in coping with environmental demands and pressures. It's composed of five dimensions:

Self-awareness: The ability to be aware of what you're feeling.

Self-management: The ability to manage one's own emotions and impulses.

Self-motivation: The ability to persist in the face of setbacks and failures.

Empathy: The ability to sense how others are feeling.

Social skills: The ability to handle the emotions of others.

23.8.1 Some of the EQ fundamentals are

- Building empathy and hope
- Controlling yourself and delaying gratification
- Managing feelings
- Socialising effectively
- Motivating yourself
- Committing to noble goals

23.8.2 Some EQ applications/outcomes are

- Communication
- Conflict resolution.
- Inclusion/tolerance
- Problem solving
- Team building
- Community

"Emotional intelligence involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions."

23.8.3 The specific competencies involved in emotional intelligence include

- Appraising and expressing emotions in the self and others

- Understanding emotions and emotional knowledge
- Regulating emotion in the self and others
- Using emotions in adaptive ways to facilitate cognitive activities and motivate behaviour (Mayer & Salovey, 1997)

23.8.4 The Four-Branch model of Emotional Intelligence: (Peter Salovey)

Emotional Perceptions and Expression

- Ability to identify emotion in one's physical and psychological states
- Ability to identify emotion in other people
- Ability to express emotions accurately and to express needs related to them
- Ability to discriminate between accurate/honest and inaccurate/dishonest feeling

Emotional Facilitation of Thought (Using Emotional Intelligence)

- Ability to redirect and priorities thinking on the basis of associated feelings
- Ability to generate emotions to facilitate judgment and memory
- Ability to capitalise on mood changes to appreciate multiple points of view
- Ability to use emotional states to facilitate problem-solving and creativity

Emotional Understanding

- Ability to understand relationship among various emotions
- Ability to perceive the causes and consequences of emotions

- Ability to understand complex feelings, emotional blends and contradictory states
- Ability to understand transitions among emotions

Emotional Management

- Ability to be open to feelings, both pleasant and unpleasant
- Ability to monitor and reflect on emotions
- Ability to engage, prolong or detach from an emotional state
- Ability to manage emotions in oneself
- Ability to manage emotions in others

EQ competencies are learnable and profitable. Learn how to turn daily conflicts into opportunities to practice valuable lifelong skills such as anger management, listening, oral communication and critical thinking.

23.9 PRINCIPLES OF EMOTIONAL INTELLIGENCE

- Be aware of one's own feelings and those of others
- Show empathy and understand others' points of view
- Regulate and copy positively with emotional and behavioural impulses.
- Be positive goal and plan oriented
- Use positive social skills in handling relationships

23.10 IMPORTANCE OF EMOTIONAL INTELLIGENCE

Knowledge of emotions can help a manager to better understand the selection process in organizations, decision-making, motivation, leadership, interpersonal conflict, and deviant workplace behaviors in the following ways:

Ability and Selection: People who know their own emotions and are good at reading others' emotions may be more effective in their jobs. That, in essence, is the theme underlying recent research on emotional intelligence. Further, the employer should know the EI and consider it as a factor in selection, especially in jobs that demand a high degree of social interaction.

Decision Making: Negative emotions can result in a limited search for new alternatives and a less vigilant use of information. On the other hand, positive emotions can increase problem solving and facilitate the integration of information. You can improve your understanding of decision making by considering "the heart" as well as "the head." People use emotions as well as rational and intuitive processes in making decisions. Failure to incorporate emotions into the study of decision processes will result in an incomplete (and often inaccurate) view of the process.

Motivation: Motivation theories basically propose that individuals "are motivated to the extent that their behavior is expected to lead to desired outcomes. The image is that of rational exchange: the employee essentially trades effort for pay, security, promotions, and so forth." But people aren't cold, unfeeling machines. Their perceptions and calculations of situations are filled with emotional content that significantly influences how much effort they exert. Moreover, when you seem. People who are highly motivated in their jobs, they're emotionally committed. People who are engaged in their work "become physically, cognitively, and emotionally immersed in the experience of activity, in the pursuit of a goal". So, are all people emotionally engaged in their work? No, but many are. And if we focus only on rational calculations of inducements and contributions, we fail to be able to explain behaviors such as the individual who forgets to have dinner and works late into the night, lost in the thrill of her work.

Leadership: Effective leaders almost all rely on the expression of feelings to help convey their messages. In fact, the expression of emotions in speeches is often the critical element that results in individuals accepting or rejecting a leader’s message. “When leaders feel exited, enthusiastic, and active, they may be more likely to energize their subordinates and convey a sense of efficacy, competence, optimism, and enjoyment”. Politicians, as a case in point, have learned to show enthusiasm when talking about their chances for winning an election, even when polls suggest otherwise. Corporate executives know that emotional content is critical if employees are to buy into their vision of their company's future and accept change. When new visions are offered, especially when they contain distant or vague goals, change is often difficult to accept. So when effective leaders want to implement significant changes, they rely on the evocation, framing, and mobilization of emotions, by arousing emotions and linking them to an appealing vision, leaders increase the likelihood that managers and employees alike will accept change.

Interpersonal Conflict: Few issues are more intertwined with emotions than the topic of interpersonal conflict. Whenever conflicts arise, you can be fairly certain that emotions are also surfacing. A manager’s success in trying to resolve conflicts, in fact, is often largely due to his or her ability to identify the emotional elements in the conflict and to get the conflicting parties to work through their emotions. And the manager, who ignores the emotional elements in conflicts, focusing singularly on rational and task concerns, is unlikely to be very effective in resolving those conflicts.

Deviant Workplace Behaviors: Negative emotions can lead to a number of deviant workplace behaviors. Anyone who has spent much time in an organization realizes that people often engage in voluntary actions that violate established norms and that threaten the organization, its members, or both. These actions are called employee deviances. They fall into categories such as production (e.g., leaving early, intentionally working slowly); property (e.g., stealing, sabotage); political (e.g., gossiping, blaming co-workers); and personal aggression (e.g., sexual harassment, verbal abuse). Many of these deviant behaviors can be traced to negative emotions. For instance, envy is an emotion that occurs when you resent someone for having something that you don't, which you strongly desire. It can lead to hateful deviant behaviors. Envy, for example, has been found to be associated with hostility, backstabbing and other forms of political behavior, negatively distorting others' successes; and positively distorting one's own accomplishments.

23.11 CHECK YOUR PROGRESS

Fill in the Blanks

1. --------- is a generic term that covers a broad range of feelings that people experience.
2. ----------- are intense feelings that are directed at someone or something.
3. ---------- are feelings that tend to be less intense than emotions and that lack a contextual stimulus.
4. People give different ----------- to identical emotion-provoking stimuli.
5. People use ----------- as well as rational and intuitive processes in making decisions.

23.12 SUMMARY

As one consultant aptly put it, “You can’t divorce emotions from the workplace because you can’t divorce emotions from people. Managers who understand the role of emotions will significantly improve their ability to explain and predict individual behavior. Emotions can hinder performance, especially negative emotions. That's probably why organizations, for the most part, try to extract emotions out of the workplace. But emotions can also enhance performance in two ways. First, emotions can increase arousal levels, thus acting as motivators to higher performance. Second, emotional labor recognizes that feelings can be part of a job's required behavior. So, for instance, the ability to effectively manage emotions in leadership and sales positions may be critical to success in those positions. The critical moderating variable is the complexity of the individual's task. The more complex a task, the lower the level of arousal that can be tolerated without interfering with performance. While a certain minimal level of arousal is probably necessary for good performance, very high levels interfere with the ability to function, especially if the job requires calculative and detailed cognitive processes. Given that the trend is toward jobs becoming more complex, you can see why organizations are likely to go to considerable efforts to discourage the overt display of emotions-especially intense ones-in the workplace.

23.13 KEYWORDS

Emotional Intelligence (EI): It refers to an assortment of non-cognitive skills, capabilities, and competencies that influence a person's ability to succeed in coping with environmental demands and pressures.

Affect: This is a generic term that covers a broad range of feelings that people experience.

23.14 SELF ASSESSMENT TEST

1. What do you mean by emotions? How they can be changed by external environment?

2. Explain the types of emotions and their role in organisations.
3. Describe some of the inherited characteristics of behaviour. Do you believe that these characteristics can be reflected by emotions? Comment.
4. Is Emotional Intelligence an inherited trait or a learned trait? If it is a learned trait, what steps can be taken to improve upon EI?
5. Describe the fundamentals and principles of EI.

23.15 ANSWER TO FILL IN THE BLANKS

Answer to Fill in the Blanks

1. **Affect** is a generic term that covers a broad range of feelings that people experience.
2. **Emotions** are intense feelings that are directed at someone or something.
3. **Moods** are feelings that tend to be less intense than emotions and that lack a contextual stimulus.
4. People give different **responses** to identical emotion-provoking stimuli.
5. People use **emotions** as well as rational and intuitive processes in making decisions.

23.16 SUGGESTED READINGS

1. Elton Mayo, The Human Problems of an Industrial Civilization, Macmillan Publishing Company, New York.
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New Delhi.

3. Laurie J. Mullins, Management and Organizational Behavior, Pitman.
4. Fred Luthans, Organizational Behavior, Irvin/Tata McGraw Hill.
5. Stephen P. Robbins, Organizational Behavior, Prentice Hall India.
6. Earnest R. Hilgard and Gordon Power, Theories of Learning, Prentice Hall.

Subject: Management Concepts and Organizational Behaviour

Subject Code: MC-101 **Author: Dr. Karam Pal**

Lesson No: 24 **Vetter: Prof. M. S. Turan**

ORGANISATIOANL CHANGE

STRUCTURE

24.0 LEARNING OBJECTIVES

The objective of this lesson is to make the students learn about:

- Concept of management of change.
- Objectives and factors responsible for change.
- Change process, types of changes, steps in managed change and change agents.

24.1 INTRODUCTION

Change is inevitable in a progressive culture. Change in fact, is accelerating in our society. Revolutions are taking place in political, scientific, technological and institutional areas. Organizations cannot completely insulate themselves from this environmental instability. Change is induced by the internal and external forces. Meeting this challenge of change is the primary responsibility of management. An organization lacking adaptability to change has no future. Adaptability to change is a necessary quality of good management. Modern managers have the responsibility to devise management practices that best meet the new challenges and make use of the opportunities for the growth of the organization.

24.2 CONCEPT OF ORGANIZATIONAL CHANGE

In the present time, every organization faces dynamic and changing environments, which in turn requires them to adapt to theses changes. Changes simply mean the alteration of status quo. Changes are necessary in every organization to keep the level of given stability. Organizational changes include changes in attitudes, nature and interest of the employees, technological and environmental changes related to organization and changes in rules and regulation affecting the organization. The management of every organization should continuously monitor the outside environment and be innovative and creative to find new and better utilization of organizational resources so that customers' needs are competitively met and their problems can be properly solved. The environment includes the social environment, cultural and religious environment, biological and physical environment, natural calamities and opportunities, regional environment, educational and philosophical environment and other external as well as internal environments of the organization.

In order to bring success in any organization, changing pattern of production, finance, human resources and communication should be analyzed and managed. The management of the organization has to be alert to the changes, which generally affect the working of the organization. An organization face its own change in structure, authority, responsibility and job restructuring by introducing various absorption, mergers, liquidation and other reorganizational activities. Often, changes can be managed by introducing other changes. According to Barney and Griffin, “the primary reason cited for organizational problems is the failure by managers to properly anticipate or respond to forces for change”.

Change refers to something which occurs to an organization, a group or an individual. A managed change relates to the active involvement of the organization, group or individual in making things occur with a view to accomplish the best interests of both the individual and the organization. Change means managed change which can be used to solve problems more readily, learn from experiences, adapt to new conditions and become more competent. Organizational change refers to a relatively enduring alteration of the present state of an organization or its components or interrelationships amongst the components, and their differential and integrated functions, in totality or partially, in order to attain greater viability in the context of the present and anticipated future environment.

It may embrace activities such as amalgamation and bifurcation, diversification, reorganization, restructuring, change in design or the introduction of new systems involving the total organization or its sections. It may also include change of people, task and technology as well as change in processes, customs, norms and culture of the organization. The change may be aimed at one or more of such aspects and tends to be correlated. A change in tasks may cause changes not only in people, structure and techniques but also in the relationships between these components of the organization, and may lead to reallocation of resources. Management of organizational change may encompass anticipation of needs for changes, decision about the required changes and initiation and implementation of changes, ensuring that they are stable and lasting in nature.

24.3 GOALS AND TYPES OF ORGANISATIONAL CHANGE

Goals of Organizational Change: The organizational change has a number of goals, explicit and implied. The most obvious common goals are: higher performance, acceptance of new techniques, increased motivation, greater innovation, enhanced cooperation, decreased turnover, etc. Underlying these goals are two basic objectives: changes in an organization's level of adaptation to its changing environment, and changes in the internal behavioural patterns of employees.

There is the goal of modification in adaptation level. Organizations are constantly striving to adapt themselves in a better way to their external environmental conditions. As the management is not able to control completely the environmental conditions, it frequently induces internal organizational changes with a view to cope more effectively with new challenges stemming from outside in the form of enhanced competition, technological advancements, government legislation and compelling social requirements. Organizational changes are induced in response to these environmental conditions. Sometimes changes are introduced in anticipation of future requirements by proactive organizations which tend to change their environmental conditions as well as themselves.

There is the objective of achieving modification in behavioural patterns of employees which arises when an organization's level of adaptation does not improve unless its employees behave in a different way in relationship to each other and their jobs. Organizations do not function through computers, but involve people to make decisions in their unique patterns arising from a set of formal and informal behavioural patterns and procedures. Accordingly, any organizational change, irrespective of whether it is induced through a new structural design or a training programme, aims to get employees to adopt new behavioural patterns and procedures relating to each other and their jobs. To succeed in achieving organization-wide impacts, it is necessary that these new patterns embrace not only superior-subordinate relations but also different work groups and larger sub-systems of the entire organization.

Types of Change: For operational enhancement of the organization there are various organizational domains where changes can be made. The various types of changes that have considerable impact on organizational culture are:

1. Strategic Change: This change is related to change in the mission of the organization. A single mission has to be changed to the multiple missions with the changing need of the environment. The strategy, programmes, procedures, budgeting, rules and regulation are designed, redesigned and restructured according to changes.
2. Structural Change: It involves change in the structural designs such as chart, authority, responsibility, procedures and policies. Decentralized operations and participative management is major area of concern for management in organizational structure. The structural changes have major impact on the organization's social climate and members are required to develop team spirit to make on the spot decision at the point of operations.
3. Process-oriented\Technological Change: These changes are related to technological development, information processing, automation and use of robotics in the manufacturing operations. The techniques are changed

as per the needs of the work flow, physical layouts, work methods, procedures and work standards. The tools and techniques are modified under the organizational changes. This would affect the organizational culture and hence changes in the behaviour patterns of members.

4. People-oriented Change: People give more importance to the motivation and reward system. They are particular about their skills, selection and training and performance appraisal. These changes are directed towards performance improvement as well as developing a sense of self actualizations among the members. These can be developed by closer interactions with employees and by special behavioural training and modification sessions.

5. Task Approach: Job performed by individuals, motivational process, job structure and job design are restructured as per changes.

24.4 FORCES FOR CHANGE

More and more organizations today face a dynamic and changing environment. This, in turn, makes these organizations either to change or parish. There are five specific forces that are acting as stimulants for change.

(i) **Changing nature of the workforce:** For instance, almost every organization has to adjust to a multicultural environment. Human resource policies and practices have to change in order to attract and keep this diverse workforce. And many companies are spending large amounts of money on training to upgrade the skills of employees.

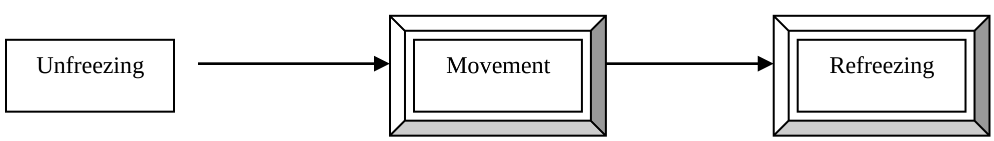
(ii) **Technology** is changing jobs and organizations. The substitution of computer control for direct supervision, for instance, is resulting in wider spans of control for managers and flatter organizations. Sophisticated information technology is also making organizations more responsive. Companies like AT & T, Motorola, General Electric, and Chyrsler can now develop, make, and distribute their products in a fraction of the time it took them a decade ago. And, as organizations have had to become more adaptable, so too have their employees. Many jobs are being reshaped. Individuals earlier doing narrow, specialized, and routine jobs are being replaced by work teams whose members can perform multiple tasks and actively participate in team decisions.

