

ORGANIZATIONAL BEHAVIOUR

TEXT AND CASES



KAVITA SINGH

Organizational Behaviour

TEXT AND CASES

Kavita Singh

*Faculty of Management Studies
University of Delhi*

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*To the three angels of my life: my daughter, Aditi,
and my nieces, Salvi and Vedika*

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A recipient of AICTE's Career Award for Young Teachers in 2002–2003, Dr Singh completed a project on learning organizations and empowerment under this scheme. Currently, she is working on a two-year research project awarded by the University Grants Commission in the area of emotional intelligence and quality of work life. She has also conducted training workshops for public- and private-sector organizations such as the National Thermal Power Corporation Ltd, IndianOil Corporation Ltd, the Taj Group, Punjab National Bank, and the State Bank of India in the area of behavioural sciences and change management.

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PREFACE

Organizational Behaviour: Text and Cases focuses on the fundamental theories of behaviour in organizations and their implications on organizational work life. It takes an in-depth look at the key factors essential for the successful execution of managerial roles and responsibilities at the workplace and reflects the most recent research and developments in the field of organizational behaviour.

Why Study Organizational Behaviour?

The study of organizational behaviour has become crucial as organizations across the world deal with the far-reaching economic and social consequences of the meltdown in global financial markets. The challenges they encounter can be managed by having an understanding of human behaviour. The success of any organization in today's dynamic and volatile business environment is dependent upon the motivation and commitment of its employees. It is in this context that the significance of organizational behaviour comes into play. The study of organizational behaviour has also assumed importance as people from diverse backgrounds and with different cultural values have to work together in the global economy. This book provides a foundation against which the competencies required to create a successful organization can be built and developed.

Objectives of the Book

The main objective of this text is to create a comprehensive, up-to-date, practical, reader-friendly knowledge base that provides an engaging introduction to the field of organizational behaviour. This book presents the fundamentals of organizational behaviour while throwing light on its emerging prospects and paradigms. It encourages active learning and develops faculties that are essential for becoming successful managers and employees. This book also satisfies the long-felt need of Indian students for a book with Indian case studies and examples, and highlights the challenges faced by organizations from the developing world.

Every chapter in the book is filled with real-life examples that correlate the theory discussed to actual practice from the industry. The practices that garnered Google multiple Best Employer awards, the Employee First initiatives at HCL Technologies, and the planned technological change at the Times of India group spearheaded by SAP are just some of the examples featured.

The Structure of the Book

This book elucidates behaviour at four levels, starting from individual processes and moving on to interpersonal, organizational, and change processes. This structure comprehensively deals with all aspects of organizational behaviour and helps readers integrate various perspectives. The first two parts provide readers with a strong understanding of the individual and interpersonal processes that determine behaviour in organizations, while the last two parts focus on various internal and external factors that affect organizations.

Part 1: Individual Processes

The first part of the book includes chapters that throw light on critical topics such as personality, perception, learning and reinforcement, attitudes and values, work motivation, and work stress.

Part 2: Interpersonal and Team processes

Interpersonal and team processes, with an emphasis on communication issues, the dynamics within groups, the importance of leadership, and the various strategies for managing conflicts in organizations, are some of the key topics discussed in the second part of the book.

Part 3: Organizational Processes

The third part of the book highlights organizational processes and includes topics such as decision making, organizational structure, power and political behaviour in organizations, and organizational culture.

Part 4: Change Processes

The fourth part examines how the external and internal environment affects organizations and how planned and unplanned change can be managed effectively.

Key Features

The diagram illustrates the layout of a chapter page. It features a dark header with the chapter title, followed by a section for learning objectives, and then the main body of text with case studies. Two callout boxes on the left provide context for these elements.

CHAPTER 1

Managing Organizational Behaviour

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Relate with the historical development of organizational behaviour.
2. Identify and discuss the emerging trends in organizational behaviour.
3. Outline the major mega trends shaping the organizational work life.
4. Diagnose the managerial skills and roles in organizations.
5. Develop a framework for organizational behaviour.

Does the "Human Touch" Work?

The executives of the Standard Co. used to refer to their distribution department sarcastically as an "elephant's graveyard." It appeared equivalent to little more than just taking orders from the customers and mixing papers and making employees depressed all the time. But that was before Anubha Patel, 34, came along.

Standard says, "Anubha has the ability to get the maximum from her people; she can make them develop faith in themselves, which otherwise might be lacking. And she proved it at the beginning of her stint at Standard."

She started a programme in the company where peers had to identify the best employee in a situation and nominate them for special recognition. Employees were given citations, and this proved to be a great morale booster. After a certain period, employees with maximum number of such citations were designated as "king" or "queen" for a day by the human resources department and were entitled to princely treatment for the day.

Person with a Human Touch

After a brief stint as a trader with Anees Inc., Patel set out for one of the premier business schools in India. She graduated in the top 10% of her class. In 2004, she headed a taskforce to deal with the contamination crisis that surrounded the soft-drink industry. In May 2007, she became Standard's first woman marketing director. Anubha Patel lives in Ahmedabad with her husband and an 18-month-old daughter.

Anubha Patel ensures that she is not one of the "number game players," unlike a few of her classmates at the management school. She visualizes herself as a person with a human touch, an outcome of the strong familial bonds with which she was brought up in a small town in the western part of India. When enquired about her corporate responsibilities, her reaction is, "You should make it possible for your employees to feel so committed to their jobs and organizations that they never ever dream of leaving the company at all."

Patel gives credit for her success to her innate "people" management skills—something that makes her different from her contemporaries. "She believes in taking care of her people first and then everything takes care of itself," says her husband, Anubhav. The vice president of

Patel also attempted to break age-old practices followed in Standard Co. She started defining distribution not merely as freight expediting but also as a sales-support function for stores and distributors. She found that 25%–30% of sales could be tied to decisions by customers based on such things as timely and correct shipments. So she formulated new objectives that emphasized service and led to a gain in sales.

She is also able to create a balance between her 60-hour work week and the demands of marriage and motherhood. She and her husband alternately try to take time out to take care of the needs of their growing child. They both believe that they are the anchors of their home as well as their financial life.

Still, she acknowledges that trade-offs are sometimes necessary. After all, as she says, "there are glass balls and rubber balls in life." The trick is in knowing which is which. "Family, friends, and health are the glass balls," she says. "Those you just can't drop." >>

Learning objectives outline the main learning goals of each chapter.

Opening case studies correlate theories discussed in chapters to incidents from the workplace. They can also be used for role-playing in the classroom.

BOX 1.1 GOOGLE—A GREAT PLACE TO WORK



Manoj Varghese, Director HR APAC, Google India. (Photo courtesy Google India Pvt. Ltd. Reproduced with permission.)

Incorporated in 1998, Google has continued its growth through a series of new product developments, acquisitions, and partnerships. It has been voted as *Fortune* magazine's #1 Best Place to Work multiple times. Manoj Varghese, Director HR APAC, answers questions on the initiatives taken by Google to develop positive employee relations and promote a great organizational work culture.

the TGIF meetings, our senior management recognizes individuals and project teams for reaching milestones, inventing something new or bold, going above and beyond, or successfully launching a new product.

Q2. What is the impact of the workplace environment on the psyche of employees? What kind of work environment exists at Google and how does it help?

Manoj: We keep employees central to whatever we do. There is enough flexibility in the system to focus on driving solutions keeping the individual and his need in perspective. We believe in fun at work—we have some exciting and interesting celebrations all the time like a Pyjama Day, also a few conventional events that give Googlers a chance to kick back and hang out, get to know each other socially, and have fun. Quarterly and annual off-sites, winter holiday party, summer picnic (accompanied by our now-classic “Google Idol” competition), and Diwali and Christmas celebrations are among the various festivities and fun activities that keep Googlers enthusiastic all the time.