(iii) **Economic Shocks** have continued to impose changes on organizations. In recent years, for instance, interest rates have become more volatile and the economies of individual countries have become more interdependent. When interest rates rise, for example, the market for new home loans and refinancing declines. For many mortgage brokerage firms, revenue declines and layoffs ensue. Similarly, the profitability of U.S. security firms such as Merrill Lynch and Dean Witter is increasingly linked to the health of foreign economies and markets.

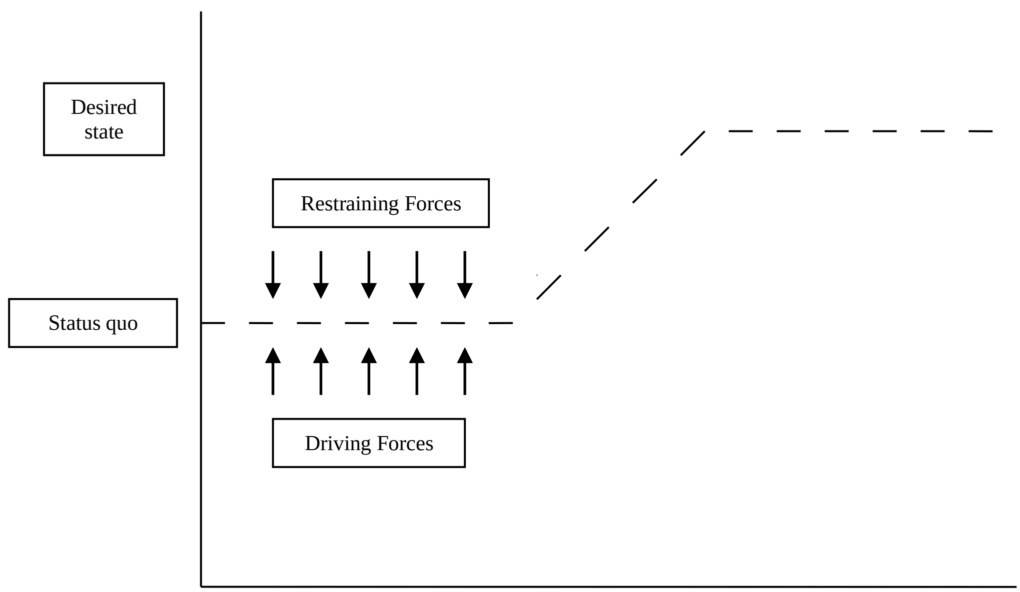
(iv) **Competition** has changed the entire spectrum of business. The global economy means that competitors are as likely to come from across the ocean as from across the town. Heightened competition also means that established organizations need to defend themselves against both traditional competitors who develop new products and services, and small, entrepreneurial firms with innovative offerings. Successful organizations will be the ones that can change in response to the competition. They will be fast on their feet, capable of developing new products rapidly and getting them to market quickly. They will rely on short production runs, short product cycles, and an ongoing stream of new products. In other words, they will be flexible. They will require an equally flexible and responsive workforce that can adapt to rapidly and even radically changing conditions.

(v) **World Politics:** We have called for seeing OB in a global context while business schools have been preaching a global perspective since the early 1980s, no one-not even the strongest proponents of globalization—could have imagined how world politics would change in recent years. A few example makes the point: the fall of the Berlin Wall, the reunification of Germany, Iraq's invasion of Kuwait, and the breakup of the Soviet Union. Almost every major U.S. defense contractor, for instance, has had to rethink its business and make serious changes in response to the demise of the Soviet Union. Companies like Hughes Electronics, Lock-heed Martin, Raytheon, and Northrop Grumman have each cut tens of thousands of jobs since the early 1990s.

Lewin in his three steps model introduced "force-field analysis" to induce, implement and manage change. This analysis is based upon the assumption that we are in state of equilibrium when there is balance between forces that induce change and forces that resist change. Kurt Lewin argued that successful change should follow following steps:



(i) ***Unfreezing:*** Lewin believes that the change should not come as a surprise to members of the organization. Sudden, unannounced change would be socially destructive. The management must pave the way by "unfreezing the situation", so that members would be willingly and ready to accept the change. Unfreezing means the status quo and this is considered to be an equilibrium state. It makes the individuals or organizations aware and prepare for the change. Unfreezing can be possible in one of the three ways as depict in Figure. These are: Driving Forces, which direct behaviour away from the status quo, can be increased.



Restraining Forces, which hinder movement from the existing equilibrium or it forces hinder movement away from the state quo, can be decreased. - The third alternative is to combine the first two approaches.

(ii) ***Movement or Changing:*** This a stage at which the individual being changed learn new behaviour, methods of working, new thinking, perception of new roles etc.

(iii) ***Refreezing:*** It is stabilization of change intervention by balancing driving and restraining forces. It means that what has been learned is integrated into actual practice. At this stage, the individuals learned new beliefs, feelings and behaviour. The new behaviour must replace the former behaviour completely for successful change to take place.

The change process is not a one-time application but a continuous process due to dynamism and ever changing environment. Lewin concluded that to achieve change we must overcome the status quo. The change forces are known as driving forces and the forces that resist change are known as restraining forces as shown below:

Driving Forces → Equilibrium → Restraining Forces

Managers who are trying to implement change must analyze this balance of driving and restraining forces. For effective change the driving forces should be strengthen and the restraining forces should be weakening successfully.

24.5 The Change Process

Once, the need for change and the goals of such a change are recognized and accepted, the management must introduce the change process in such a manner that such change is more or less permanent and the management does not shift back to the original and more familiar ways of doing things. To make the change more lasting, Kurt Lewin proposed 3 phases of the change process for moving the organization from the present to the future. These stages are: (1) Unfreezing, (2) Changing, and (3) Refreezing.

(i) **Unfreezing:** The process of unfreezing simply makes the individual or organizations aware and prepares them for the change. Lewin believes that the change should not come as a surprise to members of the organization. Sudden, unannounced change would be socially destructive. The management must pave the way by "unfreezing the situation", so that members would be willing and ready to accept the change. This way, if there is any resistance to change, it can be neutralized. According to Schein, unfreezing is the process of breaking down the old attitudes and behaviours, customs and traditions so that they start with a clean slate. This can be achieved by making announcements, holding meetings and promoting the ideas throughout the organization via bulletin boards, personal contacts and group conferences.

The unfreezing process basically cleans the slate so that it can accept new writings on it which can then become the operational style.

(ii) Changing or Moving to the New Condition: Once the unfreezing process has been completed and the members of the organization recognize the need for change and have been fully prepared to accept such change, their behaviour patterns have to be redefined. H.C. Kellman has proposed three methods of reassigning new patterns of behaviour. These are:

(a) Compliance: Compliance is achieved by strictly enforcing the reward and punishment strategy for good or bad behaviour. Fear of punishment, actual punishment or actual reward seems to change behaviour for the better. For example, many people have stopped smoking because of warning given by the Surgeon General of United States that smoking causes cancer of the lungs.

(b) Identification: Identification occurs when members are psychologically impressed upon to identify themselves with some given role models whose behaviour they would like to adopt and try to become like them. Many public organizations use celebrities as role models in advising young people not to try drugs.

(c) Internalization: Internalization involves changing the individual's thought processes in order to adjust to a new environment. Members are left alone to look themselves and they are given freedom to learn and adopt new behaviour in order to succeed in the new set of circumstances. Sometimes, soul searching brings about a new dimension to the philosophy of existence and thus brings about changes in such behavioural patterns that are not considered socially or professionally redeeming.

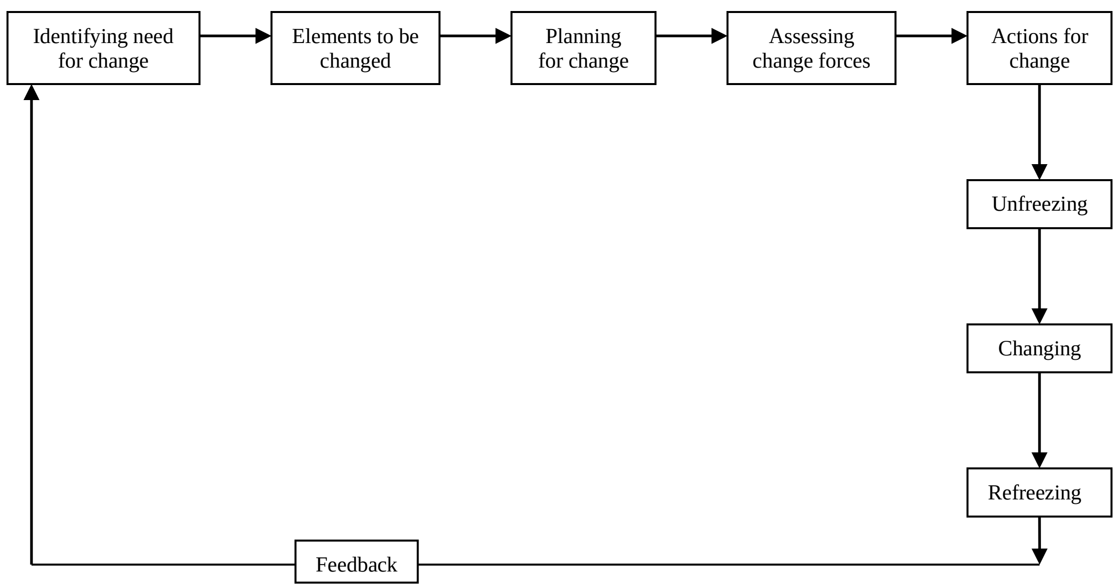
(iii) **Refreezing:** Refreezing occurs when the new behaviour becomes a normal way of life. The new behaviour must replace the former behaviour completely for successful change to take place. Also, it should be permanent in nature. Accordingly, it must be continuously reinforced so that this new acquired behaviour does not diminish or extinguish.

This must be clearly understood that the change process is not a one-time application but a continuous process due to dynamism and ever changing environment. Accordingly, the phenomena of 'unfreezing, changing and refreezing' are a cyclical one and remain continuously in process.

The implementation of this three steps change model can be seen in the case of kidnapping victims or prisoners of war or in deprogramming of some religious cultists. The prisoners of war, for example, may be brainwashed into believing that they are fighting a losing and immoral war and that their enemy is really their friend, by certain shock treatments which involve three steps of unfreezing, changing and refreezing process as explained before. If these prisoners return back to their own country, the process can be repeated to bring them back to their original behaviour.

Another methodology to induce, implement and manage change was also introduced by Kurt Lewin, who called it “force-field analysis”. This analysis is based upon the assumption that we are in a state of equilibrium when there is balance between forces that induce change and forces that resist change. To achieve change, we must overcome this status quo. The change forces are known as driving forces and the forces that resist change are known as restraining forces as shown below:

Driving forces Equilibrium Restraining forces



Managers who try to implement change must analyze this balance of driving and restraining forces and then strengthen the driving forces or weaken the restringing forces sufficiently so that change can take place.

24.6 Action Research and Change

Action research refers to a change process based on the systematic collection of data and then selection of a change action based on what the analyzed data indicate. Their importance lies in providing a scientific methodology for managing planned change.

The process of action research consists of five steps: diagnosis, analysis, feedback, action, and evaluation. You'll note that these steps closely parallel the scientific method.

(i) Diagnosis: The change agent, often an outside consultant in action research, begins with gathering information about problems, concerns, and needed changes from members of the organization. This diagnosis is analogous to a physician's search to find what specifically ails a patient. In action research, the change agent asks questions, interviews employees, reviews records, and listens to the concerns of employees.

(ii) Analysis: The information gathered during the diagnostic stage is then analyzed. What problems do people key in on? What patterns do these problems seem to take? The change agent synthesizes this information into primary concerns, problem areas, and possible actions.

(iii) Feedback: Action research includes extensive involvement of the change targets. That is, the people who will be involved in any change program must be actively involved in determining what the problem is and participating in creating the solution. So the third step is sharing with employees what has been found from steps one and two. The employees, with the help of the change agent, develop action plans for bringing about any needed change.

(iv) Action: Now the action part of action research is set in motion. The employees and the change agent carry out the specific actions to correct the problems that have been identified.

(v) Evaluation: Finally, consistent with the scientific underpinnings of action research, the change agent evaluates the effectiveness of the action plans. Using the initial data gathered as a benchmark, any subsequent changes can be compared and evaluated.

Action research provides at least two specific benefits for an organization. First, its problem focused. The change agent objectively looks for problems and the type of problems and determines the type of change action. While this may seem intuitively obvious, a lot of change activities are not done this way. Rather, they're solution centered. The change agent has a favourite solution- for example, implementing flexitime, teams or a management by objectives program-and then seeks out problems that his or her solution fits. Second, because action research so heavily involves employees in the process, resistance to change gets reduced, if not vanished.

24.7 Steps in Managed Change

The first step in the change process is to identify the need for change and the area of change as to whether it is a strategic change, process-oriented change or employee-oriented change. This need for change can be identified either through internal factors or through external forces that may be in place. Once the need for change is identified, the following general steps can be taken to implement such change.

(i) **Develop new goals and objectives:** The managers must identify as to what new outcomes they wish to achieve. This may be a modification of previous goals due to changed internal and external environment or it may be a new set of goals and objectives.

(ii) **Select an agent for change:** The management must decide as to who will initiate and oversee this change. A manager may be assigned this duty or even outside specialists and consultants can be brought in to suggest the various methods to bring in the change and monitor the change process.

(iii) **Diagnose the problem:** It is important to gather all pertinent data regarding the area or the problem where the change is needed. This data should be critically analyzed to pinpoint the key issues. Then the solutions can be focused on those key issues.

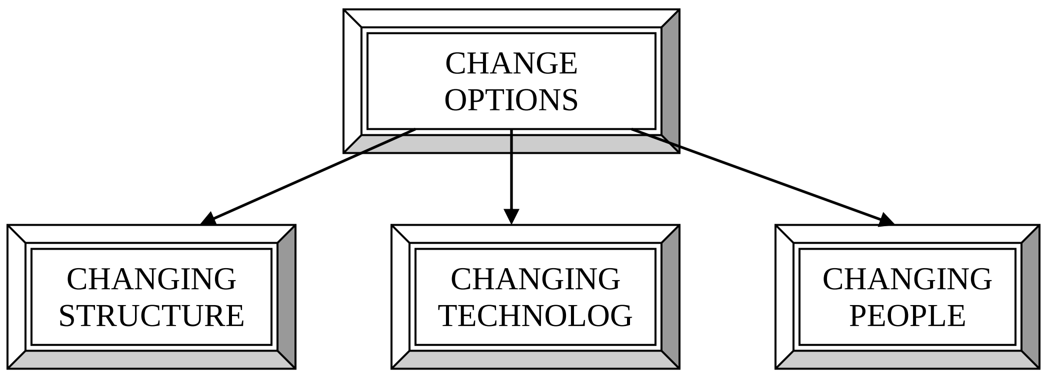
(iv) **Select methodology:** Because of natural resistance to change, it is very important to chart out a methodology for change which would be correct and acceptable to all. Members' emotions must be taken into consideration while devising such methodology.

(v) **Develop a plan:** This step involves putting together a plan as to what is to be done. For example, if the company wants to develop and implement a flexitime policy, it must decide as to what type of workers will be affected by it or whether flexitime should be given to all members or only to some designated workers.

(vi) **Strategy for implementation of the plan:** In this stage, the management must decide on the "when", "where" and "how" of the plan. This includes the right timing of putting the plan to work, how the plan will be communicated to workers in order to have the lesser resistance and how the implementation will be monitored.

(vii) **Implementation of the plan:** Once the right timing and right channels of communication have been established, the plan is put into action. It may be in the form of simple announcement or it may require briefing sessions or in-house seminars so as to gain acceptance of all the members and specially those who are going to be directly affected by the change.

(viii) **Receive and evaluate feedback:** Evaluation consists of comparing actual results to the set goals. Feedback will confirm if these goals are being met so that if there is any deviation between the goals and the actual performance outcomes, then corrective measures can be taken.



24.8 THE CHANGE AGENTS AND THEIR CHARACTERISTICS

The change agents are those factors that are responsible for bringing about the change in the individual behaviour patterns. This is the most important type of change since other types of changes such as in strategy, structure or process can always be introduced simply by the management and most often these changes are accepted by the workers and also because behaviour is a highly complex phenomenon and it may require a number of strategies to make desirable changes in human behaviour. These change agents may either be the initiators of change or serve as catalysts for such change. Four types of change agents have been identified.

(i) **Outside Pressures:** These are pressures from the external environment and are directed towards change in the entire organization. These may be in the form of government intervention if there are serious quality or safety defects. The government may also get involved if there are labour strikes for a long period of time or mass demonstrations against the organization.

(ii) **Internal organizational development:** This can come slowly and through and within the organization itself. This may include redefinement of goals as well as participative goal setting such as MBO (Management by Objectives), work redesign, team development and so on.

(iii) **Individual change:** This change is the modification of behaviour within the individual where personal goals may be better served in the changed environment of the organization. For example, in a government job, if a person who is habitually coming late to work without any obvious repercussions or reprimands, might change his behaviour if the organization starts taking notice of such tardiness in a negative way.

(iv) **Changes from central management:** The organizational change may come from the top management who may be convinced about its necessity and may direct the structural, strategic or technological changes that would be beneficial to the organization and its members.

There have been a number of change agents that have been at work in changing the organizational processes and structures. In America, for example, Ralph Nader, a consumer advocate has been responsible for many changes in the area of quality and safety of many products and especially in the automobiles. In addition, forces such as women’s liberation movement and strong labour unions have brought about changes that have affected the work ethics of the organizations and work roles of its members.

Similarly, in India where the bureaucratic structure is deeply embedded in the organizational system, changes are being brought about by government regulations and by social pressures to give more freedom to the workers, to bring about equal opportunity for employment, irrespective of religion or gender and to keep pace with the changing world in technological processes.

The change agent may be in the form of a consultant who helps the client find solutions to the organizational problems. It could also be in the form a trainer who trains the client to achieve a set of skills that could be used in bringing about the change for desired outcomes. This change agent must have certain characteristics which would identify it to be more effective than others.

The way a change agent manages the process of change is indicated by certain factors and characteristics which have been identified by Havelock and Shaskin. The first letters of these factors together spell “HELP SCORES”. These are:

- **(i)** **Homophily:** It is the degree of closeness and similarity between the change agent and the client. The closer the relationship, the easier and more successful the change is likely to be. It is similar to listening to our close friend whom we trust and whose advice we seriously take.
- **(ii)** **Empathy:** It involves understanding of feelings and emotions and thoughts of others by putting ourselves in others’ shoes. This sincere understanding leads to improved communications between the client and the change agent which is very helpful in bringing about the desired change.
- **(iii)** **Linkage:** It refers to the degree of collaboration between the change agent and the client. The tighter the linkage, the more likely is the success.

(iv) **Proximity:** The change agent and the client should have easy access to each other. The closer the proximity the better the relationship between the two and easier to develop the collaborative linkage.

(v) **Structuring:** This factor involves proper and clear planning of all activities that are related to change. If these activities are planed in step-by-step sequential factors, then the implementation would be easier.

(vi) **Capacity:** This factor refers to the organization's capacity to provide the resources that are needed for successful organizational development effort and implementation. These resources must be adequate and available when needed.

(vii) **Openness:** Openness refers to the conceptual environment which is conducive to the development of respect and understanding for each other's ideas, needs and feelings. The degree of openness between the change agent and the client would considerably affect the outcome of the program.

(viii) **Reward:** All members expect that the change will bring potential benefits. These rewards should be both in the short run as well as in the long run. The greater the potential for rewards, the more determined the effort would be in making the required change.

(ix) **Energy:** Energy refers to the amount of effort put into the change process. This effort involves both the physical and psychological energy. The client's energy must be well spent and channelled precisely into the change program itself. The energy of the change agent should not be spread over too many clients, for in that case, each of the clients individually may not receive the needed energy.

(x) **Synergy:** Synergy simply means that the whole is more than the sum of its parts. This means that the previous nine factors involving a variety of people, resources, energies and activities together result in synergy, if they support success mutually as well as individually, they are as favourable to the program as possible.

These ten factors whose initials spell "HELP SCORES", describe the personal characteristics of successful change agents who have profound influence on the organizational development programs and processes of change.

24.9 RESISTANCE TO CHANGE

One of the well-documented findings from studies of individual and organizational behaviour is that organizations and their members resist change. In a sense, this is positive. It provides a degree of stability and predictability to behaviour. If there weren't some resistance, organizational behaviour would take on characteristics of chaotic randomness. Resistance to change can also be a source of functional conflict. For example, resistance to a reorganization plan or a change in a product line can stimulate a healthy debate over the merits of the idea and result in better decision-making. But there is a definite downside to resistance to change. It hinders adaptation and progress.

Resistance to change doesn't necessarily surface in standardized ways. Resistance can be overt, implicit, immediate, or deferred. It is easiest for management to deal with resistance when it is overt and immediate. For instance, a change is proposed and employees quickly respond by voicing complaints, engaging in work slowdown, threatening to go on strike, or the like. The greater challenge is managing resistance that is implicit and/or deferred. Implicit resistance efforts seem to be subtle but has serious ramifications—loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes, increased absenteeism due to "sickness"—and hence more difficult to recognize. Similarly, deferred actions cloud the link between the source of the resistance and the reaction to it. A change may produce what appears to be only a minimal reaction at the time it is initiated, but then resistance surfaces weeks, months, or even years later. Let's look at the sources of resistance. For analytical purposes, we have categorized them by individual and organizational sources. In the real world, the sources often overlap.

Individual Resistance

Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities, and needs. The following summarizes five reasons why individuals resist change.

(i) Habit: Every time you go out to eat, do you try a different restaurant? Probably not. If you're like most people, you find a couple of places you like and return to them on a somewhat regular basis.

As human beings, we're subservient to our habit. Life is complex enough; we don't need to consider the full range of options for the hundreds of decisions we have to make every day. To cope with this complexity, we all rely on habits or programmed responses. But when confronted with change, this tendency to respond in accustomed ways becomes a source of resistance. So when your department is moved to a new office building across town, it means you're likely to have to change many habits: waking up ten minutes earlier, taking a new set of streets to travel, finding a new parking place, adjusting to the new office layout, developing a new lunchtime routine, and so on.

(ii) Security: People with a high need for security are likely to resist change because it threatens their feelings of safety. When Sears announces it's laying off 50,000 people or Ford introduces new robotic equipment, or Indian banks thought of computerization in early 80's many employees at these firms feared that their jobs are in jeopardy.

(iii) Economic factors: Another source of individual resistance is the concern that change will lower one's income. Changes in job tasks or established work routines also can arouse economic fears if people are concerned that they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

(iv) Fear of the unknown: Changes substitute ambiguity and uncertainty for the known. The transition from high school to college is typically such an experience. By the time we're seniors in high school, we understand how things work. You might not have liked high school, but at least you understood the system. Then you move on to college and face a whole new and uncertain system. You have traded the known for the unknown and the fear or insecurity that goes with it.

Employees in organizations hold the same dislike for uncertainty. If, for example, the introduction of TQM means production workers will have to learn statistical process control techniques, some may fear they'll be unable to do so. They may, therefore, develop a negative attitude toward TQM or behave dysfunctionally if required to use statistical techniques.

(v) Selective information processing: Individuals shape their world through their perceptions. Once they have created this world, it resists change. So individuals are guilty of selectively processing information in order to keep their perceptions intact. They hear what they want to hear. They ignore information that challenges the world they've created. To return to the production workers who are faced with the introduction of TQM, they may ignore the arguments their bosses make in explaining why a knowledge of statistics is necessary or the potential benefits the change will provide them.

Organizational Resistance

Organizations, by their very nature, are conservative. They actively resist change. You don't have to look far to see evidence of this phenomenon. Government agencies want to continue doing what they have been doing for years, whether the need for their service changes or remains the same. Organized religions are deeply entrenched in their history. Attempts to change church doctrine require great persistence and patience. Educational institutions, which exist to open minds and challenge established doctrine, are themselves extremely resistant to change. Most school systems are using essentially the same teaching technologies today as they were 50 years ago. The majority of business firms, too, appear highly resistant to change.

Six major sources of organizational resistance have been identified.

(i) Structural Inertia: Organizations have built-in mechanisms to produce stability. For example, the selection process systematically selects certain people in and certain people out. Training and other socialization techniques reinforce specific role requirements and skills. Formalization provides job descriptions, rules, and procedures for employees to follow.

The people who are hired into an organization are chosen for fit; they are then shaped and directed to behave in certain ways. When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability.

(ii) Limited focus of change: Organizations are made up of a number of interdependent subsystems. You can't change one without affecting the others. For example, if management changes the technological processes without simultaneously modifying the organization's structure to match, the change in technology is not likely to be accepted. So limited changes in subsystems tend to get nullified by the larger system.

(iii) Group Inertia: Even if individuals want to change their behaviour, group norms may act as a constraint. An individual union member, for instance, may be willing to accept changes in his job suggested by management. But if union norms dictate resisting any unilateral change made by management, he's likely to resist.

(iv) Threat to expertise: Changes in organizational patterns may threaten the expertise of specialized groups. The introduction of decentralized personal computers, which allow managers to gain access to information directly from a company's main frame, is an example of a change that was strongly resisted by many information systems departments in the early 1980s. Why? Because decentralized end-user computing was perceived as a threat to the specialized skills held by those in the centralized information systems departments.

(v) Threat to established power relationship: Any redistribution of decision-making authority can threaten long-established power relationships within the organization. The introduction of participative decision making or self-managed work teams is the kind of change that is often seen as threatening by supervisors and middle level managers.

(vi) Threat to established resource allocations: Those groups in the organization that control sizable resources often see change as a threat. They tend to be content with the way things are. Will the change, for instance, mean a reduction in their budgets or a cut in their staff size? Those that most benefit from the current allocation of resources often feel threatened by changes that may affect future allocations.

24.10 OVERCOMING RESISTANCE TO CHANGE

Six tactics have been suggested for use by change agents in dealing with resistance to change. Let's review them briefly.

(i) Education and Communication: Resistance can be reduced through communicating with employees to help them see the logic of a change. This tactic basically assumes that the source of resistance lies in misinformation or poor communication. If employees receive the full facts and get any misunderstandings cleared up, resistance will subside. Communication can be achieved through one-on-one discussions, memos, group presentations, or reports. Does it work? It does, provided that the source of resistance is inadequate communication and that management-employee relations are characterized by mutual trust and credibility. If these conditions don't exist, the change is unlikely to succeed.

(ii) Participation: It's difficult for individuals to resist a change decision in which they have already participated. Prior to making a change, those opposed can be brought into the decision making process. Assuming that the participants have the expertise to make a meaningful contribution, their involvement can reduce resistance, obtain commitment, and increase the quality of the change decision. However, against these advantages are the negatives: potential for a poor solution and great time consumption.

(iii) Facilitation and support: Change agents can offer a range of supportive efforts to reduce resistance. When employee fear and anxiety are high, employee counseling and therapy, new-skills training, or a short paid leave of absence may facilitate adjustment. The drawback of this tactic is that, as with the others, it is time consuming. Additionally, it's expensive, and its implementation offers no assurance of success.

(iv) Negotiation: Another way for the change agent to deal with potential resistance to change is to exchange something of value for a lessening of the resistance. For instance, if the resistance comes from a group of few powerful individuals, a specific reward package can be negotiated that will meet their individual needs. Negotiation as a tactic may be necessary when resistance comes from a powerful source. Yet one cannot ignore its potentially high costs. Additionally, there is the risk that, once a change agent negotiates with one party to avoid resistance, he or she is open to the possibility of being black mailed by other individuals in positions of power.

(v) Manipulation and co-optation: Manipulation refers to covert influence attempts, twisting and distorting facts to make them appear more attractive, withholding undesirable information, and creating false rumors to get employees to accept a change are all examples of manipulation. If corporate management threatens to close down a particular manufacturing plant if that plant's employees fail to accept an across-the-board pay cut, and if the threat is actually untrue, management is using manipulation. Cooptation, on the other hand, is a form of both manipulation and participation. It seeks to "buy off" the leaders of a resistance group by giving them a key role in the change decision. The leaders' advice is sought, not to seek a better decision, but to get their endorsement. Both manipulation and cooptation are relatively inexpensive and easy ways to gain the support of adversaries, but the tactics can backfire if the 'targets' become aware that they are being tricked into or used. Once discovered, the change agent's credibility may drop to zero.

(vi) Coercion: Last on the list of tactics is coercion, that is, the application of direct threats of force upon the resisters. If the corporate management mentioned in the previous discussion really is determined to close a manufacturing plant if employees don't acquiesce to a pay cut, then coercion would be the label attached to its change tactic. Other examples of coercion are threats of transfer loss of promotions, negative performance evaluations, and a poor letter of recommendation. The advantages and drawbacks of coercion are approximately the same as those mentioned for manipulation and cooptation.

24.11 CHECK YOUR PROGRESS

Fill in the Blanks

1. ------------ refers to something which occurs to an organization, a group or an individual.

2. ----------- in his three steps model introduced “force-field analysis” to induce, implement and manage change.
3. -------- simply means that the whole is more than the sum of its parts.
4. --------- refers to the amount of effort put into the change process.
5. ----------- substitute ambiguity and uncertainty for the known.

24.12 SUMMARY

Today the major forces which are exerting pressure for change on organizations are the globalization of markets, instantaneous communications travel at the speed of sound, political realignments, changing demographics, technological transformations, shortening product life cycles, corporate alliances, flattening organizations, and the like. Though change is the only constant factor in organizations, yet the pace of change has been considerably accelerated by these forces.

Lewin’s three phases of the change process include: unfreezing, changing and refreezing. Unfreezing means unlearning of old things in order to learn a new thing. Changing refers to accepting a new behaviour. Refreezing means providing opportunities for new behaviour to get integrated into actual practice. The reasons for individual resistance to change may lie in economic, psychological, and sociological factors. Organizational resistance to change may emanate from its reward system, resource limitations, organizational politics, structural rigidities, faulty introduction of change, poor record of change implementation, and so on. Depending upon its situation, organization can broadly draw upon six strategies for managing resistance to change: education and communication, participation and involvement, support, incentives, manipulation and cooptation, and coercion.

24.13 KEYWORDS

Change: It refers to something which occurs to an organization, a group or an individual.

Organizational change: This refers to a relatively enduring alteration of the present state of an organization or its components or interrelationships amongst the components, and their differential and integrated functions, in totality or partially, in order to attain greater viability in the context of the present and anticipated future environment.

Manipulation: It refers to covert influence attempts, twisting and distorting facts to make them appear more attractive, withholding undesirable information.

Synergy: Synergy simply means that the whole is more than the sum of its parts.

Openness: Openness refers to the conceptual environment which is conducive to the development of respect and understanding for each other's ideas, needs and feelings.

Homophily: It is the degree of closeness and similarity between the change agent and the client.

Action research: It refers to a change process based on the systematic collection of data and then selection of a change action based on what the analyzed data indicate

Refreezing: It is stabilization of change intervention by balancing driving and restraining forces.

24.14 SELF ASSESSMENT TEST

1. Define change. What are the factors responsible for change? State and explain action research.
2. Describe in detail the three steps in the change process. Give examples where necessary.

3. What are the reasons for resistance to change? What can management do to overcome such resistance?
4. Describe in detail characteristics and role of change agents.
5. What are the various types of changes? Under what circumstances would each be desirable?
6. Are all managers change agents? Discuss. Identify the role of change agents in an organization.
7. "Resistance to change is an irrational response". Do you agree or disagree? Discuss. How does Lewin's three-step model of change deal with resistance to change?
8. What do you mean by planned change? What are its objectives?
9. "Organizational change has to be managed on technological, social and economic dimensions". Elaborate. What precautions must be taken in a democratic set-up to make a change acceptable to the personnel?

24.15 ANSWER TO CHECK YOUR PROGRESS

Fill in the Blanks

1. **Change** refers to something which occurs to an organization, a group or an individual.
2. **Lewin** in his three steps model introduced "force-field analysis" to induce, implement and manage change.
3. **Synergy** simply means that the whole is more than the sum of its parts.
4. **Energy** refers to the amount of effort put into the change process.
5. **Changes** substitute ambiguity and uncertainty for the known.

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SUBJECT: Management Concepts and Organization Behaviour

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ORGANISATIONAL DEVELOPMENT

STRUCTURE

25.0 LEARNING OBJECTIVES

The objective of this lesson is to make the students learn about:

- Concept of organizational development.
- Various OD interventions.

25.1 INTRODUCTION

Organization Development (OD) offers an approach to bringing about a positive change in organization efficiency and effectiveness. OD is a process of planned change organization-wide to increase organization effectiveness through changing the methods or process by which work is done. Planned changes are instrumental for development. Many changes with traditional and modern techniques are taken place for organization development. Organization development is an intervention strategy to bring out changes in beliefs, attitudes, structures, processes and interaction. It requires proper environment study, support, training and reward system. OD takes organization to higher levels of performance by excelling. It aims at building internal competencies and teams in the organization. It focuses on behaviour and uses various behavioural tools.

The basic concept behind organizational development is to improve organizational efficiency by modifying human behaviour rather than technological innovations, because without the committed involvement of human element, all the technology has a limited meaning. It started with the emergence of applied behavioural science, social psychology, training and feedback. OD has been defined in different ways:

In general terms, it is an effort to improve an organization's effectiveness by dealing with individual, group, and overall organizational problems from both a technical standpoint and a human standpoint. At the heart of OD is a concern for improving the relationships among the organization's personnel.

- OD is the art of learning to solve problems and take advantage of opportunities to keep improving through the process of carrying out changes in the internal environment to conform to the fast changing external environment.