At Google, almost everyone eats in the Google café together, sitting at whatever table has an opening and enjoying conversations with Googlers from all different departments.

Q3. How does inducting employees from diverse backgrounds help Google? How is the cohesiveness among people from diverse backgrounds achieved?

Manoj: We aspire to build an organization that reflects the globally diverse audience that our search engine and tools serve. Google reflects diversity; people from varied backgrounds are part of the Google family—from ex-army men

Each chapter contains several **boxes** that highlight the best practices from the industry.

CASELET

Modifying an Employee's Behaviour

HiLine India Pvt. Ltd ordered an enquiry into the conduct of a driver named Dinesh who had been in its employment for the past 11 years. Dinesh was charged with insubordination. In the interest of administrative convenience, HiLine India Pvt. Ltd had been organized into several territorial divisions. Each division was given a staff car. Dinesh was the company's driver for the staff car stationed at Indore.

Dinesh's service record for the past 10 years was commendable. According to an employee in administration, “He was counted among the best-behaved chauffeurs the company had. Obedient, punctual, with a ready smile on his face, he became a favourite of almost every officer he worked with.” A sudden change came over Dinesh just after he completed 11 years with HiLine India. His work became unsatisfactory. He turned into a peevish, ill-mannered, and rude employee from being a pleasant, soft-spoken person. A stage came when he cared neither for the car nor for the boss.

On a tour with the manager of the Indore division, one of the wheels of the car broke down on the way. The practice was to check the car before taking it on a long journey. Dinesh, however, had not examined the car. The manager sent a warning to Dinesh: “I am pained to find that you are not paying any attention to the car. I don't have to remind you that keeping the car in a running condition is one of your major duties. This is a warning to you not to be negligent in future.”

Dinesh had already received three warnings. His negligence on one particular occasion, however, brought things to a head. The manager had an important meeting with a government official at 11 a.m. and Dinesh turned up for work at 12 a.m. The manager was furious and pulled up Dinesh for his callousness while on his way to the appointment.

Instead of feeling sorry for what he had done, Dinesh got the following letter written to the manager asking him to apologize for misbehaviour in the car. The letter read, “You were very rude to me this morning because I was late. I might have been late, but you have no right to use abusive language. You treated me harshly. You have no right to be rude and arrogant to your subordinates. I would like to have an apology for this misbehaviour within 24 hours.”

Everyone was surprised at how a man could change so suddenly. The manager, therefore, got certain unofficial enquiries made. These enquiries revealed that Dinesh had made some new friends in the past year. A teetotaller, he had started drinking and smoking heavily. Neighbours complained of being disturbed by loud fights between Dinesh and his wife late into the night. It was also found that he was actively involved in the activities of a trade union, and it was thought that this had made him complacent.

How will behaviour modification model help us understand this situation? Can Dinesh's behaviour be checked now? If so, how?

Caselets highlight the practical applications of the theories discussed in the chapters.

Exercise

How to Rate Your Self-esteem

Read the following statements and indicate whether they apply to you by inserting a T (for true) or an F (for false) against them.

Sl no.	Statement	Response
1.	I usually feel inferior to other people.	
2.	I feel that I am a warm, loving, and happy person.	
3.	When things go wrong, I usually say, “Just my luck.”	
4.	I feel life is wonderful and I can do well in life.	
5.	I have a strong drive to prove myself.	

Each chapter ends with an **exercise**, either introspective or experiential, which helps students gain further insight into their behavioural dispositions.

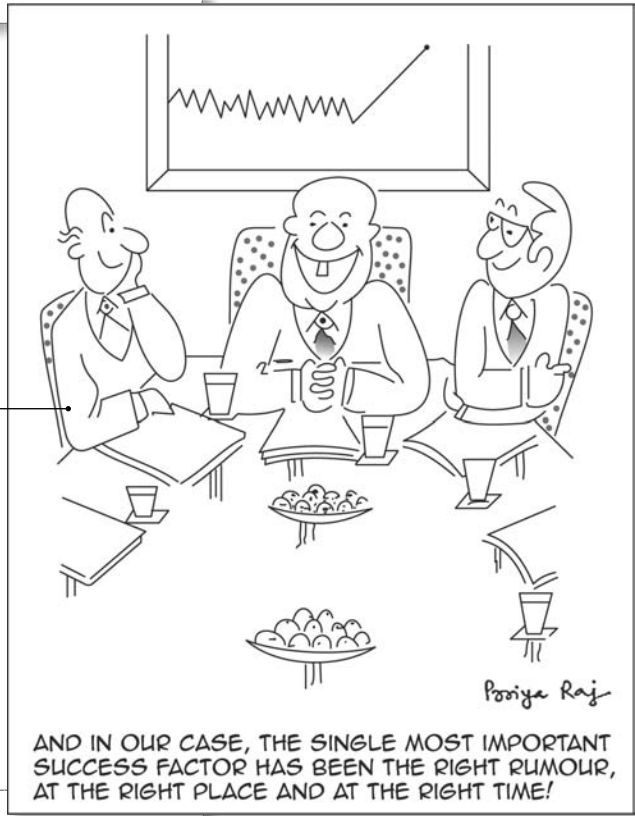


Kiran Mazumdar Shaw, Chairman and Managing Director of Biocon Ltd, is a pioneer in the Indian biotechnology industry. Her clarity of thinking, vision, perseverance, and commitment to quality has transformed Biocon founded in 1978 with a capital of Rs 10,000 into a globally respected brand with a turnover in millions.

(Photo courtesy Biocon Ltd. Reproduced with permission.)

Photographs feature prominent personalities and showcase real examples from companies across various sectors in India.

Business cartoons reinforce organizational behaviour concepts using subtle humour.



As time passed, exploration of natural resources and technological advances led to the Industrial Revolution. This changed the nature of society and the location of work. People left their farms and went to work in urban factories. Money economies replaced barter economies, thus expediting the payment of wages. Another outcome of the Industrial Revolution was an interest in rationalizing the managerial process. Haphazard and unsystematic management practices proved to be inadequate for large-scale factory operations. The classical management era was born out of this interest. Table 1.1 provides a general perspective of the pre-scientific era.

The Classical Era (1880–1930)

The classical management era lasted from around 1880 to 1930. During this time, the first general theories of management began to evolve. Two major thrusts were administrative theory and scientific management. Table 1.2 provides a general perspective of the classical era.

Administrative theory Also called the universal process school of management, the origin of administrative theory approach can be traced to Henri Fayol, a French industrialist. In his 1916 classic *Administration Industrielle et Générale*, Fayol divided the manager's job into five functions: planning, organizing, command, coordination, and control. He then recommended 14 universal principles of management as shown in Table 1.3. Fayol viewed workers as a potentially disruptive factor to be closely controlled by management. Thus, his 14 principles emphasized division of labour, authority, discipline, and a strictly enforced chain of command.

Classical Management: The classical management era lasted from about 1880 to 1930. During this time, the first general theories of management began to evolve. Two major thrusts were administrative theory and scientific management.

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Marginalia aid in quick revision of topics.

The **summary** at the end of each chapter recapitulates the main concepts discussed in the chapter.

Summary

Organizational behaviour is a field specializing in the study of human behaviour in organizations, so that the knowledge can be applied to make organizations work more effectively.

The origin of organizational behaviour can be traced back to the times of Plato and Aristotle, but significantly there are four eras which have paved the way for the growth of organizational behaviour: pre-scientific era, classical era, behavioural era, and the modern era. Each of them has made a significant contribution to the understanding of organizational behaviour.

The pace of change, at present, is accelerating and most of the transformation is occurring at the workplace. As these changes take on greater specificity, some trends and issues emerge to affect most managerial practices regardless of the industry. Some of these trends like globalization, changing employee demographics of the workplace, corporate social responsibility, trends in working arrangements, the virtual corporations, the quality revolution and management through knowledge have greater implications for the study of organizational behaviour in management.

In this time of rapid change and major megatrends, successful professionals must be able to work with people.

To handle these varied kinds of changes and situations, they are required to possess diversified skills and play roles that make them effective in organizations. To help them adjust to the challenges of work-place diversity, individuals can develop and utilize four basic skills: technical, interpersonal, conceptual, and communication skills. In order to accomplish their work and use their skills, managers perform 10 different roles, which can be grouped into three broad categories: interpersonal, informational, and decisional. Through the interpersonal roles of figurehead, leader, and liaison, managers exercise their formal authority within the system. The informational roles of monitor, disseminator, and spokesperson enable managers to establish and maintain a network of personal contacts, which they use to give and receive a wide range of information. Information, of course, is the basic input to managerial decisional roles. As decision makers, managers are entrepreneurs, disturbance handlers, resource allocators, and negotiators.

The framework of organizational behaviour can be understood with the help of five major components: the environment, individual processes, interpersonal or group processes, organizational processes, and change processes.

Discussion Questions

1. How has the behavioural era added to the development of the field of organizational behaviour?
2. Have you ever been in a situation that has stifled your work ethic? Describe the circumstance. How would you manage such a situation?
3. Has diversity at the workplace added to more number of problems at the workplace? Why or why not? From an organizational behaviour standpoint, how should management try to resolve the issues pertaining to diversity at the workplace?
4. What is a learning organization? Why is the relevance of learning organization increasing in business organizations lately?
5. The megatrends discussed by Naisbitt currently have an impact on work organizations. Which megatrend do you think will have maximum influence and why?
6. How should the proportion of management skills vary according to the position of the individual in the organizational hierarchy? Discuss with examples.
7. Which of the Mintzberg's 10 managerial roles do you think are difficult to perform and why?

Discussion questions test students' learning of the subject, provide opportunities for application of concepts, and promote critical thinking.

Field projects across chapters involve students in data collection and analysis.

Field Projects

1. Interview and observe at least two general managers from private- and public-sector companies to understand and analyse the roles they routinely play in their current positions. Suggest ways to improve the fit between how they spend their time and the demands of their jobs.
2. In groups of 3–4, conduct a survey in any organization of your choice to analyse the major challenges confronting today's organization. Also enquire about the readiness of these organizations to confront these challenges. Report your findings to the class.

Key Terms

Ability: Ability is the capacity to do physical and intellectual tasks.

Affection: Affection refers to the need for closeness, warmth, and sensitivity towards others.

Agreeableness: Agreeableness refers to an individual's behaviour towards others while interacting with them.

Aptitude: Aptitude is the capacity to learn the ability to perform physical and intellectual tasks.

Authoritarianism: It is the degree to which a person believes that status and power differences are appropriate in an organization.

Big Five personality factors: The set of factors used to explain human personality is referred to by some psychologists as the "Big Five." Each factor represents one aspect of an individual's personality and style.

Emotional stability: Emotional stability refers to the ability of individuals to control their emotions during crisis.

Expressed behaviour: Expressed behaviour refers to what a person actually wants to do or initiates action in that direction in a given set of situations.

Extraversion: Extraversion focuses on the comfort level of an individual in interaction with others around him or her.

Feeling: Feelers value harmony and tend to conform to the wishes of others rather than consider alternatives based on logic and analysis.

Femininity: Feminine values include respecting the underdog, putting relationships before wealth, and tending to the quality of life and environment.

Inclusion: Inclusion refers to the need for recognition, participation, and belongingness to others.

Key terms highlight the important concepts addressed in each chapter.

The Teaching and Learning Package

The student and instructor support resources provided with this book make learning and teaching a pleasurable experience. They include:

- An Instructors' Resource Manual that provides an analysis of all the case studies, answers to all the discussion questions, and keys to all the experiential exercises in the book
- A Companion Web Site with learning objectives and multiple choice questions for all chapters of the book
- PowerPoint lecture slides that enable instructors to make effective presentations.

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Finally every effort has been made to trace all references and quotations to their original sources in order to provide proper credits. I apologize for any inadvertent omission(s), and welcome corrections and feedback.

KAVITA SINGH

REVIEWERS

Consultant Board

The consultant board provided us with a detailed and critical analysis of each chapter and worked with us throughout the development of the book. We would like to thank the following for their time and commitment:

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CHAPTER 1

Managing Organizational Behaviour

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Relate with the historical development of organizational behaviour.
2. Identify and discuss the emerging trends in organizational behaviour.
3. Outline the major mega trends shaping the organizational work life.
4. Diagnose the managerial skills and roles in organizations.
5. Develop a framework for organizational behaviour.

Does the “Human Touch” Work?

The executives of the Standard Co. used to refer to their distribution department sarcastically as an “elephant’s graveyard.” It appeared equivalent to little more than just taking orders from the customers and mixing papers and making employees depressed all the time. But that was before Anubha Patel, 34, came along.

Person with a Human Touch

After a brief stint as a trader with Anees Inc., Patel set out for one of the premier business schools in India. She graduated in the top 10% of her class. In 2004, she headed a taskforce to deal with the contamination crisis that surrounded the soft-drink industry. In May 2007, she became Standard’s first woman marketing director. Anubha Patel lives in Ahmedabad with her husband and an 18-month-old daughter.

Anubha Patel ensures that she is not one of the “number game players,” unlike a few of her classmates at the management school. She visualizes herself as a person with a human touch, an outcome of the strong familial bonds with which she was brought up in a small town in the western part of India. When enquired about her corporate responsibilities, her reaction is, “You should make it possible for your employees to feel so committed to their jobs and organizations that they never ever dream of leaving the company at all.”

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Still, she acknowledges that trade-offs are sometimes necessary. After all, as she says, “there are glass balls and rubber balls in life.” The trick is in knowing which is which. “Family, friends, and health are the glass balls,” she says. “Those you just can’t drop.”



For Discussion

1. Would you like to work for someone like Anubha Patel? Why or why not?
2. What is the key to Anubha Patel's success at Standard?
3. Which are the managerial roles that Patel has played? Which role has she played most effectively? Cite specific evidence.
4. Is it possible that Patel's management style would not work so well in other cultures? Explain. (Feel free to draw upon your knowledge of various cultures.)

Introduction

The most serious challenges of business organizations revolve around a common focus—people. Corporate officials, trying to keep companies competitive in the face of tough and changing economic conditions, are tinkering with various approaches to dealing with people. They are putting people into teams, raising their pay, changing the way work is done, and training executives in ways that promise to improve and enrich them personally and professionally. As you might imagine, all this is easier said than done for all types of organizations, both large and small. In general, how do we learn what makes people more productive and satisfied with their jobs? How can we find out the best ways to organize the way work is done? These questions lie at the heart of organizational behaviour, the field specializing in the study of human behaviour in organizations.