- OD is the planned process of change in the organization's culture through the utilization of behaviour science technology, research and theory. Emphasis is on management of people in the change process (Burke). OD is a planned approach to respond effectively to change in its environment.
- OD is a powerful change strategy. It uses process consultation where the consultation works with the leader and group to diagnose and enables them to solve their own problems. It is participative, collaborative and problem focused approach. OD taps the experience and expertise of members as they work on their problems to generate solutions.

According to Harold Rush, "Organization Development is a planned, managed and systematic process to change the culture, systems and behaviour of an organization in order to improve the organization's effectiveness in solving its problems and achieving its objective".

25.2 FEATURES OF ORGANIZATION DEVELOPMENT

Organization development attempts to develop the whole organization through an open communication by increasing the adequacy and accuracy of information. "Organization Development is collection of planned change interventions, built on humanistic-democratic values, that seek to improve organizational effectiveness and employees well being". The main features of organization development are:

1. *System Orientation:* The organizations are complex systems comprising of many sub-systems which must work together in harmony and synchronization. The systems are divided into sub-systems and there are number of variables that affect these subsystems. These subsystems themselves interact with each other. The interaction of all the subsystems is channelised for better performance of the organization. Thus, system management is the basic tenet of corporate development. All the system of the organization like marketing, finance, personnel, production and

communication and their sub-systems are properly interlinked for making better utilization of resources. For example- advertising, personal selling, publicity and public relation are linked together to make marketing system effective. The working relationships and personal interactions are formalized to make organization development easy and smooth.

2. *Humanistic Approach:* Organization development includes human values. Organization development can be possible with employees' development. The employees' development is possible through open communication, interpersonal relationship, empowerment and constructive discussion. It is possible through change agents who actually introduce and manage change in organization. They stimulate, facilitate and coordinate the development function. They analyze the existing systems and evolve suitable methodology for development. Thus, organization development is basic objective of change agents.

3. *Action Research:* It is very important for organization development. It reveals the problems, identifies them and finds their possible solution. Action research is a data based system. It improves the problem solving skills of the individuals. Management coordinates all the activities of the system, sub-systems, groups and teams. Feedback from them is necessary for self correcting actions. Their relationships and work experience are used for improvement. All this contribute in organization development.

4. *Intervention:* the organization development interventions are the building blocks which are planned activities designed to improve the organization's functioning through participation of organizational members. It is an effective change in the organization structure and process. It includes career planning, team building, job designing and redesigning. It involves application of behavioural science in different fields of the organization. The planned, continued and organized efforts of individual, interpersonal,

group, intergroup are needed for organization development. People, structure, technology and environment are intervened for a better performance. For effective interventions, proper feedback from each employee is important.

According to French and Bell, 1990 and Backhard, 1969, OD has following characteristics:

- systematic, long-range, planned, change effort,
- organization-wide,
- managed from the top,
- to increase organization effectiveness and health,
- through planned interventions,
- using behaviour science knowledge and action research, and
- with the use of external consultants.

25.3 OBJECTIVES OF ORGANISATIONAL DEVELOPMENT

OD programs vary because they are tailored to unique situations. In general, OD programs develop social processes such as trust, problem solving, communication and cooperation to facilitate organizational change and enhance personal and organizational effectiveness. The objectives of organization development are highlighted in the following lines:

1. Deepen the sense of organizational purpose (or vision) and align individuals with that purpose. OD keeps work organization productive as well as hospitable for members.

2. To build and enhance interpersonal trust, communication, cooperation and support among all individuals and groups throughout the organization at all levels. It increases a sense of belonging in employees and towards the

organization. Thus, the organizational goals become the goals of the members of the organization.

3. Develop a satisfying work experience capable of building enthusiasm and encourage personal willingness to change.
4. To encourage an analytical approach to problem solving in a team spirit and open manner, where the problems and differences are confronted and resolved instead of problem-avoiding or decision-postponing approach.
5. To assign decision makes and problem solving responsibilities to skilled and knowledgeable persons who are closer to the scene of operations and sources of information, rather than to a person with a particular role or at a particular hierarchical level.
6. To increase personal responsibility for planning, implementing the plans and be aware and responsible for the consequences. This will build enthusiasm individually and group wise and will involve communication, feelings, open competition as well as compromise, conflict resolution etc. This will increase a sense of self-direction for all people within the organization. It improves organizational performance and innovativeness.
7. The management should be goal oriented rather than process oriented. Organization development helps managers to manage according to the relevant objectives. All efforts should be directed and channeled towards related objective in the area of responsibility.
8. OD represents a viable strategy for improving organization effectiveness and enhancing the quality of work life of members.

These objectives help the organization in examining its current methods of operations, its norms and values and in generating and evaluating alternative ways of operating and utilizing the full potential of human resources. It focuses on developing total organization.

25.4 HISTORY OF ORGANIZATION DEVELOPMENT

Bell and French have stated that organization development emerged largely from applied behavioural sciences. It has four major sources:

1. The invention of the T-group and innovations in the application of laboratory training insights to complex organization.
2. The invention of survey feedback technology.
3. The emergence of action research.
4. The evolution of the Tavistock socio-technical approaches.

They further add that the importance for applying OD approaches has changed to an increasingly turbulent environment. OD are organizational transformation, organizational culture, the learning organization, high-performance teams, total quality management, business process re-engineering. OD was first introducing in India in Larsen and Toubro and Bharat Heavy Electricals Ltd., Bhopal plant in the mid-1970s as a formal and structural part. It had a slow growth for over 25 years inspite of introduction of laboratory training by Udai Pareek, Roltlynton and other professionals. Laboratory training was considered as an important instrument for development. It has following advantages: It helps the management to meet the challenges of change, it makes the people happier and more satisfied and corporate policies are made more flexible. In the post-liberalization period, every company has been forced to seek change.

Peculiarities of Indian's Way of Managing and Need for OD

1. Indian culture is strongly hierarchy-based and OD facilitator must explain the need for change, what is to be changed and how it is going to benefit the target group.
2. Indian mind-set is tradition-bound, fatalistic and more resistance to change.

3. The Indian mind that governs organizations is much less system driven and more people and relationship driven.
4. When faced with uncertainties, Indian organizations are forced to work for short term goals rather than long term ones.

25.5 ORGANISATIONAL DEVELOPMENT: SOME VALUES

Organizational development is dependent upon organizational values. These values are incorporated for employees and corporate growth, for improved participative process and collaboration of different functional features. The corporate values include:

1. *Respect for People:* Individuals are perceived as being responsible, conscientious, and caring. They should be treated with dignity and respect.
2. *Trust and Support:* The effectiveness and healthy organization is characterized by trust, authenticity, openness and a supportive climate. Thus, management and employees must develop trust and support for the organization development.
3. *Power Equalization:* The equitable power vested with the hierarchy is a welcome step. Effective organization de-emphasizes hierarchical authority and control.
4. *Open Discussion or Confrontation:* Openness of problems and solutions removes misunderstanding. Thus, problems shouldn't be swept under the rug. They should be openly confronted.
5. *Participation:* It brings changes in the working process for the betterment of the corporate philosophy. The more that 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. In this way, people get an opportunity to demonstrate their qualifications.

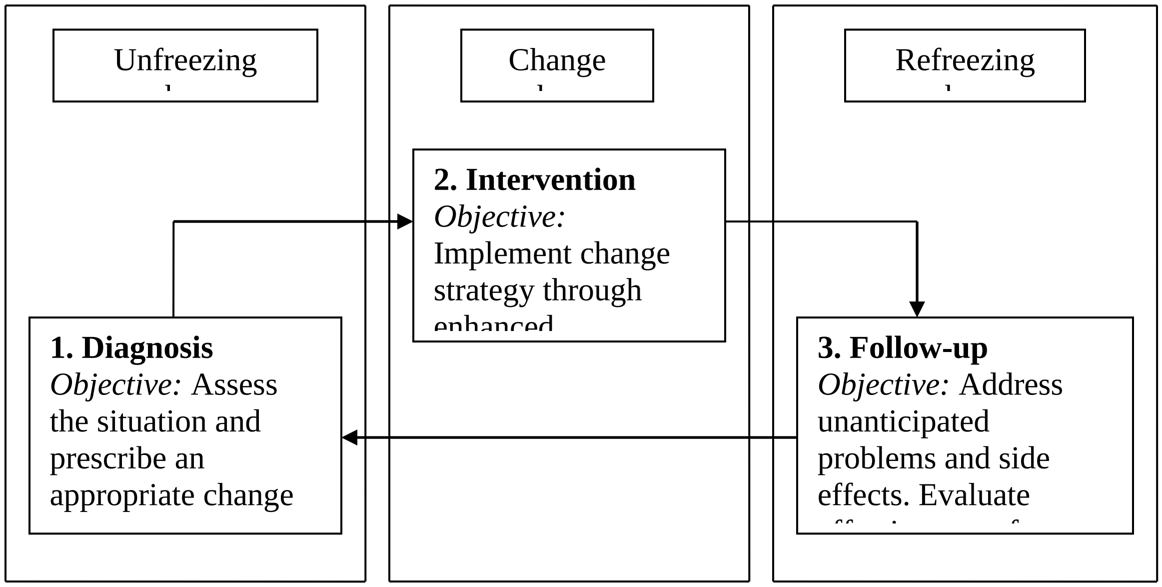
Thus, Organizational Development can be defined as, “An effort planned, organization wide, managed from the top, in order to increase organizational effectiveness and health, through planned intervention in the organization’s processes using behavioural science knowledge.

25.6 ORGANIZATION DEVELOPMENT PROCESS

Organization Development is a slow and continuous process. The process is designed, reviewed and implemented. The problems, diagnosis and suggestions are designed under organization development. The outcomes are evaluated and the momentums of functioning are accelerated. Kurt Lewin argued that successful change should follow- unfreezing, movement or change and refreezing. The following Figure-25.1 describes how the unfreezing-change-freezing analogy applies to Organization Development (OD). The process of organization development involves following steps:

Unfreezing prepares the members of a social system for change and then helps neutralize initial resistance. Lewin believes that the change should not come as a surprise to members of the organization. Sudden, unannounced change would be socially destructive. The management must pave the way by “unfreezing the situation”, so that members would be willingly and ready to accept the change.

FIGURE-25.1: ORGANIZATIONAL DEVELOPMENT PROCESS



Unfreezing means the status quo and this is considered to be an equilibrium state. It makes the individuals or organizations aware and prepare for the change. Unfreezing can be possible in one of the three ways. These are:

- Driving Forces, which direct behaviour away from the status quo, can be increased.
- Restraining Forces, which hinder movement from the existing equilibrium or it forces hinder movement away from the state quo, can be decreased.
- The third alternative is to combine the first two approaches.

Driving Forces → Equilibrium → Restraining Forces

Managers who are trying to implement change must analyze this balance of driving and restraining forces. For effective change the driving forces should be strengthen and the restraining forces should be weakening successfully.

Movement or Changing: This a stage at which the individual being changed learn new behaviour, methods of working, new thinking, perception of new roles etc.

Refreezing: It is stabilization of change intervention by balancing driving and restraining forces. It means that what has been learned is integrated into actual practice. At this stage, the individuals learned new beliefs, feelings and behaviour. The new behaviour must replace the former behaviour completely for successful change to take place. It is necessary to follow up on problems, complaints, unanticipated side effects.

OD model introduced here is based on Lewin's approach to handling change. Diagnose is carried out during the unfreezing phase. Change is then carefully introduced through tailor made intervention. Finally, a systematic follow-up refreezes the situation. Each phase is critical to organizational change and development. Thus, the following three-phase sequence makes OD an ongoing system of planned change. The catchall term used to describe this process is organizational development. These are explained as below:

1) **OD Diagnosis:** Because of the expenses of conducting a diagnosis, management teams need to identify at the outset the specific problems areas or subunits that deserves close examination. Diagnosis that is over comprehensive is a waste of time. Therefore, the management must select the relevant domain and can turn to three important aspects of the diagnostic phase:

   a) *Unfreezing the situation:* An OD program should not come as a surprise. Some unfreezing-making announcements, holding meetings and launching promotional campaign in the organization's newsletter and on bulletin boards-can help start things. All these activities help deliver clear message: "We can improve the effectiveness of our organization while increasing our personal satisfaction if we all cooperate in a comprehensive program of finding out where we are, where we want to go and how we can get there". This message prepares people for interviews, questionnaires, unfamiliar consultants and group activities that could be threatening if they came as surprises. One word of caution: during the unfreezing phase, care needs to be taken to avoid creating unrealistic expectations.

b) *Designing the diagnostic strategy and* interpreting *the diagnostic data:* Those about to tackle an OD diagnosis will find it helpful to view the typical organization as an iceberg. For getting some feedback in the organization at large it is important to examine the organization climate. Organization climate is determined by knowing the attitudes and perceptions the employees have about the organization's leadership, products, pay, employee benefits, discipline, policies and goals. In measuring organizational climate, we are interested in learning about the *informal organization,* which is analogous to the part of an iceberg that rests under the water. Following Figure-25.2 depicts the organizational iceberg:

The Formal Aspects are readily observable and oriented to structural considerations. The formal aspects are visible, if there is something wrong with the formal aspects, we can adjust them. If some one is inefficient, we can find out why and try to deal with the problem.

Figure-25.2: Organizational Iceberg

Visible Features (Formal Aspects) - The Formal Organization
Objectives, Structure, Policies and plans, Formal Authority, Rules, Task Design, Technology, Formal channel of communication, performance, Job Definition, Job Descriptions, Forms of Departmentalization, Span of Control, Operating policies, Efficiency measures.

Hidden Features (Informal Aspects) - The Informal Organization
Opinions, Attitudes, Feelings, Values, Power and politics, Interpersonal Conflicts, Intrapersonal conflict (e.g. role conflict and role ambiguity), Blocked

The Informal Aspects are hidden from view and oriented to social-psychological process and behavioural consideration. Usually we do not know what is going on in the informal organization until problems begins.

However, there are ways of measuring organizational climate and dealing with a trouble situation before it becomes too serious. A complete diagnosis of every feature listed in figure would be prohibitively expensive and time-consuming and so it is important to select the right diagnostic strategy for the information sought. Four approaches are widely used. These are:

(i) Review of records: Now-a-days organizations possess a wealth of recorded information and data in response to the government's increased demand. When change agents have the time and patience to carry out a thorough records search, they are often rewarded with valuable information about the relative health or sickness of the organization. Much can be learned by review of human records for signs of excessive absenteeism and turnover or for patterns of grievances. Similarly, studies of financial records can yields telling signs of cost overruns and other financial problems.

(ii) Interviews: By using a carefully compiled list of specific questions and general, open –ended questions, a skilled interviewer can discover a great deal about both individuals and the organization at large.

(iii) Survey questionnaires: These are most widely used diagnostic strategy today. Questionnaires may be administered to people assembled in groups, or they may be mailed individually. They may be constructed in-house or purchased. Some of the more sophisticated published survey questionnaires include in the purchase price scoring and statistical analysis.

(iv) Direct Observation: It is well known that people tend to say one thing and do another. When this kind of discrepancy is likely to be a problem, management may choose to have a neutral third party observe organizational members at work.

Each of these strategies has its appropriate place in OD diagnosis. By balancing the respective strengths and weaknesses of the various approaches, it is possible to develop a diagnostic strategy based on two or more approaches.

The Six-Box Model of MARVIN R

This diagnostic model can help in identifying processes and activities as to which box give signs of trouble/problems. Weisbord identifies six critical areas- purpose, structure, rewards, helpful mechanisms, relationships and leaderships, where things must go right if the organization is to be successful. These areas are affected by environment Model as given if Figure-

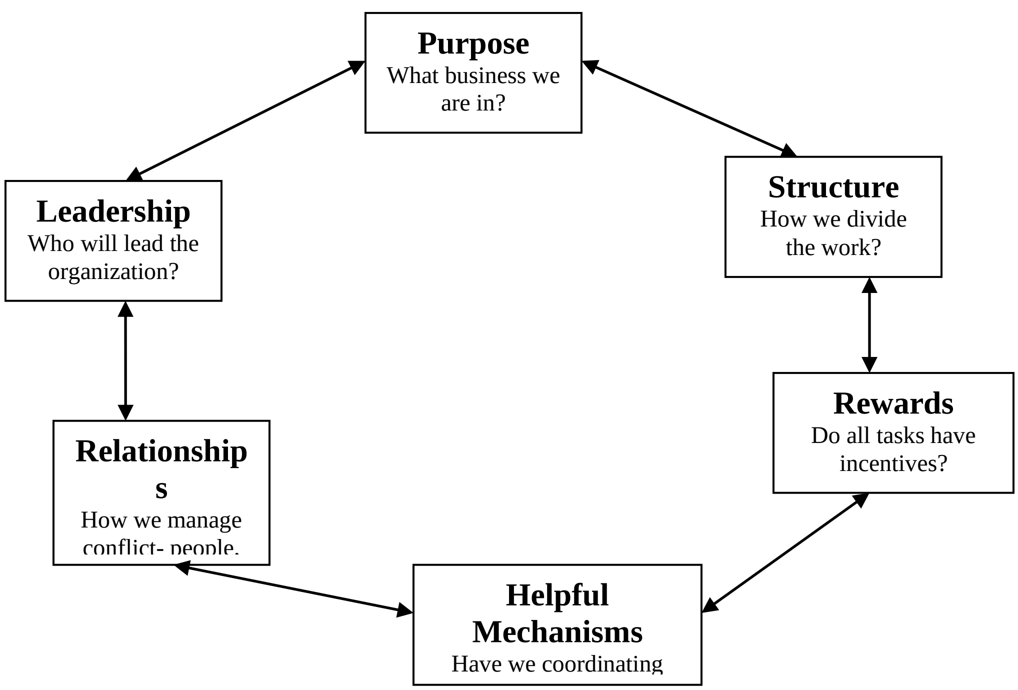


Figure:25.3: Marvin R. Weisbord Organizational Model

According to Weisbord, one should look to both the formal and informal aspects of each box. Commonly one finds that formal arrangements are inappropriate, but informal system works around the deficiencies by developing methods to correct them. He suggests, before choosing interventions, a thorough diagnosis should be done based on multiple boxes.

2. ***OD Intervention:*** An OD intervention is defined as the set of structured activities in which selected organizational units (target groups or individuals) engage with a task(s) where task goals are related to organizational improvement. All the activities which are planned and carried in order to bring about improvements are called as interventions. These cover the action planning and implementations. An intervention, in OD terms, is a systematic attempt to correct an organizational deficiency uncovered through diagnosis. Management teams, working either alone or in collaboration with an outside consultant are responsible for selecting OD interventions.

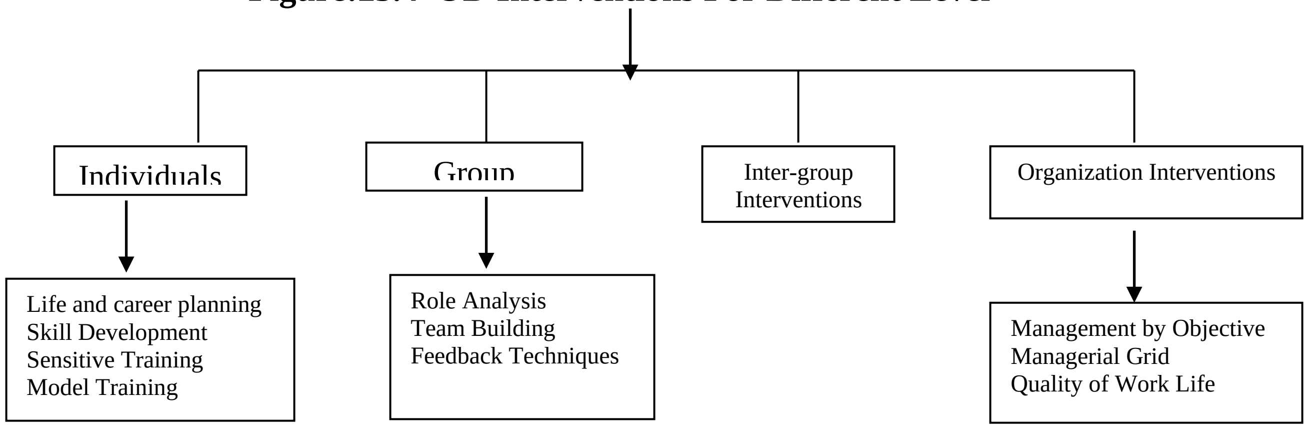
   OD strategy, on the other hand, can be defined as an overall plan for relating and integrating different organizational improvement activities over a period of time to accomplish objectives.

Characteristics of OD interventions:

- An OD intervention focuses on organizational process apart from substantive content of an activity.
- An OD intervention focuses on work team as the unit of analysis and change towards effective behaviour.
- OD would view change as an ongoing process and would rely on a collaborative management of work culture.

Different kinds of OD interventions (Figure-25.4) are explained as below:

Figure:25.4 OD Interventions For Different Level



1) Individual Interventions

(A) Sensitive Training: Training, seeking change of behaviour through interaction, is sensitive training. Members are allowed to have free and frank discussion where they discuss their own weaknesses and problems. Their weaknesses and problems are solved through interactive processes involving behavioural experts. The members learn proper behaviour through participation, under the guidance of some expert behaviorists. They express their beliefs, ideas and attitudes with the experts who try to modify them through practical orientation. Practical training is imparted to them by these unbiased experts. Employees are taught self-awareness based on their own behaviour and perception. Greater sensitivity is made use of to understand their attitudes. Employees are put under training to understand better about themselves and about others. They develop observation and listening skills, greater openness, increased tolerance and conflict resolution style. The employee understands what others think about him. The self-perception is developed through understanding himself and perceiving how other perceives him. It is more realistic and leads to self-perception and group cohesiveness. Sensitive training provides the wisdom to understand about himself, others and the organization.

(b) *Life and Career Planning:* Many employees today have no clear plans for their lives on their careers, things just happen. But individuals can be challenged to take grater responsibility for the direction of their lives. One company that helps its people rise to the challenge of actively managing their own careers is prudential, the well known insurance giant.

(c) *Laboratory Training:* Individual intervention requires laboratory training wherein the employees' attitudes, values and life styles are changed to make organization more effective. It is expected that the employees learn skills which are applied and reinforced on the job. Laboratory training provides situations in which the trainees themselves experience the methods of development and behaviour in the organization through their own interactions. The employees experiment on themselves on how to improve and fit themselves for growth and development of the organization. The laboratory method of training includes role playing, game playing, modeling, encountering and simulation.

Role Playing is a spontaneous acting of a realistic situation. Real-life situations are used to teach the trainees, while other trainees stand by and watch. Other trainees are considered as observers and critics.

Game Playing is a group exercise of sequential decision making. Workers perform the job in groups. There may be two or more groups who exercise their decision making process with a competitive start. The decision of each group is processed and again put up for discussion.

Modeling is based on the social learning process of observation and imitation. It develops the skills of handling the encountered behaviour. Modeling relies upon demonstration, explanation, practice and feedback.

Encountering involves dividing the group into small participating groups. They are unstructured and are sensitive to others feelings. Encountering develops reasonable group activity. These sub-groups are training groups known as T-groups. These groups have variations on account of their sensitivity and human potentials. All the training groups performs during the decision making process under their respective environment.

Simulation is the experiments of different dimension of work life. It includes physical setting, organizing, hierarchy, modeling roles and design production tasks. It is recreating reality, communication patterns, decision making styles and conflict resolution.

(d) Skill Development: When carried out alone, this intervention is considered part of management training and development. Unlike most OD interventions, skill development deals with content rather than process. For example, when an OD diagnosis uncovers the inability of a group of engineers in the research and development department to write objectives and formulate plans, the deficiency can be corrected through appropriate training. Similarly, managers at all levels can be trained to polish their skills in areas such as delegation, problem solving, conflict resolution and leading. Emphasis in skill development clearly in on learning "how to do it".

2) Group Intervention

(a) Role Analysis: A role, once again, is a prescribed way of behaving. In an unhealthy organization, many people do not know what their roles are or should be, and if they do know, their roles typically are in direct conflict with those of coworkers. In a healthy organization, everyone knows his or her role, and those roles mesh in a way that encourages cooperation and reduces dysfunctional conflict. For this reason, many OD programs call for some sort of role analysis, which is the systematic clarification of independent tasks and job behavior.

(b) *Team Building:* It is essential for task performance. It is a family concept helping all the members of the corporation for improving the performance. Special task force (for task accomplishment), field force (identifies role and goal setting) and financial teams (relationship between resources and manpower allocation) are examples of teams associated with corporate development. The structure, task, relationship, process, role analysis and role identification are analyzed under team building process. The basic ingredients of team building are supportive environment, skills and role clarity, super

ordinate goals and team rewards. The potential team problems are overcome for its successful building. The benefits of team building are greater motivation, increased productivity, better quality of work, higher job satisfaction, better resolution of conflict and increased willingness to change.

(c) *Survey Feedback:* In survey feedback, data gathered through personal interviews and/or survey questionnaires are analyzed, tabulated into understandable form, and shared with those who first supplied the information. The main purpose of survey feedback is to let people know where they stand in relation to others on important organizational issues so that constructive problem solving can take place. Effective feedback should be:

(i) Relevant: Only information that is meaningful to the recipients should be fed back.

(ii) Understandable: To ensure clear communication, language and symbols should be familiar to the recipients.

(iii) Descriptive: Data should be in the form of real-life examples with which the recipients can identify.

Figure-25.5 Typology of OD Interventions Based on Target Groups (French and Bell, OD)

Target Group	Interventions Designed to Improve Effectiveness
Individuals	- Life and career-planning activities - Coaching and counseling - T-group (sensitivity training) - Education and training to increase skills, knowledge in the area of technical task needs, relationship skills, process skills, decision making, problem solving, planning goal setting skills - Grid OD phase 1 - Work redesign - Gestalt OD - Behaviour modeling
Dyads/Triads	- Process Consultation -Third-party peace-making - Role negotiation technique - Gestalt OD
Teams and Groups	- Team Building- Task directed and process directed - Gestalt OD - Grid OD phase 2 - Interdependency exercise - Process consultation - Role negotiation - Role analysis techniques - Startup team-building activities - Education in decision-making, problem-solving, planning, goal setting in group setting - Team MBO - Appreciation and concerns exercise - Socio-technical system (STS) - Visioning - Quality of Work Life (QWL) programmes - Quality Circles - Force-field analysis - Self-managed teams
Inter-group Relations	- Inter-group activities- Process directed and task directed - Organizational mirroring - Partnering - Process consultation - Third-party peace-making at group level - Grid OD phase 3 - Survey feedback
Total Organization	- Socio-technical systems (STS) - Parallel learning structures - MBO (participation forms) - Cultural analysis - Confrontation meetings - Visioning - Strategic planning/strategic management activities - Grid OD phases 4,5,6 - Inter-dependency exercise - Survey feedback - Appreciative inquiry - Search conferences - Quality of work life (QWL) programmes - Total Quality Management (TQM) - Physical Settings - Large-scale systems changes

Verifiable: The form of presentation should allow recipients to test the validity and accuracy of the data fed back to them.

(v) Limited: Too much feedback causes an information overload, and so only significant highlights should be presented.

(vi) Controllable: Recipients should be given information on situations that they can directly control.

(vii) Comparative: Comparative data let recipients know where they stand in relation to others.

(viii) Inspiring: Recipients must see feedback information as a beginning and a stimulus for action rather than as a final statement.

Feedback that meets these criteria should be fed back to organizational subgroups, as the situation allows, until all employees have had a chance to see where and how they fit. At that point, interventions such as life and career planning, skill development, team building, and role analysis can be introduced.

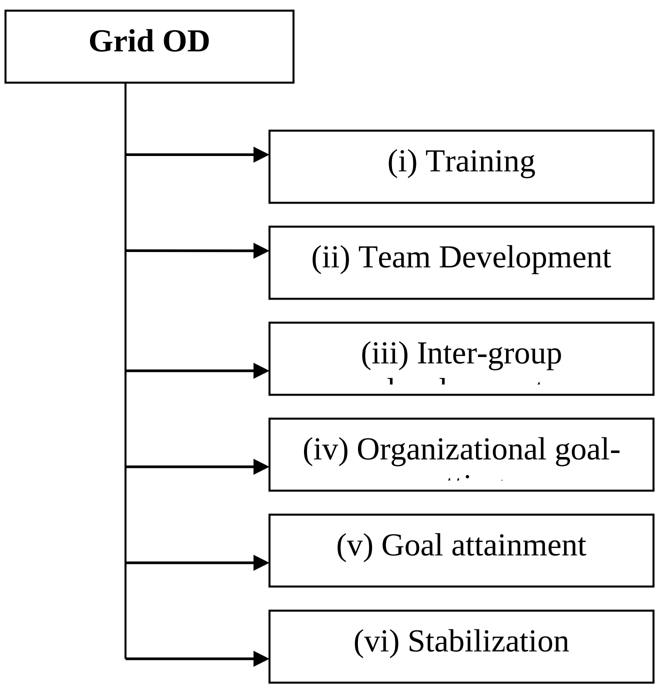
3) Inter-group Interventions

Organizational development seeks an intergroup development. Conflict situations between groups are identified and analyzed. Confrontation meeting (mirroring) may be used for inter-department cooperation. Inter-group development seeks to change the attitudes and perceptions that groups have of each other. A popular method for improving inter-group relations is problem solving. In this method each group meets independently to develop lists of perceptions of itself, the other group, and how it believes the other group perceives it. The groups then share their lists, after which similarities and differences are discussed. Differences are clearly articulated and the groups look for the causes of the disparities. The groups can now move to the integration phase, i.e. working to develop solutions that will improve relations between the groups. Basically organization mirroring is meant to give feedback to work groups regarding how other groups view each other. The aim of this intervention is to improve inter-group relations and increase organizational effectiveness.

4) Organizational Interventions

The important intervention of total organization Is-Grid OD intervention is used to bring about change in the entire organization and improve organization effectiveness. It is based on managerial grid of Blake and Mouton (1964). Various six phases of OD grid training are summarized in Figure-25.6

Figure-25.6 OD Grid Training



(i) Laboratory- Seminar Training: The purpose of this is to introduce the participants to the overall concepts and materials used in grid training. In this first focus on training e.g. manger's styles-training to managers is imparted so that high score on both, i.e. concern for production and concern for people is achieved which is desirable.

(ii) Team Development: Members of the same department are brought together to chart how they are going to attain 9, 9 position on the grid. In this emphasis is on improving both boss-subordinate relationships and team effectiveness. Here focus is laid on diagnosis meetings, task achievement, building relationships, role clarification and mutual expectations.

(iii) Inter-group development: Here trust is on improving coordination, cooperation, relieve tensions and solve problems jointly. Here focus is on group-to-group. Conflict situations between groups and identified and analyzed. Another intervention is third party peace making. It is designed as an inter-group intervention where OD consultant acts as a mediator in a conflict situation.

(iv) Organizational goal-setting: Members agree upon the important goals for the organization, in the manner of management by objectives.

(v) Goal attainment: In this participants attempt another strategy used is to accomplish the goals which they set.

(vi) Stabilization: Stabilize positive changes and identify new areas of opportunity for the organization after evaluation of overall programme is conducted.

The other OD intervention strategy is *Transactional Analysis;* it makes the employees understand themselves. People understand their own ego states and those of others to understand the principles behind the transaction. It suggests more meaningful ways to interact with one another. It is used for developing the managerial personnel and employees. It helps to understand and analyze the transactions with others. The transaction may be complementary, crossed, ulterior or others. It also helps process consultation, third part peacemaking and team building.

3. Follow-up: Effective OD programs do not end abruptly when the intervention phase is completed but, rather, require a carefully monitored refreezing period to ensure lasting change. This follow-up phase has two objectives: the effectiveness of OD interventions needs to be evaluated, and steps need to be taken to maintain the changes that have been introduced. These two objectives are explained below:

(a) *Evaluating the OD program:* Evaluating changes in any complex social system is never easy. A statistical analysis of 126 studies involving OD intervention yields following insights:

(i) *combined interventions* were more effective at improving employee attitudes and satisfaction than were single technique interventions;

(ii) *team building* was the most effective OD intervention for improving attitudes and satisfaction; and

(iii) OD intervention tends to have a stronger influence on *attitudes* than on satisfaction. From a research perspective, objective evaluation should be a part of every OD program, even though they are difficult, time consuming, expensive and hence largely unappealing from an administrative standpoint. Claims of improvement because of an OD program are virtually impossible without an objective evaluation of results.

(b) *Maintaining positive change:* The purpose of any OD program is to induce organizational members to behave differently. Although the various OD interventions are designed to persuade individual to experiments with new modes of behaviour, permanent behaviour change is a different matter. Only skillful unfreezing and exciting, relevant, and innovative OD interventions will generate individual commitment. But after enthusiasm among organization members is achieved and the culture shifts in a positive direction, no barrier to change is too great to be overcome.

25.7 CHECK YOUR PROGRESS

Fill in the Blanks

1. Organization development is an intervention strategy to bring out changes in beliefs, attitudes, structures, ---------- and interaction.
2. The organizations are complex systems comprising of many --------- which must work together in harmony and synchronization.
3. ------------ is a family concept helping all the members of the corporation for improving the performance.
4. -------------- is a spontaneous acting of a realistic situation.
5. --------------- is a group exercise of sequential decision making.

25.8 SUMMARY

In general OD efforts are designed to bring changes in the conceptual environment of an organization as well as in the outlook of the organizational members. Each member begins to see himself as a resource to others and is willing to lend his support to his colleagues when it is needed. The conceptual environment brings about open and free expression of feelings, emotions and perceptions. The change must be for the better so that it develops the organization and such organizational development should be directed towards improvement in organizational health and welfare of the members. The basic purpose of such development is to improve the operational as well as interpersonal skills of employees and it also helps members to develop interpersonal competence including communication skills and an insight into themselves and others. It improves communication channels at all levels of the hierarchy and build team spirit among workers as that their inter-group relationships are highly cordial.