Given the high degree of complexity and rapid changes managers face today, personal and organizational success can be elusive. Unforeseen economic, political, social, or technological changes can render even the best-laid plans useless. More often than not, the success of individual managers and organizations pivots on such human factors as commitment, motivation, communication, leadership, and trust. Those who fail to appreciate the vital role people play in managerial and organizational success are destined to finish behind those who do.

The people component plays a very vital role in managerial and organizational success. A study conducted by researchers at the Center for Creative Leadership (a leading non-profit organization dedicated exclusively to leadership studies) provides a revealing cue to this statement. In the study, top-level managers of *Fortune* 500 companies were asked to relate stories about two types of managers: (1) those who made it to top management positions and (2) those who did not. Stories of 20 successful managers were compared with 21 unsuccessful managers. All of them possessed significant strengths. In the study “insensitivity to others was cited as a reason for failures more often than any other flaw” (McCall and Lombardo 1983). According to the study, managers were considered to be insensitive if they intimidated co-workers with an abrasive and bullying style. In addition, managers who failed to make it to the top were perceived as more aloof and arrogant than their successful counterparts.

There is mounting evidence that successful organizations treat all their employees with care and respect. Peters and Waterman Jr, authors of the best-selling book *In Search of Excellence*, uncovered evidence of the connection between “people orientation” and “organizational success”.

After studying 43 consistently successful businesses, including IBM, Procter & Gamble, McDonald's, and Delta Air Lines, Peters and Waterman Jr (1982) identified eight attributes of excellence. One important attribute is the theme—productivity through people. Regarding this key contributor to corporate excellence, they exhorted organizations to:

Treat people as adults; treat them as partners; treat them with dignity; treat them with respect.
Treat them, not capital spending and automation, as the primary source of productivity gains.

These are fundamental lessons learned from research conducted on excellent companies. In other words, if you want productivity and the financial rewards that go with it, you must treat your workers as your most important asset.

Box 1.1 discusses the efforts put in by Google India to create an employee-friendly work culture.

BOX 1.1 GOOGLE—A GREAT PLACE TO WORK



Manoj Varghese, Director HR APAC, Google India.
(Photo courtesy Google India Pvt. Ltd. Reproduced with permission.)

Incorporated in 1998, Google has continued its growth through a series of new product developments, acquisitions, and partnerships. It has been voted as *Fortune* magazine's #1 Best Place to Work multiple times. Manoj Varghese, Director HR APAC, answers questions on the initiatives taken by Google to develop positive employee relations and promote a great organizational work culture.

Q1. What factors at Google keep employees motivated?

Manoj: Google completely believes in the policy "You can be serious without a suit." Google works around the idea that work should be challenging and the challenge should be fun. This highly communicative environment fosters a productivity and camaraderie fuelled by the realization that millions of people rely on Google results.

We promote professional growth, learning, and development for all employees through a multitude of specialized programmes available to employees. Google believes in recognizing contributions within employees' main jobs as well as outside their core focus. It also recognizes big and small contributions. To this end, we've implemented a variety of recognition programmes, including not only manager's awards, but also peer bonuses and founder's awards. Moreover, some of the most meaningful ways we show appreciation for our employees are non-monetary. Every Friday at

the TGIF meetings, our senior management recognizes individuals and project teams for reaching milestones, inventing something new or bold, going above and beyond, or successfully launching a new product.

Q2. What is the impact of the workplace environment on the psyche of employees? What kind of work environment exists at Google and how does it help?

Manoj: We keep employees central to whatever we do. There is enough flexibility in the system to focus on driving solutions keeping the individual and his need in perspective. We believe in fun at work—we have some exciting and interesting celebrations all the time like a Pyjama Day, also a few conventional events that give Googlers a chance to kick back and hang out, get to know each other socially, and have fun. Quarterly and annual off-sites, winter holiday party, summer picnic (accompanied by our now-classic "Google Idol" competition), and Diwali and Christmas celebrations are among the various festivities and fun activities that keep Googlers enthusiastic all the time.

At Google, almost everyone eats in the Google café together, sitting at whatever table has an opening and enjoying conversations with Googlers from all different departments.

Q3. How does inducting employees from diverse backgrounds help Google? How is the cohesiveness among people from diverse backgrounds achieved?

Manoj: We aspire to build an organization that reflects the globally diverse audience that our search engine and tools serve. Google reflects diversity; people from varied backgrounds are part of the Google family—from ex-army men to former schoolteachers. Our people challenge themselves and each other to continue finding new and better ways to help our customers succeed. At Google, we focus on "Googliness" of the candidate while recruiting—comfort with technology, optimistic about the future, driven to make an impact, bringing leadership, creativity, and passion to everything they do.

Q4. How is Google able to maintain such a low rate of attrition rate in the highly competitive tech industry?

Manoj: Google's constant endeavour is to provide an intellectually stimulating, thought-provoking and a relaxed environment for our employees that is conducive to creative thinking and encourages innovation. Our aim is to help our employees grow both personally and professionally. Apart from providing a great working environment and benefits so that Googlers can focus on what they love about life—at work and at home—our focus is to establish a work culture

(Continued)

BOX 1.1 (Continued)

that truly drives our employees to perform better and have a great time at work.

Google thrives and relies on innovation, and places a high value on continuous learning and information sharing. Innovation is an essential component of Google's strategy. One of the key reasons for Google's success is a belief that good ideas can, and should, come from anywhere. We have persistently pursued innovation and pushed the limits of existing technology to provide a fast, easy-to-use, and reliable search service that can be accessed from anywhere.

Creativity is a vital part of Google products and we need it in spades from our employees. We are out to change the way the world accesses and organizes information. For us nothing is more and we always want to create something new and innovative. Our future rests on the creativity of our engineers. While our projects have clear goals and involve practical deliverables (such as a service or a product or a new feature), the means to achieve that goal is usually unclear initially. It needs to be derived by research, experiments, and scientific inquiry.

As a company that thrives and relies on innovation, continuous learning and information sharing are key ingredients for our growth. We give 20% time to Googlers to invest time in something they are passionate about. It is another way in which we encourage innovation beyond regular work and feed the passion present in highly spirited and talented employees. Google News, Google Suggest, Google Finance, AdSense for Content, and Orkut are among the many products that were developed during the engineers' 20% time—products that might otherwise have taken an entire start-up to launch.

Q4. What traits do you look for while recruiting for Google?

Manoj: At Google, our strategy is simple: we hire great people and encourage them to make their dreams a reality. We believe in hard work, a fun atmosphere, and the sort of creativity that only comes about when talented people from diverse backgrounds approach problems from varying perspectives. Google's hiring policy is aggressively non-discriminatory and favours ability over experience. Google has offices around the globe and Google centres are recruiting local talent in locations from Zurich to Bangalore. In the Indian offices Googlers come from various parts of the country covering the length and breadth of it. Dozens of languages are spoken by Google staffers, from Koshru to Kannada.

We're looking for people with world-class skills who thrive in small, focused teams and high-energy environments, believe in the ability of technology to change the world, and are as passionate about their lives as they are about their work. We value talent and intelligence, group spirit and diversity, creativity, and idealism. The hiring process involves multiple rounds of one-to-one meetings with Googlers (and it is a 360-degree approach that we have

to a selection). The process encourages collaborative decision making.

Q6. How are decisions taken at Google with respect to tasks/projects in hand?

Manoj: Transparency and open communication are central to Google's culture. Early on, Google co-founders, Larry and Sergey, inaugurated a company tradition of TGIF. TGIFs are an informal weekly get-together, which include a preview of the week to come, a recap of the week's big events, introductions to Nooglers, a question and answer session and, of course, great food. Three beliefs lie at the very heart of this weekly session: one, employees have the right to know what's happening at the company; two, they should feel comfortable asking questions of even the most senior members of our management team; three, executives should talk to employees as openly as possible. While every week is a little different, the highlight of TGIF is always the question and answer session; no question is off-limits. TGIF is just one of many ways we work to make sure our management team stays in touch with all employees.