25.9 KEYWORDS

Organizational Development: It is the art of learning to solve problems and take advantage of opportunities to keep improving through the process of carrying out changes in the internal environment to conform to the fast changing external environment.

Team Building: It is a family concept helping all the members of the corporation for improving the performance.

Game Playing: This is a group exercise of sequential decision making.

OD Intervention: An OD intervention is defined as the set of structured activities in which selected organizational units (target groups or individuals) engage with a task(s) where task goals are related to organizational improvement.

Refreezing: It is stabilization of change intervention by balancing driving and restraining forces.

25.10 SELF ASSESSMENT TEST

1. What do you mean by organizational development? Explain why OD is necessary even in a stable environment.
2. Describe in detail the objectives of OD program.
3. ‘Organization Development process is useful’. Comment. How is it carried out?
4. What do you mean by OD interventions? Describe the various OD interventions and explain as to how they improve the functioning of the organizations?

25.11 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. Organization development is an intervention strategy to bring out changes in beliefs, attitudes, structures, **processes** and interaction.
2. The organizations are complex systems comprising of many **sub-systems** which must work together in harmony and synchronization.
3. **Team building** is a family concept helping all the members of the corporation for improving the performance.
4. **Role Playing** is a spontaneous acting of a realistic situation.
5. **Game Playing** is a group exercise of sequential decision making.

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Subject: Management Concepts and Organizational Behaviour

Subject Code: MC-101 **Author: Dr. Karam Pal**

Lesson No: 26 **Vetter: Dr. B. K. Punia**

CONFLICT MANAGEMENT

STRUCTURE

26.0 LEARNING OBJECTIVE

The objective of this lesson is to make the students learn about:

- Concept of conflict management.
- Objectives, factors responsible for conflict.
- Conflict process, and types of conflict.

26.1 INTRODUCTION

All of us have experienced conflict of various types, yet we probably fail to recognize the variety of conflicts that occur in organizations. Conflict can be a serious problem in any organization. A better understanding of the important areas of conflict will help managers to use the people in the organization more effectively to reach the organization's objectives. Failure to be concerned about conflict is very costly, since ignoring it will almost guarantee that work and interpersonal relations will deteriorate.

26.2 CONCEPT OF CONFLICT

The Webster's Dictionary defines conflict as "a battle, contest of opposing forces, discord, antagonism existing between primitive desires, instincts and moral, religious, or ethical ideals." Conflict occurs when two or more people or organizations disagree because their needs, wants, goals, or values are different. Hurt feelings, anger, bruised egos, and poor communication are all the precursors to conflict. However, conflict is not the end of the world, or your team or group. Some tools have been developed that will help us all recognize conflict and deal with it so that our group or team can move on, stronger than before. Most of us have been in a conflict at some point in our lives. But did we know that conflict was coming? Could we have seen it, and "headed it off at the pass"? The visible quarters of conflict may include: body language, disagreements, regardless of issue, withholding bad news, surprises, strong public statements, airing disagreements through media, conflicts in value systems, desire for power, increasing lack of support, open disagreement, lack of candor on budget problems or other sensitive issues, lack of clear goals, no discussion of progress, failed goals, and inability to evaluate leaders fairly, thoroughly, or at all. Many people think of conflict as negative. But conflict can be both negative and positive. Conflict is negative when it…

- Takes attention away from other activities

- Damages the spirit of the team or an individual
- Divides people and groups, and makes cooperation difficult
- Makes people or group focus on their differences
- Leads to harmful behavior, like fighting or name-calling

But it can be positive or constructive when it…

- Clears up important problems or issues
- Brings about solutions to problems
- Gets everyone involved in solving issues
- Causes real communication
- Release emotion, anxiety, and stress in a positive way
- Helps people learn more about each other and cooperate
- Develops understanding and skills

While the definition of conflict and our feelings about it tend to be negative, conflict itself does not need to be negative! How we manage our conflict can sway the outcome, our feelings about the way it was handled, and the people involved conflict.

26.3 CONFLICT MANAGEMENT

Conflict management is what we're doing when we identify and deal with conflict in a reasonable manner. To manage conflict the management Gurus say that we must develop and use skills like effective communication, problem solving, and negotiating. When we resolve issues, we need to focus on the things we need or desire as a group, and not things needed or wanted by individuals. This promotes working with each other instead of against each other. There are some proven strategies that you can use to help resolve conflicts within your groups. The Ohio

Commission on Dispute Resolution and Conflict Management in USA describes five popular styles.

STYLE 1- COLLABORATING

- **Why should I collaborate?** Cooperation will help everyone achieve their goals and keep relationships healthy.
- **A Collaborator's Attitude:** Talking through the conflict will help us find creative ways to solve our problems where everyone is satisfied in the end.
- **When should I collaborate?**
    - Everyone trust each other
    - No one wants total decision or resolution power
    - Everyone needs to have a part in the decision
    - Everyone involved will change their thinking as more information is available
    - People need to work through personal hurts and disappointments
- **When should I choose another method?**
    - When you need a resolution that won't take a lot of time and money
    - When some may take advantage of others' trust

STYLE 2-COMPROMISING

- **Why should I compromise?** Winning something while losing a little is sometimes okay.

- **A Compromiser’s Attitude:** We should all meet halfway to do what is best for the group and each of us can still get part of what we want.
- **When should I compromise?**
  - No one at the table has more position or power than anyone else and everyone is equally committed to the group’s goals.
  - Time can be saved by agreeing on a situation that works for everyone “for now”
  - Achieving all of your goals are only somewhat important
- **When should I choose another method?**
  - Things that are important to you may be lost in the fray
  - Someone’s demands are too great for the rest of the table

STYLE 3-ACCOMODATING

- **Why should I accommodate?** Our commonalities are more important than other issues and facing differences may hurt relationships.
- **An accommodator’s attitude:** I will please others by playing down how important the issue or conflict is in order to protect relationships.
- **When should I accommodate?**
  - Issues not as important to you as it is to others
  - You know you can’t win
  - Everyone agreeing is the most important thing

        - The things people have in common are more important than their differences
    - **When should I choose another method?**
        - Some ideas don't get attention
        - Credibility and influence can be lost

STYLE 4-COMPETING

    - **Why should I compete?** Resolving a conflict is associated with competition and winning.
    - **A competitor's attitude:** I must use all of my power to win the conflict.
    - **When should I compete?**
        - You know you're right
        - A quick decision is necessary
        - Strong personalities are overshadowing other people
        - Defending your rights or position
    - **When should I choose another method?**
        - Can make conflict worse
        - Those on the losing end may attempt to get back at the winners

STYLE 5-AVOIDING

    - **Why should I avoid?** Not the right time or place to address this issue.
    - **An avoider's attitude:** I avoid conflict by leaving, avoid, or putting off discussions.

- **When should I avoid?**
  - Conflict is small and the future of a relationships is at stake
  - There is no time to devote to conflict resolution
  - Other issues are more important than the conflict
  - There is no chance of getting your concerns heard
  - One party is too emotionally involved and others can better resolve the conflict
  - More information is needed
- **When should I choose another method?**
  - Decisions may be made by default
  - Putting off or avoiding issues may make matters worse

Conflict occurs when the message and cues from others about the role are clear but contradictory or mutually exclusive. One common form is interrole conflict -- conflict between roles. For example, if a person's boss says that to get ahead one must work overtime and on weekends, and the same person's spouse says that more time is needed at home with the family, conflict may result. Intrarole conflict may occur when the person gets conflicting demands from different sources within the context of the same role. A manager's boss may tell her that she needs to put more pressure on subordinates to follow new work rules. At the same time, her subordinates may indicate that they expect her to get the rules changes. Thus, the cues are in conflict, and the manager may be unsure about which course to follow.

Intragender conflict occurs when a single source sends clear but contradictory message. This might occur if the boss says one morning that there can be no more overtime for the next month but after lunch tells someone to work late that same evening. Person-role conflict results from a discrepancy between the role requirements and the individual's personal values, attitudes, and needs. If a person is told to do something unethical or illegal, or if the work is distasteful (for example, firing a close friend), person-role conflict is likely. Role conflict of all varieties is of particular concern to managers. Research has shown that conflict may occur in a variety of situations and lead to a variety of adverse consequences, including stress, poor performance, and rapid turnover.

26.4 MANAGING CONFLICT

Some people aren't willing to admit that they may not be the best at conflict management, but that doesn't mean that they aren't sometimes involved in the management process. You can't change the way that people behave or approach conflict, but you can arm yourself with some tools to help you successfully navigate conflict when not everyone is on the same page.

- **Sherman Tanks-** These intimidators get "in your face" to argue and state opinions as facts.

    1. Get their attention by using their first name to begin a sentence.
    2. Maintain eye contact; give them time to wind down.
    3. Stand up to them without fighting; don't worry about being polite.
    4. Suggest you sit down to continue discussions.

- **Snipers-** These individuals take potshots in meetings but avoid one-on-one confrontations.

    1. Expose the attack; draw them out in public and don't let social convention stop you.
    2. Get other opinions--don't give in to the sniper's views.
    3. Provide the sniper with alternatives to a direct contest.

- **Chronic Complainers-** These people find faults with everyone-except themselves.

1. Politely interrupt and get control of the situation.
2. Quickly sum up the facts.
3. Ask for their complaints in writing.

- **Negativists-** These individuals know that nothing new will work; they'll disrupt group brainstorming sessions.

    1. Acknowledge their valid points.
    2. Describe past successes.
    3. Avoid "you're wrong, I'm right" arguments.

- **Exploders-** These individuals throw tantrums that quickly escalate.

    1. Give them time to regain self control.
    2. If they don't, shout a neutral phrase such as "STOP!"
    3. Take a time-out or have a private meeting with them.

Steps to Analyzing Conflict

How can you manage conflict and disagreements in ways that strengthen instead of damage personal and professional relationships? These five steps which could help you out…

STEP 1: ANALYZE THE CONFLICT

Don't be afraid to ask questions of everyone involved. Take in answers from a variety of sources, and gain as much information as you can.

- **STEP 2: DETERMINE YOUR MANAGEMENT STRATEGY** When you understand the basis of the conflict and everyone involved, you will need to develop a plan to manage the conflict. There are many plans to choose from, so you can pick the one that is most appropriate for your situation.

- **STEP 3: PRE-NEGOTIATION**

  Steps must be taken for discussion to begin. This to think about includes:

  - Someone has to start the conversation! If neither party is willing to do so, bring in an outsider who will remain neutral to begin discussions.
  - Everyone must be ready to come to the table, to work together, and resolve the issues.
  - The group must agree on rules for the discussion. Some ideas of things to include are: ways we'll communicate and how we'll make the final decision.
  - BE ORGANIZED! Location, time, place and materials must all be in order for conflict management to work.
  - Everyone at the table must agree on what information is put on the table, relevant to the conflict, and how the group will get answers to questions.

- **STEP 4: NEGOTIATION**

  Negotiations should be discussions that include:

  - Reasons, needs, concerns and motivations for differing positions
  - Current options
  - Evaluation of all the current options
  - Written agreement that documents what everyone understands

- Everyone must be confident that all parties will follow through with their parts of the agreement. Make sure everyone is on the same page and understands the expectations.

- **STEP 5: POST-NEGOTIATION**

  Once negotiation is complete, the group should take the actions they decided upon.

  - Individuals should get support from outside parties who may have been involved in some way. Outsiders must be on board with the terms of the agreements reached during Step 4.

  - Communication and working together should continue throughout this process.

Reflection: Identify a time when you've been in a conflict. How did you behave? Did you escalate or de-escalate the situation? If you could replay the situation, what would you do differently? Identify times when you have behaved like one of the "conflict problem people" listed in the brochure. How can we keep ourselves in check so that we don't repeat past mistakes? How can you implement the strategies contained in this lesson in your club or group?

26.5 STRATEGIES FOR MANAGING CONFLICT

Methods for managing conflict: Given the right opportunity and motivation all conflict can be resolved but not always to the satisfaction of all parties. The effect of disagreement and the methods for resolution depend on how conflict is managed by the participants.

The following are some common methods that can help to effectively manage conflict.

- ✓ **Denial or Avoidance.** With this approach, individuals attempt to reduce or get rid of the conflict by denying it exists, both parties shun each other or dodge the issue of disagreement.
- ✓ **Suppression.** "We all get along here", "we run a happy ship", "don't rock the boat", and "nice people don't fight", are the voices of suppression. People who use suppression play down their differences in a belief it is better to "go along to get along."
- ✓ **Power or Dominance.** Power is often used to settle differences. The source of power may be physical, or vested by authority or position. Power strategies, however, result in a win-lose situation. *In other words, in order for somebody to gain something, somebody else has to lose something. Normally the loser will not support the final decision in the same way as the winner, and may even attempt to sabotage the decision.*
- ✓ **Third Party Intervention.** Using this strategy requires a third party that is unbiased and is not taking sides to support either party in conflict. The third party may be known or unknown to the parties involved or may even be from a different location. Some assumptions in using a third party are:
    - The third party is trusted or respected by participants.
    - All parties involved will accept the decision of the third party.
    - The third party has the power or authority to rule over the decision.
    - The third party is an expert, has knowledge or is competent to give a decision about the issue(s) in dispute.
    - All parties believe a just and fair decision will be rendered.

- ✓ **Compromise or Negotiation.** Compromise and negotiation are often regarded as virtues in our culture. Compromise is an agreement between parties about what each should give or get in a particular situation. "You give a little, and I'll give a little so we can meet each other halfway", is a way we have been taught to get along with others. It is believed all parties will profit from the compromise or at least have a feeling of being treated fairly. Negotiation reaches an impasse when one or all participants become set in what they are willing to give and limits have been reached. The compromise, therefore, would allow all parties to reach an agreement with which all would be somewhat satisfied or rewarded.
- ✓ **Integration or Collaboration.** This approach requires all parties in a conflict situation to recognize the legitimate abilities and expertise of each other in the process of resolution. This method attempts to find an acceptable solution that does not necessarily require giving and getting as in a compromised solution. The group problem solving concept is considered the optimum form of managing conflict because it encourages a common search for creative alternatives to resolve the conflict that is rewarding to all parties.

26.6 CHECK YOUR PROGRESS

Fill in the Blanks

1. ------------ occurs when two or more people or organizations disagree because their needs, wants, goals, or values are different.
2. -------------- is an agreement between parties about what each should give or get in a particular situation.
3. Conflict is --------------- when individuals or group members have a new understanding of the functions of healthy conflict and avoid the destructive negative forces.

4. Conflict management is what we're doing when we identify and deal with ----------- in a reasonable manner.
5. Conflict occurs when the message and cues from others about the role are clear but ----------- or ---------------.

26.7 SUMMARY

The term conflict was originally defined as "striking at another", "to fight with an enemy or do battle with opposing forces." Later meanings included "being antagonistic", or "a clash between contradictory impulses within an individual." Conflict is inevitable because people will always have different viewpoints, ideas, and opinions. The issue is how will you deal with or relate to these differences. It is unfortunate that negative connotations are often associated with conflict, because, if properly managed, conflict is highly constructive and essential to cross-cultural interactions.

There are three levels of conflict. If we are to have a clear understanding of conflict, it is important to know the three levels and their relationship to each other. *Level one: intrapersonal conflict is an experience that takes place within the individual. Ask the group for an example. (*An example would be a soldier who feels guilty about telling sexual or ethnic jokes but vigorously participates when friends are around.). *Level Two: Interpersonal conflict is experienced between individuals in the same location*, e.g., coworkers, roommates, team members. It exists whenever people interact or come together to accomplish a common goal or objective. *Level Three: Intragroup conflict is defined as conflict between groups in the same organization or command.* Sources of intragroup conflict are often caused by issues of group cohesion, such as "sticking together, leadership and status, power or influence and lack of or limited resources."

Trying to identify or determine the cause of conflict is sometimes difficult. Heightened emotions or bad feelings may cloud the real cause of any conflict and detract soldiers from examining the facts. The cause of conflict can also have multiple factors which makes it difficult to isolate just one cause.

Many believe that the negative characteristics of conflict occur because group members become closed minded to any compromises. It often occurs when someone wants his or her own way. Hostility among group members is normally followed by an assumption of competition that someone will win and someone will lose. These negative forces have destructive consequences.

Earlier we stated conflict was neither good nor bad. If viewed as a natural process, conflict is the opportunity to explore and resolve differences in a constructive manner. *Conflict is constructive when individuals or group members have a new understanding of the functions of healthy conflict and avoid the destructive negative forces.* During our discussion in this lesson, we defined conflict, explored various levels of conflict, and identified sources of conflict, and strategies to manage interpersonal conflict. Additionally, we discussed the positive aspects, components of conflict and how it can contribute to individual and group problem solving. We examined six strategies for effectively managing interpersonal conflict and the negative and positive attributes of each. Are there any questions about the methods for resolving conflict?