At Google, we've opened multiple avenues for Googlers to chat with management on any topic. Every venue is fair game for challenging Google's management leaders on topics that affect the company and its employees.

At our regular TGIF meetings, employees ask tough questions, and on our mailing list thousands of people banter and share ideas. In everyday hallway conversations, Googlers challenge their peers, managers, and even senior leaders. We Googlers share the belief that company decisions are best made together by the group rather than top-down by managers. This "wisdom of crowds" belief manifests itself in many ways. For example, at a quarter-ending TGIF, one employee asked our co-founders, Larry and Sergey, when they were going to release the list of company objectives for the upcoming quarter so that employees could write their individual goals based on those of the company. Without missing a beat, Larry asked why it should be a top-down activity. Instead, he suggested, at Google, the process should be two-way, so that management can hear what Googlers themselves would like to work on as they develop company objectives. Google has a relatively flat organizational structure which promotes a comfortable environment in which to share ideas. This structure enables all members to directly participate in the implementation of numerous products and policies, instilling a sense of empowerment among employees.

Q7. Is Google responsive to change? How does it safeguard itself against unplanned changes in its external environment?

Manoj: Google is a mission-driven organization; our employees draw inspiration from the scope of Google's ambition as well as from the knowledge that they're part of an industry-leading organization that revolutionized the way people use the Internet. Even though Google has

(Continued)

BOX 1.1 (Continued)

been hugely successful so far, our employees are mindful of the technological strides that have yet to be made. Googlers are empowered by company leaders to make decisions and pursue ideas that challenge the status quo both at Google and in the technology industry. Likewise, this sense of possibility spurs our employees on to new heights of innovation.

At Google, we focus on the user and believe that success will follow. Seeing our products help so many people around the world helps contribute to the sense that we're all working to achieve something greater than the individual and greater than our quarterly earnings or our daily stock price. Millions worldwide know and trust our search engine to find the information they need. This knowledge inspires our employees to continually improve our prod-

ucts and services to connect users with the information they seek.

Immense impetus is given to transparency within the organization. Our CEO, Eric Schmidt, addresses the employees after every board meeting, sharing the details of what took place and the decisions taken. This practice not only speaks volumes of the faith expressed by the organization, but also makes the employee feel that sense of belongingness, ownership, and responsibility towards the organization.

Our core values are oriented towards imbuing into every employee the importance of their role in the larger picture and the fact that what they do truly matters not only to Google, but the world.

Source: Interview with Manoj Varghese, Director HR APAC, Google India Pvt. Ltd. Reproduced with permission.

Organizational Behaviour:

Organizational behaviour is the study of human behaviour, attitudes, and performance in organizations. It is the study of what people think, feel and do, in and around organizations.

Organizational Behaviour: Past and Present

Organizational behaviour, commonly referred to as OB, is an interdisciplinary field dedicated to the better understanding and managing of people at work. By definition, organizational behaviour is both research and application oriented. It helps us in providing answers to questions as to why people and organizations fail to function smoothly. It provides us with a systematic view of looking at and understanding the behaviour of people in organizations. Organizational behaviour is the study of human behaviour, attitudes, and performance in organizations. It is the study of what people think, feel, and do, in and around organizations. OB researchers systematically study individuals, teams, and structural characteristics that influence behaviours within organizations. Through their research, OB scholars try to understand and predict how these behaviours help companies succeed.

By most estimates, OB emerged as a distinct field around the 1940s (Warner 1994). However, its origin can be traced much further back in time. Greek philosopher Plato wrote about equity in work relationships. Another Greek philosopher, Aristotle, spoke about the elements of persuasive communication. The writings of the sixteenth-century Italian philosopher Niccolò 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 division of labour. One hundred years later, the German sociologist Max Weber wrote about rational organizations and initiated discussions on charismatic leadership. Soon after, Frederick W. Taylor introduced the systematic use of goal setting and rewards to motivate employees. In the 1920s, productivity studies at Western Electric's Hawthorne plant reported that an informal organization—that is, an organization where employees casually interact with each other—operates alongside the formal organizations. So, organizational behaviour principles have been around for a long time; they just were not organized into a unified discipline until after the Second World War.

By appreciating where it has been, we can better understand where the field of OB is today and where it appears to be headed. A general historical perspective relating to the field of OB is displayed in Tables 1.1, 1.2, 1.4, and 1.6. Four significant eras—pre-scientific, classical, behavioural, and modern—have paved the way for the field of OB.

The Pre-scientific Era (Pre-1000–1880)

The practice of management can be traced to earliest recorded history. Abundant archaeological evidence, such as The Great Pyramids, stands in silent tribute to the talents of bygone

managers. Illiterate workers (or slaves), miserable working conditions, primitive agrarian economies, and crude tools made the tasks of managers in ancient civilizations extremely difficult. Moreover, even though managers during the pre-scientific era did not have formal education and training in proven management methods, they accomplished amazing things.

As time passed, exploration of natural resources and technological advances led to the Industrial Revolution. This changed the nature of society and the location of work. People left their farms and went to work in urban factories. Money economies replaced barter economies, thus expediting the payment of wages. Another outcome of the Industrial Revolution was an interest in rationalizing the managerial process. Haphazard and unsystematic management practices proved to be inadequate for large-scale factory operations. The classical management era was born out of this interest. Table 1.1 provides a general perspective of the pre-scientific era.

The Classical Era (1880–1930)

The classical management era lasted from around 1880 to 1930. During this time, the first general theories of management began to evolve. Two major thrusts were administrative theory and scientific management. Table 1.2 provides a general perspective of the classical era.

Administrative theory Also called the universal process school of management, the origin of administrative theory approach can be traced to Henri Fayol, a French industrialist. In his 1916 classic *Administration Industrielle et Générale*, Fayol divided the manager's job into five functions: planning, organizing, command, coordination, and control. He then recommended 14 universal principles of management as shown in Table 1.3. Fayol viewed workers as a potentially disruptive factor to be closely controlled by management. Thus, his 14 principles emphasized division of labour, authority, discipline, and a strictly enforced chain of command.

Scientific management According to a time-honoured definition, scientific management “is that kind of management which conducts a business or affairs by standards established by facts or truths gained through systematic observation, experiment, or reasoning” (Babcock 1917).

Frederic Taylor, credited with being the father of scientific management, published *The Principles of Scientific Management* in 1911. Through time and task study, standardization of tools and procedures, development of piece-rate incentive schemes, and systematic selection and training, Taylor dramatically improved outputs. Taylor's goal was to make work behaviour as stable and predictable as possible so that increased usage of sophisticated machines and factories would achieve maximum efficiency. He relied heavily on monetary incentives because he saw workers as basically lazy beings, motivated primarily by money.

The Behavioural Era (1930–1960)

A unique combination of factors fostered the emergence of the behavioural era during the 1930s. First, following legalization of union–management collective bargaining in the United

Classical Management:

The classical management era lasted from about 1880 to 1930. During this time, the first general theories of management began to evolve. Two major thrusts were administrative theory and scientific management.

Administrative Theory:

Also called the universal process school of management, the administrative theory approach can be traced to Henri Fayol, a French industrialist.

Scientific Management:

Management that conducts business or affairs by standards established by facts or truths gained through systematic observation, experiment, or reasoning.

Table 1.1 A General Perspective of the Pre-scientific Era

Time Span	AD 1000–1880
Economy	Agrarian
Level of workers	Illiterate
Worker's expectations	To take care of the family
Management tools and techniques	Crude
Managerial role	No formal management

Table 1.2 A General Perspective of the Classical Era

Time Span	1880–1930	
	Administrative Management	Scientific Management
Economy	Industrial	Industrial
Level of workers	Literate	Literate
Workers' expectations	Economic	Economic
Management tools and techniques	Crude to sophisticated	Standardized tools and techniques
Managerial role	Follow Fayol's 14 principles of management	Control by principles of scientific management

States in 1935, management began looking for new ways of handling employees. Second, behavioural scientists conducting on-the-job research started calling for more attention to the “human” factor. Managers heeded the call for better human relations and improved working conditions. One such study, conducted at Western Electric's Hawthorne plant, was a prime stimulus for human relations management.

Hawthorne Experiments:

Hawthorne experiments were conducted at Western Electric's Hawthorne plant and were a prime stimulus for human relations management.

The Hawthorne legacy A group of researchers at the Hawthorne plant in the United States were experimenting in the scientific management tradition on the impact of lighting on productivity levels of the employees. The experiments were conducted with two groups of female workers. One group worked in a test room where levels of illumination were varied experimentally. The second group, a control group, worked under normal lighting conditions.

Table 1.3 Fayol's Fourteen Universal Principles of Management¹

Sl No.	Principle	Description
1.	Division of labour	The more people specialize, the more efficiently they can perform their work.
2.	Authority	Managers have the right and the authority to give orders and to get things done.
3.	Discipline	Members of an organization need to respect the rules and agreements that govern it.
4.	Unity of command	Each employee must receive instructions about a particular operation from only one person to avoid conflicting expectations and confusion.
5.	Unity of direction	Managers should coordinate the efforts of employees working on projects, but only one manager should be responsible for an employee's behaviour.
6.	Subordination of the individual interests to the common good	The interests of the individual employee should not take precedence over the interests of the organization.
7.	Remuneration	Pay for work done should be fair to both the employee and the employer.
8.	Centralization	Managers should retain final responsibility but should also give their subordinates enough authority to do their jobs properly.
9.	Scalar chain	A single, uninterrupted line of authority should run rank to rank from top management to the lowest level position in the company.
10.	Order	Materials and people should be at the right place at the right time. In particular, people should be in the jobs or positions best suited to them.
11.	Equity	Managers should be both friendly and fair to their subordinates.
12.	Stability and tenure of staff	A high rate of employee turnover is not efficient.
13.	Initiative	Subordinates should be given the freedom to formulate and carry on with their plans.
14.	Esprit de corps	Promoting team spirit gives the organization a sense of unity.

The Hawthorne researchers were surprised to discover that productivity increased in both the rooms, even when illumination was lowered to the point of near darkness. Employees were then interviewed about their job attitudes including supervision and working conditions. The researchers subsequently attributed increased production to a change in “mental attitude resulting from the special attention paid to both groups generally and, in particular, to more friendly methods of supervision, so that in a new ‘relaxed’ relationship of confidence and friendliness practically no supervision is required” (Carey 1967).

In spite of its shortcomings, the behavioural era opened the door to more progressive thinking about human nature. Rather than continuing to view employees as passive economic beings, managers began to see them as active social beings and took steps to create a more humane work environment. Table 1.4 provides a general perspective of the behavioural era.

The Modern Era (1960 Onwards)

In 1960, Douglas McGregor wrote *The Human Side of Enterprise*, which has become an important philosophical base for the modern view of people at work (McGregor 1960). He formulated two sharply contrasting sets of assumptions about human nature (see Table 1.5). His Theory X assumptions were pessimistic and negative and were, according to McGregor’s interpretation, typical of how managers traditionally perceived employees. To help managers break with this negative tradition, he formulated his Theory Y, a modern and positive set of assumptions about people. McGregor believed that managers could accomplish more through others by viewing them as self-energized, committed, responsible, and creative beings.

Given society’s rapid change and increased complexity in recent years, McGregor’s Theory Y now qualifies as an inspiring beginning rather than an adequate end.

A contingency approach Management scholars responded to increased complexity by formulating a contingency approach that calls for using management techniques appropriate to the situation. According to a pair of contingency theorists, contingency theories developed and their acceptance grew because they responded to criticisms that the classical theorists advocated “one best way” of organizing and managing. Contingency theories, on the other hand, proposed that the appropriate organizational structure and management styles were dependent upon a set of “contingency” factors, usually the uncertainty and instability of the environment (Tosi Jr and Slocum Jr 1984).

The contingency approach encourages managers to view organizational behaviour within a situational context. According to this modern perspective, evolving situations, not hard and fast rules, determine when and where various management techniques are appropriate. Organizational behaviour scholars should embrace the contingency approach because it helps them realistically interrelate individuals, groups, and organizations. Table 1.6 provides a general perspective of the modern/contingency era.

Contingency Theory:

Contingency theories propose that the appropriate organizational structure and management styles are dependent upon a set of “contingency” factors, usually the uncertainty and instability of the environment.

Table 1.4 A General Perspective of the Behavioural Era

Time Span	1930–1960
Economy	Industrial
Level of workers	Literate and educated
Workers’ expectations	Social and self-actualizing
Management tools and techniques	Sophisticated
Managerial role	Focus on humane work environment and informal work groups

Table 1.5 McGregor’s Theory X and Theory Y

Outdated (Theory X) Assumptions About People at Work	Modern (Theory Y) Assumptions About People at Work
<ol style="list-style-type: none"> 1. Most people dislike work; they will avoid it when they can. 2. Most people must be coerced or threatened with punishment before they will work. People require close direction when they are working. 3. Most people actively prefer to be directed. They tend to avoid responsibilities and exhibit little ambition. They are interested only in security. 	<ol style="list-style-type: none"> 1. Work is a natural activity, like play or rest. 2. People are capable of self-direction and self-control if they are committed to the objectives. 3. People generally become committed to the organization if they are rewarded for doing so. 4. The typical employee can learn to accept and seek responsibilities. 5. The typical segment of the general population has imagination, ingenuity and creativity.

Source: Adapted from McGregor, Douglas (1930). *The Human Side of Enterprise*. New York: McGraw-Hill.

Table 1.6 A General Perspective of the Modern/Contingency Era

Time Span	Year 1960–Onwards
Economy	Post-industrial
Level of workers	Educated
Workers’ expectations	Complex
Management tools and techniques	Sophisticated
Managerial role	Focus on employee development

Emerging Issues in Organizational Behaviour

There has never been a better time to learn about organizational behaviour. The pace of change is accelerating and most of the transformation is occurring in the workplace. The forces of change take on greater specificity, as they are perceived by managers to present immediate threats or opportunities to their organizations. As socio-techno-economic changes take on greater momentum, some issues and trends emerge to affect most managerial practices regardless of industry. The following sub-sections discuss some of these identifiable trends in the present day scenario.

Globalization: It is a process of increasing the connectivity and interdependence of the world’s markets and businesses.

Total Quality Management (TQM): It is a continuous process of ensuring that every aspect of production builds quality into the product.

Just-in-time (JIT): Just-in-time inventory system is designed to minimize the storage and the holding costs by ensuring the timely delivery of materials and supplies whenever needed.