26.8 KEYWORDS

Conflict: Actual or perceived opposition of needs, values and interests.

Assertive: An assertive style of behavior is to interact with people while standing up for your rights.

Negotiation: Negotiation is a dialogue intended to resolve disputes, to produce an agreement upon courses of action, to bargain for individual or collective advantage.

Compromise: A concept of finding agreement through communication, through a mutual acceptance of terms.

26.9 SELF ASSESSMENT TEST

1. Define conflict. What are the factors responsible for conflict? State and explain different strategies for conflict management.
2. Describe in detail the various steps that are essential to be taken in the conflict process. Give examples where necessary.
3. What are the reasons for not managing the conflict? What can management do to overcome such reasons?
4. Describe in detail characteristics and role of conflict management and its agents.

26.10 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. **Conflict** occurs when two or more people or organizations disagree because their needs, wants, goals, or values are different.
2. **Compromise** is an agreement between parties about what each should give or get in a particular situation.
3. Conflict is **constructive** when individuals or group members have a new understanding of the functions of healthy conflict and avoid the destructive negative forces.
4. Conflict management is what we're doing when we identify and deal with **conflict** in a reasonable manner.
5. Conflict occurs when the message and cues from others about the role are clear but **contradictory** or **mutually exclusive**.

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STRESS MANAGEMENT

STRUCTURE

27.0 LEARNING OBJECTIVES

The objective of this lesson is to make the students learn about:

- Concept of stress and its sources.
- Effects and ways to manage stress.

27.1 INTRODUCTION

Stress is a common phenomenon of modern life. Stress is generally due to conflict emanating from high aspirations and goal attainment. Stress may also result from indecisiveness and/or failure to cope with the demanding situation. Stress is common for all, but the degree varies which depend on various intra psychic and interpersonal factors. Stress prone people experience more health related problems and experience difficulties in interpersonal area. Although stress cannot be totally eliminated from the individual's life it can be minimized which may help in leading a healthy and prosperous social life. It is thus quite important to discuss about some effective coping strategies to manage the human stress

27.2 CONCEPT OF STRESS MANAGEMENT

The concept of stress denotes physical and mental revelation to prevailing within the mental environment of a human being. Stress is a neutral phenomenon whereas distress has a negative connotation. Stress may be classified in three ways as shown below:

Low stress	Optimum stress	High stress
Performance is traditional lesser uncertainty known environment narrow span of control	high motivation high morale high and satisf-actory performance high supervision and moral support	area of task is novel uncertainty of operation and result unknown environment wide span of control

Stress is inevitable for every individual. A pioneer researcher *Hans Selye* opined that 'stress is the spice of life, the absence of stress is death'. Stress and strain are the two sides of the same coin. Life is a dynamic organism so is the concept of stress.

A close nexus may be established among the variables time, stress and productivity. Time may be considered as a linkage between stress and productivity. Increase in stress warrants entailing more time and reduction in productivity. The multi dimension of stress that infects an individual has been projected in the following way:

Work-place, job related stress	Inter-personal stress	Intra-personal stress	Inter-organizational stress
Conflict in the work place, time management, sexual harassment noise, over crowding, overload of work, work ethos and values, nature of job transfer, punishment, reward traveling	Inter personal conflict, relationship with peers, relationship with superiors, relationship with subordinates, insubordination relation with customers, dealers, inter-personal communication.	Confliction situation, conflict management, personal difference, difference in decision making, perceptional difference.	Noise, heat, lighting, limited space, limited resource, career constraints, competition from new recruits, void from retirement / leave of existing staff.

Under current of ego battles between bosses can cause stress for subordinates and peers. The employee faces embarrassing stress in this situation as he or she can not take side with either of the boss, and has to pretend to support, individually and severally, both of them. This is a case of inter personal and intra-personal conflict and organizational behavior leading to stress.

27.3 SOURCES OF STRESS

Stress and strain exert serious pressure, both mental and physical, upon the business executives. The pressure for stress and strain is emerging owing to various factors, which have been elaborated in this section.

1. **Sexual harassment at work place:** One of the usual allegations leading to mental stress is arising out of gender variation in work place. There are certain jobs dominated by male folk such as management and the female occupation such as secretarial work. However, it is theoretically difficult to give a comprehensive definition of stress and strain. But we generally conceive it as a mental state4 of affairs but under extra caution and alertness emerging from work place

environment, psychological preparedness to perform a given business task from a given table, amongst a group of fellow workers, with simultaneous accountability to higher authority or boss and the responsibility of extracting desired work output from the subordinates. This manifests the all-round stress that is put on the corporate executives from within the work place itself. Here the stress has emerged from gender diversity in the work place often resulting in sexual harassment. We fund it cumbersome to give a concrete definition of harassment. Harassment (T. Chakrabarty (1997) is generally taken to cover staring and bearing sexual, derogatory or demeaning remarks or jokes. The Supreme Court in a landmark judgment on 13 August, 1997 held that sexual harassment is a cognizable offence and punishable under law.

2. **Uncertainties and changes in future:** The business enterprises under WTO regime have been exposed to a hung in balance (HIB) situation where no body can predict accurately as to what is stored in future. Planning process is no longer recognized as a sufficient equipment to meet this managerial stress. To enable the business executives to bear the burden of stress arising from uncertainties and changes, we require a mix of prescriptions. The rapidity of decision-making ability for an executive matter in controlling the stress and strain. Besides formulating strategies and plans, the corporate entities are supposed to translate plans into strategic business decisions.

3. **Effectiveness vs. efficiency:** While measuring the degree of stress, we may have to weight as to how effectively the work has been accomplished. Effectiveness denotes accomplishment of goals and objectives while efficiency hints at cost reduction. A work may be accomplished with hundred per cent efficiency but even the objective or target could not be achieved, then such efficiency becomes meaningless. Tension and stress would definitely mount on the face of the employees. It is a biggest challenge before organization behavior.

4. **Role analysis technique (RAT):** Stress evaluation entails role analysis, role classification, role identification and role to be performed by an employee is a process of stress management. It would also high light the expectation from the employees ahead of doing the work and thus helps in reducing work stress.

We may recognize that stress is not always bad either for the individual or for the organization. Often stress helps to bring out the best in the individual. Stress, on the other may have different effects on the employee, namely, physical problems, (heart disease, pressure, exhaustion); psychological problems (change of mood, defying attitude, non-compliance with office order, disrespect to the superior, dissatisfaction on the job); behavioral problems (tardiness, absenteeism, inability to work in a group with harmony, individualistic outlook, turnover, unmindful ness, accident). The task of the management in an organization is to acknowledge the constraints emerging from strain and draw up suitable action plan to overcome the stress. Although whole problem may not be easy to overcome but the management can bring out some strategy to counter the stress. Management ought to create an environment to reduce or prevent job stress on an individual or an entity, such as prioritization of activities, including better time management. Time management technique may be applied at the work place, such as urgent telephone calls, E-mail and similar message screened by the subordinates may be attended by the executives while the routine matters may be left for the office assistants. Other techniques include role analysis, role identification, career counseling services, leisure and recreational facilities, motivating with monetary incentives, employee assistance programme (EAP), workshop on stress and strain, display of video cassette and film show. All these measures will go a long way in reducing stress in work place.

27.4 THE NATURE OF STRESS

Many people think of stress as a simple problem. In reality, however, stress is complex and often misunderstood. To learn how job stress truly works, we must first define it and then describe the process through which it develops.

Stress has been defined in many ways, but most definitions say that stress is caused by a stimulus, that the stimulus can be either physical or psychological, and that the individual responds to the stimulus in some way. Here, then, we define stress as a person's adaptive response to a stimulus that places excessive psychological or physical demands on him or her.

Given the underlying complexities of this definition, we need to examine its components carefully. First is the notion of adaptation. As we discuss presently, people may adapt to stressful circumstances in any of several ways. Second is the role of the stimulus. This stimulus, generally called a stressor, is anything that induces stress. Third, stressors can be either psychological or physical. Finally, the demands the stressor places on the individual must be excessive for stress to result. Of course, what is excessive for one person may be perfectly tolerable for another. The point is simply that a person must perceive the demands as excessive or stress will not result.

The Stress Process

Much of what we know about stress today can be traced to the pioneering work of Dr. Hans Selye. Among Selye's most important contributions were his identification of the general adaptation syndrome (GAS) and the concepts of stress and distress.

The GAS begins when a person first encounters a stressor. The first stage is called "alarm." At this point, the person may feel some degree of panic and begin to wonder how to cope. The individual may also have to resolve a "fight-or-flight" question: Can I deal with this, or should I run away? For example, suppose a manager is assigned to write a lengthy report overnight. Her first reaction may be "How will I ever get this done by tomorrow?"

If the stressor is too extreme, the person may simply be unable to cope with it. In most cases, however, the individual gathers his or her strength (physical or emotional) and begins to resist the negative effects of the stressor. The manager with the long report to write may calm down, call home to tell her kids that say she's working late, roll up her sleeves, order out for dinner, and get to work. Thus, at stage 2 of the GAS, the person is resisting the effects of the stressor.

Often, the resistance phase ends the GAS. If the manager completes the report earlier than she expected, she may drop it in her briefcase, smile to herself, and head home tired but happy. On the other hand, prolonged exposure to a stressor without resolution may bring on phase 3 of the GAS: exhaustion. At this stage, the person literally gives up and can no longer fight the stressor. For example, the manager may fall asleep fail to finish the report.

Distress and Eustress. Selye also pointed out that the sources of stress need not be bad always. For example, receiving a bonus and then having to decide what to do with the money can be stressful. So can getting a promotion, gaining recognition, getting married and similar "good" things. Selye called this type of stress eustress. As we will see later, eustress can lead to a number of positive outcomes for the individual.

Of course, there is also negative stress. Called distress, this is what most people think of when they hear the word stress. Excessive pressure, unreasonable demands on our time, and bad news all fall into this category. As the term suggests, this form of stress generally results in negative consequences for the individual.

For purposes of simplicity, we will continue to use the simple term stress throughout this chapter. But as you read and study the chapter, remember that stress can be either good or bad. It can motivate and stimulate us, or it can lead to any number of dangerous side effects.

Individual Differences and Stress

We have already alluded to the fact that stress can affect different people in different ways. Given our earlier discussion of individual differences back in lesson of Interpersonal Behaviour, of course, this should come as no surprise. The most fully developed individual difference relating specifically to stress is the distinction between Type A and Type B personality profiles.

Type A and B Personality Profiles

Type A and Type B profiles were first observed by two cardiologists, Meyer Friedman and Ray Rosenman. They first got the idea when a worker repairing the upholstery on their waiting-room chairs noted that many of the chairs were worn only on the front. This suggested to the two cardiologists that many heart patients were anxious and had a hard time sitting still - they were literally sitting on the edges of their seats!

Using this observation as a starting point, Friedman and Rosenman began to study the phenomenon more closely. They eventually concluded that their patients were exhibiting one of two very different types of behaviour patterns. Their research also led them to conclude that the differences were personality based. They labeled these two behaviour patterns Type A and Type B. The extreme Type A individual is extremely competitive, very devoted to work, and has a strong sense of time urgency. Moreover, this person is likely to be aggressive, impatient, and highly work oriented. He or she has a lot of drive and motivation and wants to accomplish as much as possible in as short a time as possible.

The extreme Type B person, in contrast, is less competitive, is less devoted to work and has a weaker sense of time urgency. This person feels less conflict with either people or time and has a more balanced, relaxed approach to life. She or he has more confidence and is able to work at a constant pace.

A common-sense expectation might be that Type A people are more successful than Type B people. In reality, however, this is not necessarily true -- the Type B person is not necessarily any more or less successful than the Type A. There are several possible explanations for this.   For example, Type A people may alienate others because of their drive and may miss out on important learning opportunities in their quest to get ahead. Type B's, on the other hand, may have better interpersonal reputations and may learn a wider array of skills.

Friedman and Rosenman pointed out that people are not purely Type A or Type B; instead, people tend toward one or the other type. For example, an individual might exhibit marked Type A characteristics much of the time but still be able to relax once in a while and even occasionally forget about time.

Friedman and Rosenman's initial research on the Type A and Type B profile differences yielded some alarming findings. In particular, they suggested that Type A's were much more likely to get coronary heart disease than were Type B's. In recent years, however, follow-up research by other scientists has suggested that the relationship between Type A behavior and the risk of coronary heart disease is not all that straightforward?

Although the reasons are unclear, recent findings suggest that Type A's are much more complex than originally believed. For example, in addition to the characteristics already noted, they are likely to be depressed and hostile. Any one of these characteristics or a combination of them can lead to heart problems. Moreover, different approaches to measuring Type A tendencies have yielded different results.

Finally, in one study that found Type A's to actually be less susceptible to heart problems than Type B's, the researchers offered and explanation consistent with earlier thinking: Because Type A's are compulsive, they seek treatment earlier and are more likely to follow their doctors' orders!

Hardiness and Optimism

Two other important individual differences related to stress are hardiness and optimism. Research suggests that some people have what are termed hardier personalities than others. Hardiness is person's ability to cope with stress. People with hardy personalities have an internal locus of control, are strongly committed to the activities in their lives, and view change as an opportunity for advancement and growth. Such people are seen relatively unlikely to suffer illness if they experience high levels of pressure and stress. On the other hand, people with low hardiness may have more difficulties in coping with pressure and stress.

Another potentially important individual difference is optimism. Optimism is the extent to which a person sees life in positive or negative terms. A popular expression used to convey this idea concerns the glass half filled with water. A person with a lot of optimism will tend to see it as half full, whereas a person with less optimism (a pessimist) will often see it as half empty. Optimism is also related to positive and negative affectivity. In general, optimistic people tend to handle stress better. They will be able to see the positive characteristics of the situation and recognize that things may eventually improve. In contrast, less optimistic people may focus more on the negative characteristics of the situation and expect things to get worse, not better.

Cultural differences also are important in determining how stress affects people. For example, research by Cary Cooper suggests that American executives may experience less stress than executives in may other countries, including Japan and Brazil. The major causes of stress also differ across countries. In Germany, for example, major causes of stress are time pressure and deadlines. In South Africa, long work hours more frequently lead to stress. And in Sweden, the major cause of stress is the encroachment of work on people's private lives.

Other research suggests that women are perhaps more prone to experience the psychological effects of stress, whereas men may report more physical effects.

We should add however, that the study of individual differences in stress is still in its infancy. It would therefore be premature to draw rigid conclusions about how different types of people handle stress.

Causes of stress

Many things can cause stress. It has mainly two broad categories: organizational stressors and life stressors. It also shows three categories of stress consequences: individual consequences, organizational consequences, and burnout.

Organizational Stressors

Organizational stressors are various factors in the workplace that can cause stress. Four general sets of organizational stressors are task demands, physical demands, role demands, and interpersonal demands.

Task Demands

Task demands are stressors associated with the specific job a person performs. Some occupations are by nature more stressful than others. The jobs of surgeons, air traffic controllers, and professional football coaches are more stressful than those of general practitioners, airplane baggage loaders, and football team equipment managers. In a study of representative sample of stressful jobs from among a total set of 250 jobs, it was found that the job of the U.S. president was found to be the most stressful, followed by the jobs of firefighter and senior executive. Towards the middle of the distribution are jobs such as mechanical engineer, chiropractor, technical writer, and bank officer. The jobs of broadcast technician, bookkeeper, and actuary were among the least stressful jobs in this study.

Beyond specific task-related pressures, other aspects of a job may pose physical threats to a person's health. Unhealthy conditions exist in occupations such as coal mining and toxic waste handling. Security is another task demand that can cause stress. Someone in a relatively secure job is not likely to worry unduly about losing that position. threats to job security can increase stress dramatically. For example, stress generally increases throughout an organization during a period of layoffs or immediately after a merger with another firm. This has been observed at a number of organizations, including AT & T, Safeway, and Digital Equipment.

A final task demand stressor is overload. Overload occurs when a person simply had more work than he or she can handle. The overload can be either quantitative (the person has too many tasks to perform or too little time to perform them) or qualitative (the person may believe he or she lacks the ability to do the job). We should note that the opposite of overload may also be undesirable. Thus, a moderate degree of workload related stress is optimal, because it leads to high levels of energy and motivation.

Physical Demands The physical demands of a job are its physical requirements on the worker; these demands are a function of the physical characteristics of the setting and the physical tasks the job involves. One important element is temperature. Working outdoors in extreme temperatures can result in stress, as can working in an improperly heated or cooled office. Strenuous labor such as loading heavy cargo or lifting packages can lead to similar results. Office design also can be a problem. A poorly designed office can make it difficult for people to have privacy or promote too much or too little social interaction. Too much interaction may distract a person from his or her task, whereas too little may lead to boredom or loneliness. Likewise, poor lighting, inadequate work surfaces, and similar deficiencies can create stress.