Globalization: Uniting the World

Although the United States was the dominant economic power in the world throughout the twentieth century, very few American business houses tried to expand beyond American shores. It was really during the last quarter of the century that businesses began to focus globally. However, it seemed that Japanese firms were seizing centre-stage with phenomenal growth in the world markets during the 1970s and 1980s. Japanese firms such as Toyota and Sony challenged management practices with an emphasis on work team and total quality management (TQM). Through the processes of continuous quality improvement and just-in-time (JIT) manufacturing, Japanese products became the world-class standard of quality and innovation in customer products.

Japan entered the 1990s with a recession that brought about major upheavals in the way business had to be done. The once-assumed sacred practice of lifetime employment within the families of large firms crumbled as managers began to lay off employees to cut cost and scale back to excess production capacity. Further, the breakdown of the Soviet Union in the early 1990s into independent republics shifted the world economic–political order. Europe began a new era of technological and economic growth. Historically protected industries such as telecommunications and banking got transformed through open competition and

mergers and acquisitions on a global scale and the European Union became a reality (Rossant 1999). Then in 1998, overheated economies in Asia—Indonesia and Thailand in particular—devalued their currencies and the ripple effect of economic destabilization extended to Latin America and other emerging regions. The United States once again was the clear global leader in political and military influence and in business practice and success. But a major disturbance in 2001, the destruction of the World Trade Center (WTC) as a result of terrorist activities, contributed to American insecurity. This short-term history of world events over the past 30 years emphasizes the wild swings of instability that herald an era of global business, both competition and cooperation. A global view becomes critical to managing in the twenty-first century.

Besides these, due to other changes in the world economy, the entire world has become a single stage for operating business. Hewlett-Packard assembles computers in Guadalajara, Mexico, and 3M makes chemical and electrical parts in Bangalore, India. The reason for these and other organizations choosing international locations for some of their new facilities are complex (Lei and Slocum 1992). These organizations want to establish sophisticated manufacturing and service operations that promise growth, not just exploit cheap labour. New technology and continuing drive for greater profits push organizations to build plants and offices in other countries—plants that require only a fraction of the employees required in plants back home.

The implication of these discussions for organizational behaviour lies in the fact that now we cannot assume that people throughout the world hold the same implicit employment relationship expectations. Nor can we assume that everyone in a globally diverse workforce will embrace work teams, employee involvement, reward systems, and other practices that are widely adopted in some of the developed Western countries.

Globalization emphasizes the need to recognize the contingencies of effective OB practice while dealing with a diverse workforce. Box 1.2 briefly discusses why power and automation technology leader ABB can be termed a classic example of a global enterprise.

Trend Towards Diversity: Managing Employees from Different Backgrounds

Diversity can be defined as a mixture of people who vary by age, gender, race, religion, and/or lifestyle (Thomas 1992). One management challenge is to help people understand diversity so that they can establish productive relationships with people at work. Effectively managing

Diversity: Diversity can be defined as a mixture of people who vary by age, gender, race, religion, and/or lifestyle.

BOX 1.2 ABB—A GLOBAL ENTERPRISE



Balajee Potala, ABB. (Photo courtesy Balajee Potala. Reproduced with permission.)

ABB is one of the classic examples of a global enterprise. This is a company based in Switzerland but has no national identity

of its own. The ABB group of companies employs about 115,000 people, operates in around 100 countries, and has offices in 87 of those countries to give its global and local customers the support they need to develop and conduct their business successfully.

The company is a global leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. It is able to attract and retain employees because of its culture of openness, commitment to business principles, and the opportunities it provides to work in multi-cultural societies. Balajee Potala (in photograph) worked with ABB India for 4 years and with ABB Singapore for 8 years before moving on to ABB Norway.

Source: Adapted from www.abb.com. Accessed August 2008.

a diverse workforce means adopting practices that recognize all aspects of diversity. Perhaps nothing has greater implications for managing diversity than the changing characteristics of the workforce. The composition of the workforce is changing at a very high pace. Most multinational organizations have a highly diverse workforce. Organizations like Hewlett-Packard conduct workshops for all employees during which the emphasis is on educating and encouraging managers to understand culturally different employees and to create an environment that fosters productivity.

Workforces in Asia, Western Europe, Latin America, and North America are growing more complex and diverse. Thus, managers need to recognize differences resulting from this diversity, particularly in terms of what employees want from their jobs. Some of the challenges that organizations face with a diverse workforce are listed here (De Luca and McDowell 1992):

1. **Language differences:** Unless employees can understand each other, communication is difficult or even impossible. Employees cannot train each other or work together if they can't communicate. Language barriers, therefore, pose real and often serious problems that could lead to misunderstandings regarding performance standards, work methods, safety measures, and other essential working conditions.
2. **National ethnic groupings:** Sometimes employees tend to form strong ethnic groups on the basis of similarities. Although such grouping develops a strong sense of teamwork within the group, it doesn't promote working with others who don't share the same language and cultural heritage.
3. **Attitude and cultural differences:** Most people have developed attitudes and beliefs about others by the time they seek a job. However, some attitudes and beliefs create frustration, anger, and bitterness in those at whom they are aimed. Managers who want to foster employee tolerance are opting for a major change. In many organizations, women and minorities are bypassed when important, formal decisions are made. Informally, these people often are left out when others go to lunch or a sporting event. These informal get-togethers give older employees a chance to counsel junior employees about coping with problems. For managers to effectively create an environment where everyone can contribute to the organizations goals, attitudes must change.

Diversity in India

The diversity in the Indian population can be seen in terms of region, religion, caste, language, education, gender, social, financial, age and other related factors.

A diverse workforce in Indian business organizations is an outgrowth of many related factors, such as increased educational level of employees, initiatives of the government to uplift socially disadvantaged groups, heightened awareness about the rights and empowerment of women, organizational issues, increased rate of immigration from rural India to the more developed urban areas, and increase in the age level of employees entering the corporate world. This has brought about significant changes in organizational cultures and ways of operations. The last quarter of the twentieth century has been witness to the formal entry of women in business organizations. There is a big difference in the attitude and perception of women and men employees towards their work methods and practices. Women have a much more positive attitude towards themselves for most of the managerial attributes as compared to men (Bhatnagar 1987). Results of one of the studies have suggested that women are more competent and serious about their jobs as compared to men (Sekaran 1981). Women are of the strong view that organizations must work towards hiring and retaining more women and ensuring development opportunities for women (Kundu 2001).

It has also been observed that socially disadvantaged groups (people belonging to scheduled caste/tribes and other backward classes) tend to suffer in organizations because of age-old prejudices; organizations have to go beyond paying lip service and begin with proper interventions that would aim at their acceptance by others on a psychological plane

(Mankidy 1995–1996). This would help to eradicate and reduce employee frustrations that arise on account of discrimination.

Corporate Social Responsibility: Developing Ethical Organizations

Ethics refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. We rely on our ethical values to determine “the right thing to do.”

Check out your favourite newspaper or online news site and you will almost certainly read about an organization accused of unethical business conduct. Microsoft Corporation, for instance, has come under scrutiny in recent times for allegedly undermining the competition and forcing computer manufacturers to bundle its products. Likewise, Coco-Cola has been accused of following unethical practices in its Indian operations (see Box 1.3).

The ethical issues facing managers and other employees have grown in significance in recent years fuelled by public concerns about how business is conducted. The public outcry against Coco-Cola in India forced the company to hire a public relations firm to develop a new image for it in the country.

Although there is clearly a legal component to ethical behaviour in business, there may be few absolutes. Such behaviour is usually interpreted relative to some guiding frame of reference.