Role Demands. Role demands also can be stressful to people in organizations. A role is a set of expected behaviors associated with a particular position in a group or organization. As such, it has both formal (i.e., social and implicit) requirements. People in an organization or work group expect a person in a particular role to act in certain ways. They transmit these expectations both formally and informally. Individuals perceive role expectations with varying degrees of accuracy, and then attempt to enact that role. However, "errors" can creep into this process, resulting in stress-inducing problems called role ambiguity, role conflict, and role overload.

Role ambiguity arises when a role is unclear. If your instructor tells you to write a term paper but refuses to provide more information, you will probably experience ambiguity. You do not know what the topic is, how long the paper should be, what format to use, or when the paper is due. In work settings, role ambiguity can stem from poor job descriptions, vague instructions from a supervisor, or unclear cues from coworkers. The result is likely to be a subordinate who does not know what to do. Role ambiguity can thus be a significant source of stress.

Role conflict occurs when the message and cues from others about the role are clear but contradictory or mutually exclusive. One common form is interrole conflict -- conflict between roles. For example, if a person's boss says that to get ahead one must work overtime and on weekends, and the same person's spouse says that more time is needed at home with the family, conflict may result. Intra-role conflict may occur when the person gets conflicting demands from different sources within the context of the same role. A manager's boss may tell her that she needs to put more pressure on subordinates to follow new work rules. At the same time, her subordinates may indicate that they expect her to get the rules changes. Thus, the cues are in conflict, and the manager may be unsure about which course to follow.

Intra-sender conflict occurs when a single source sends clear but contradictory message. This might occur if the boss says one morning that there can be no more overtime for the next month but after lunch tells someone to work late that same evening. Person-role conflict results from a discrepancy between the role requirements and the individual's personal values, attitudes, and needs. If a person is told to do something unethical or illegal, or if the work is distasteful (for example, firing a close friend), person-role conflict is likely. Role conflict of all varieties is of particular concern to managers.

A final consequence of a weak role structure is role overload, which occurs when expectations for the role exceed the individual's capabilities. When a manager gives an employee several major assignments at once while increasing the person's regular workload, the employee will probably experience role overload. Role overload may also result when an individual takes on too many roles at one time. For example, a person trying to work extra hard at his job, run for election to the school board, serve on a committee in church, coach Little League baseball, maintain an active exercise program, and be a contributing member to his family will probably encounter role overload.

Interpersonal Demands. A final set of organizational stressors consists of three interpersonal demands: Group pressures, leadership, and interpersonal conflict. Group pressures may include pressure to restrict output, pressure to conform to the group's norms, and so forth. For instance, as we have noted before, it is quite common for a work group to arrive at an informal agreement about how much each member will produce. Individuals who produce much more or much less than this level may be pressured by the group to get back in line. In individual who feels a strong need to vary from the group's expectations (perhaps to get a pay raise or promotion) will experience a great deal of stress, especially if acceptance by the group is also important to him or her.

Leadership style also may cause stress. Suppose an employee needs a great deal of social support from his leader. The leader, however, is quite brusque and shows no concern or compassion for him. This employee will probably feel stressed. Similarly, assume an employee feels a strong need to participate in decision making and to be active in all aspects of management. Her boss is very autocratic and refuses to consult subordinates about anything. Once again stress is likely to result.

Finally, conflicting personalities and behaviors may cause stress. Conflict can occur when two or more people must work together even though their personalities, attitudes, and behaviors differ. For example, a person with an internal locus of control - that is, who always wants to control how things turn out - might get frustrated working with an external person who likes to wait and just let things happen. Likewise, a smoker and a nonsmoker who are assigned adjacent offices obviously will experience stress. The working with Diversity box describes another example of how interpersonal demands - in the form of harassment - can result in stress.

Life Stressors

Stress in organizational settings also can be influenced by events that take place outside the organization. Life stressors generally are categorized in terms of life change and life trauma.

Life Change Thomas Holmes and Richard Rahe first developed and popularized the notion of life change as a source of stress. A life change is any meaningful change in a person's personal or work situation. Holmes and Rahe reasoned that major changes in a person's life can lead to stress and eventually to disease. The study summarizes their findings on major life change events. Note that several of these events relate directly (fired from work, retirement) or indirectly (change in residence) to work.

Life Trauma. Life trauma is similar to life change, but it has a narrower, more direct, and shorter-term focus. A life trauma is any upheaval in an individual's life that alters his or her attitudes, emotions, or behaviour. To illustrate, according to the life change view, a divorce adds to a person's potential for health problems in the following year. At the same time, the person will obviously also experience emotional turmoil during the actual divorce process. This turmoil is a form of life trauma and will clearly cause stress, much of which may spill over into the workplace.

Major life traumas that may cause stress include marital problems, family difficulties, and health problems initially unrelated to stress. For example, suppose a person learns she had developed arthritis that will limit her favorite activity, skiing. Her dismay over the news may translate into stress at work. Similarly, a worker going through a family breakup will almost certainly go through difficult periods, some of which will affect his or her job performance.

27.5 EFFECTS OF STRESS

Stress can have a number of consequences. As we already noted, if the stress is positive, the result may be more energy, enthusiasm, and motivation. Of more concern, of course, are the negative consequences of stress. Referring back to our discussion in this lesson, we see that stress can produce individual effects, organizational effects, and burnout.

We should first note that many of the factors listed are obviously interrelated. For example, alcohol abuse is shown as an individual effect, but it also affects the organization the person works for an employee who drinks on the job may perform poorly and create a hazard for others. If the category for a consequence seems somewhat arbitrary, be aware that each effects are categorized according to the area of its primary influence.

Individual Effects

The individual effects of stress, then, are the outcomes that mainly affect the individual. The organization also may suffer, either directly or indirectly, but it is the individual who pays the real price. Stress may produce behavioral, psychological, and medical effects.

Behavioral Effects The behavioral effects of stress may harm the person under stress or others. One such behavior is smoking. Research has clearly documented that people who smoke tend to smoke more when they experience stress. There is also evidence that alcohol and drug abuse are linked to stress, although this relationship is less well documented. Other possible behavioral consequences are accident proneness, violence, and appetite difficulties.

Psychological Effects. The psychological effects of stress relate to a person's mental health and well-being. When people experience too much stress at work, they may become depressed or find themselves sleeping too much or not enough. Stress may also lead to family problems and sexual difficulties.

Medical Effects. The medical effects of stress affect a person's physical well-being. Heart disease and stroke, among other illnesses, have been linked to stress. Other common medical problems resulting from too much stress include headaches, backaches, ulcers and related stomach and intestinal disorders, and skin conditions such as acne and hives.

Organizational Effects

Clearly, any of the individual effects just discussed can also affect the organization. Other results of stress have even more direct consequences for organizations. These include decline in performance, withdrawal, and negative changes in attitudes.

Performance. One clear organizational effects of too much stress is a decline in performance. For operating workers, such a decline can translate into poor-quality work or a drop in productivity. For managers, it can mean faulty decision making or disruptions in working relationships as people become irritable and hard to get along with.

Withdrawal. Withdrawal behaviors also can result from stress. For the organization, the two most significant forms of withdrawal behavior are absenteeism and quitting. People who are having a hard time coping with stress in their jobs are more likely to call in sick or consider leaving the organization for good. Stress can also produce other, subtler forms of withdrawal. A manager may start missing deadlines or taking longer lunch breaks. An employee may withdraw psychologically by ceasing to care about the organization and the job. As noted above, employee violence is a potential individual consequence of stress. This also has obvious organizational implications as well, especially if the violence is directed an employee or at the organization in general.

Attitudes. Another direct organizational effect of employee stress relates to attitudes. As we just noted, job satisfaction, morale, and organizational commitment can all suffer, along with motivation to perform at high levels. As a result, people may be more prone to complain about unimportant things, do only enough work to get by, and so forth.

Burnout. Burnout, another effect of stress, has clear implications for both people and organizations. Burnout is a general feeling of exhaustion that develops when a person simultaneously experiences too much pressure and has too few sources of satisfaction.

Burnout generally develops in the following way. First, people with high aspirations and strong motivation to get things done are prime candidates for burnout under certain conditions. They are especially vulnerable when the organization suppresses or limits their initiative while constantly demanding that they serve the organization's own ends.

In such a situation, the individual is likely to put too much himself or herself into the job. In other words, the person may well keep trying to meet his or her own agenda while simultaneously trying to fulfill the organization's expectations. The most likely effects of this situation are prolonged stress, fatigue, frustration, and helplessness under the burden of overwhelming demands. The person literally exhausts his or her aspirations and motivation, much as a candle burns itself out. Loss of self-confidence and psychological withdrawal follow ultimately.

27.6 MANAGING STRESS IN THE WORKPLACE

Given that stress is widespread and so potentially disruptive in organizations, it follows that people and organizations should be concerned about how to manage it more effectively. And in fact they are. Many strategies have been developed to help manage stress in the workplace. Some are for individuals and others are geared toward organizations.

Exercise: Exercise is one method of managing stress. People who exercise regularly are less likely to have heart attacks than inactive people. More directly, research has suggested that people who exercise regularly feel less tension and stress, are more self-confident, and show greater optimism. People who do not exercise regularly feel more stress, are more likely to be depressed, and experience other negative consequences.

Relaxation: A related method of managing stress is relaxation. We noted at the beginning of the chapter that coping with stress requires adaptation. Proper relaxation is an effective way to adapt. Relaxation can take many forms. One way to relax is to take regular vacations. A recent study found that people's attitudes towards a variety of workplace characteristics improved significantly following a vacation. People can also relax while on the job. For example, it has been recommended that people take regular rest breaks during their normal workday. A popular way of resting is to sit quietly with closed eyes for ten minutes every afternoon. (Of course, it might be necessary to have an alarm clock handy!).

Time Management: Time management is often recommended for managing stress. The idea is that many daily pressures can be eased or eliminated if a person does a better job of managing time. One popular approach to time management is to make a list every morning of the things to be done that day. Then you group the items on the list into three categories: critical activities that must be performed, important activities that should be performed, and optional or trivial things that can be delegated or postponed. Then, of course, you do the things on the list in their order of importance. This strategy helps people get more of the important things done every day. It also encourages delegation of less important activities to others. The Talking Technology box illustrates how managers can better manage their time by using their cellular telephones more selectively.

Role Management: Somewhat related to time management is the idea of role management, in which the individual actively works to avoid overload, ambiguity, and conflict. For example, if you do not know what is expected of you, you should not sit and worry about it. Instead, ask for clarification from your boss. Another role management strategy is to learn to say "no". As simple as saying "no" might sound, a lot of people create problems for themselves by always saying "yes". Besides working in their regular jobs, they agree to serve on committees, volunteer for extra duties, and accept extra assignments. Sometimes, of course, we have no choice but to accept an extra obligation (if our boss tells us to complete a new project, we will probably have to do it). In many cases, however, saying "no" is an option.

Support Groups: A final method for managing stress is to develop and maintain support groups. A support group is simply a group of family members or friends with whom a person can spend time. Going out after work with a couple of coworkers to a basketball game, for example, can help relieve the stress that builds up during the day. Supportive family and friends can help people deal with normal stress on an ongoing basis. Support groups can be particularly useful during times of crisis. For example, suppose an employee has just learned that she did not get the promotion she has been working toward for months. It may help her tremendously if she had good friends to lean on, be it to talk to or to yell at.

Organizational Coping Strategies: Organizations are also increasingly realizing that they should be involved in managing their employees' stress. There are two different rationales for this view. One is that because the organization is at least partly responsible for creating the stress, it should help relieve it. The other is that workers experiencing lower levels of harmful stress will function more effectively. Two basic organizational strategies for helping employees manage stress are institutional programs and collateral programs.

Institutional Programs: Institutional programs for managing stress are under taken through established organizational mechanisms. For example, properly designed jobs and work schedules can help ease stress. Shift work, in particular, can cause major problems for employees, because they constantly have to adjust their sleep and relaxation patterns. Thus, the design of work and work schedules should be a focus of organizational efforts to reduce stress.

The organization's culture also can be used to help manager stress. In some organizations, for example, there is a strong norm against taking time off or going on vacation. In the long run, such norms can cause major stress. Thus, the organization should strive to foster a culture that reinforces a healthy mix of work and nonwork activities.

Finally, supervision can play an important institutional role in managing stress. A supervisor can be a major source of overload. If made aware of their potential for assigning stressful amounts of work, supervisors can do a better job of keeping workloads reasonable.

Collateral Programs: In addition to institutional efforts aimed at reducing stress, many organizations are turning to collateral programs. A collateral stress program is an organizational program specifically created to help employees deal with stress. Organizations have adopted stress management programs, health promotion programs, and other kinds of programs for this purpose. More and more companies are developing their own programs or adopting existing programs of this type. For example, Lockheed Martin offers screening programs for its employees to detect signs of hypertension. The Mastering Change box provides other examples.

Many firms today also have employee fitness programs. These programs attack stress indirectly by encouraging employees to exercise, which is presumed to reduce stress. On the negative side, this kind of effort costs considerably more than stress management programs, because the firm must invest in physical facilities. Still, more and more companies are exploring this option. Both Tenneco and L.L. Bean, for example, have state-of-the-art fitness centers for their employees.

Finally, organizations try to help employees cope with stress through other kinds of programs. For example, existing career development programs, like the one at General Electric, are used for this purpose. Other companies use programs promoting everything from humor to massage as antidotes for stress. Of course, little or no research supports some of the claims made by advocates of these programs. Thus, managers must take steps to ensure that any organizational effort to help employees cope with stress is at least reasonably effective.

27.7 CHECK YOUR PROGRESS

Fill in the Blanks

1. The concept of ------- denotes physical and -------- revelation to prevailing within the mental environment of a human being.
2. --------- demands are stressors associated with the specific job a person performs.
3. ---------- is a general feeling of exhaustion that develops when a person simultaneously experiences too much pressure and has too few sources of satisfaction.
4. The -------------- effects of stress relate to a person's mental health and well-being.
5. Stress is a person's adaptive response to a ------------ that places excessive psychological or physical demands on that person.

27.8 SUMMARY

Stress is a person's adaptive response to a stimulus that places excessive psychological or physical demands on that person. According to the general adaptation syndrome perspective, the three stages of response to stress are alarm, resistance, and exhaustion. Two important forms of stress are eustress and distress.

Type A personalities are more competitive and time-driven than Type B personalities. Initial evidence suggested that Type A's are more susceptible to coronary heart disease, but recent findings provide less support for this idea. Hardiness, optimism, cultural context, and gender may also affect stress. Stress can be caused by many factors. Major organizational stressors are task demands, physical demands, role demands, and interpersonal demands. Life stressors include life change and life trauma. Stress has many effects. Individual effects can include behavioral, psychological, and medical problems. On the organizational level, stress can affect performance and attitudes or cause withdrawal. Burnout is another possibility. Primary individual mechanisms for managing stress are exercise, relaxation, time management, role management, and support groups. Organizations use both institutional and collateral programs to control stress. People have numerous dimensions to their work and personal lives. When these dimensions are interrelated, individuals must decide for themselves which are more important and how to balance them.

27.9 KEYWORDS

Stress: Stress denotes physical and mental revelation to prevailing within the mental environment of a human being.

Support Group: A support group is simply a group of family members or friends with whom a person can spend time.

Relaxation: A related method of managing stress is relaxation.

Role conflict: This occurs when the message and cues from others about the role are clear but contradictory or mutually exclusive.

Physical Demands: The physical demands of a job are its physical requirements on the worker;

27.10 SELF ASSESSMENT TEST

1. Describe one or two recent times when stress had both good and bad consequences for you.
2. Describe a time when you successfully avoided stage 3 of the GAS and another time when you got to stage 3.
3. Do you consider yourself a Type A or a Type B person? Why?
4. Can a person who is a Type A change? If so, how?
5. What are the major stressors for a student?
6. Is an organizational stressor or a life stressor likely to be more powerful?
7. What consequences are students most likely to suffer as a result of too much stress?
8. Do you agree that a certain degree of stress is necessary to induce high energy and motivation?
9. What can be done to prevent burnout? If someone you know is suffering burnout, how would you advise that person to recover form it?
10. Do you practice any of the stress reduction methods discussed in the text? Which ones? Do you use others not mentioned in the text?

27.11 ANSWER TO CHECK YOUR PROGRESS

Answer to Fill in the Blanks

1. The concept of **stress** denotes physical and **mental** revelation to prevailing within the mental environment of a human being.
2. **Task** demands are stressors associated with the specific job a person performs.
3. **Burnout** is a general feeling of exhaustion that develops when a person simultaneously experiences too much pressure and has too few sources of satisfaction.

4. The **psychological** effects of stress relate to a person's mental health and well-being.
5. Stress is a person's adaptive response to a **stimulus** that places excessive psychological or physical demands on that person.

27.12 REFERENCES/SUGGESTED READINGS

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