The burden is on the individual to make ethical decisions. A situation when an individual must make a decision that has multiple values is called an *ethical dilemma*. An ethical dilemma doesn't simply involve choosing right over wrong because the opposite of one value may be several other competing values. Some ethical dilemmas arise from competition and time pressure. Personal experience and the background of the person affect managerial ethics. Family influences, religious values, and personal standards and needs influence a person's ethical conduct in any given situation.

What Can Be Done to Promote Ethical Behaviour in an Organization?

Getting people to behave ethically isn't a simple matter. Yet, to the extent that “good ethics” may in fact be “good business,” it is worth considering the tactics for discouraging unethical behaviour.

The first thing that should be done is to test the ethics of any decision you are contemplating. There are four main questions that are to be answered (Dubrin 1994):

1. Is it right? Although it is not always easy to judge whether a certain action is right, there are certain universally accepted principles of being right and wrong that should not be violated. For example, it is widely considered wrong to steal.
2. Is it fair? Fairness demands treating likes as likes. So, for example, two equally qualified people should be paid the same wages for doing the same job.

Ethics: Ethics refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad.

BOX 1.3 COCA-COLA INDIA

Coca-Cola, one of the global leaders in the beverage industry, has been in the news over allegations of unethical practices followed in its operations in India. The company's bottling plant at Plachimada in Kerala has been shut down since March 2004 as a result of community opposition to the plant. Coca-Cola has been accused of creating severe water shortages and polluting the water and the soil as a result of its operations in the area. It has also been indicted of selling toxic wastes to local farmers as fertilizers. In

October 2007, the Kerala state government served a notice to the company and asked it to respond to the allegations within 15 days.

Sources: Adapted from Rediff News, “Coke Sees Red in Kerala Again”, 16 October 2007, available at <http://inhome.rediff.com/money/2007/oct/16bs5.htm>; India Resource Centre, “Campaign to Hold Coco-Cola Accountable”, available at www.indiaresource.org/campaigns/coke/ (accessed on 12 November 2007).

3. Is it purely selfish? If the results of your actions benefit only yourself, then they may be unethical. Morally acceptable behaviour is the one that benefits the greatest number and harms the fewest.
4. How would you feel if others found out? If you feel having your actions described on the front page of your local newspapers might embarrass you, then these actions may be ethically dubious.

Code of Ethics: Code of ethics is a document describing what the organization stands for and the general rules of conducts expected of employees

Ethics Audit: An ethics audit involves actively investigating and documenting incidents of dubious ethical value

A second step that can be taken to promote ethical behaviour is to develop a code of ethics. Code of ethics is a document describing what the organization stands for and the general rules of conducts expected of employees (e.g., to avoid conflict of interest, to be honest) (Manley 1991). Research has shown that a code of ethics is especially effective if used in conjunction with training programmes that reinforce the company's values (Trevino and Nelson 1995). In the absence of such training, too many codes are seen as "window dressing" and are ignored, if they are even read at all.

The third step would be to conduct an ethics audit. Just as companies regularly audit their books to check on irregularities in their finances; it is advised that they regularly assess the morality of their employees' behaviours so as to identify irregularities in this realm as well. Specifically, an ethics audit involves actively investigating and documenting incidents of dubious ethical value. Then these unethical practices should be discussed in an open and honest fashion, and a concrete plan should be developed to avoid such actions in the future. Box 1.4 stresses the importance placed on ethical conduct by two major IT companies in India.

Trends in Working Arrangements: A Newer Way to Structure Your Organizations and Jobs

Ever since the Industrial Revolution, people performed carefully prescribed sets of tasks—known as jobs—within large networks of people who answered to those above them in hierarchical arrangements known as organizations. As we enter into the new millennium, we find that the essential nature of jobs and organizations as we have known them is changing. There may be many factors responsible for these changes, but experts agree that the major catalyst is rapidly advancing computer technology. Work that was once performed by human brains is now being performed by digital brains. Some of the most permanent trends in working arrangements that have been identified in the recent years are discussed here.

BOX 1.4 ETHICS IN CORPORATIONS

The fallout of the Harshad Mehta and Ketan Parekh scandals in India and the Enron and the WorldCom debacles in the West can be seen from the importance that corporations place on ethical behaviour in business today. Business professors believe that the success of any corporation is strongly dependent on the trust between the corporation and its customers. Some corporations document the behaviour expected from their employees by developing a code of ethics and conducting ethics audits.

Wipro was one of the first companies in India to define a set of core beliefs to be followed by every employee. The set of six core beliefs identified in the early 1970s was re-articulated in 1998 as the four values to be followed by every Wiproite. The company has also put in place an integrity manual that documents its stance on a host of crucial issues ranging from business relationships, conflict of interest, and insider trading to environment, health, and sexual harassment.

Forbes magazine has called Infosys a model of transparency not only for Indian companies but for companies the world over. The chief mentor of Infosys N. R. Narayana Murthy in a speech in Australia once stated, "We follow one principle—the softest pillow is a clear conscience." Infosys unveiled its code of ethics for its finance professionals and a whistleblower's policy in 2003. The company also set up the Infosys Foundation in 1996, which has funded medical facilities for remote rural areas, funded schools, and provided aid for orphans and street children. The success of companies such as Wipro and Infosys is testimony to the fact that ethical handling of business issues and a social conscience definitely pay in the long run.

Source: Adapted from Banerjee, Rumu (2003). "Ethics: A Two-way Street", *Hindustan Times*, 27 February; Manallack, Stephen (2006). "Ethics, Success and Leadership the Infosys Way", September, available at www.manallack.com.au/pdfs/Infosys.pdf (accessed 4 January 2009).

Leaner organizations Downsizing and outsourcing technology has made it possible for fewer people to do more work than ever before. Automation has been going on slowly and steadily for centuries. Today, however, it is not large mechanical devices, but the manipulation of digital data that is responsible for the *informating* of the workplace. The term *informatates* describes the process by which workers manipulate products by “inserting data” between themselves and those objects (Zuboff 1988). When jobs are informed, information technology is used to change a formerly physical task into one that involves manipulating a sequence of digital commands. The process is occurring so rapidly that the very nature of work is changing as fast as we can keep up. Because of this, many jobs are disappearing, leaving organizations smaller than before (Bridges 1994). For example, whereas Ford employs some 400 people in its accounts payable department, Mazda’s highly computerized system does the same work with only 5 people.

Organizations have been rapidly reducing the number of employees needed to operate effectively—a process known as *downsizing* (Tomasko 1990). This process is also directed at adjusting the number of employees needed to work in a newly designed organization and is, therefore, also known as *rightsizing* (Hendricks 1992).

Another way organizations are restructuring is by completely eliminating those parts of themselves that focus on non-core sections of business and hiring outside firms to perform these functions instead—a practice known as *outsourcing* (Tomasko 1993). By outsourcing secondary activities, an organization can focus on what it does best, its key capabilities—what is known as its *core competency*. India with its large pool of English-speaking, educated youth is a hub for the global business process outsourcing (BPO) industry. A BPO differentiates itself by either using new technology or applying existing technology in a new way to improve a process. It is one of the fastest-growing segments of the information technology-enabled services (ITES) industry.

Box 1.5 lists the top-ranking third-party ITES-BPO companies of India.

Downsizing: Downsizing is a process of reducing the number of employees needed to operate effectively in an organization.

Rightsizing: Rightsizing is a process that is directed at adjusting the number of employees needed to work in a newly designed organization.

Outsourcing: Outsourcing is the process of eliminating those parts of organizations that focus on non-core sections of business and hiring outside firms to perform these functions instead.

BOX 1.5 BUSINESS PROCESS OUTSOURCING: THE TOP RANKERS

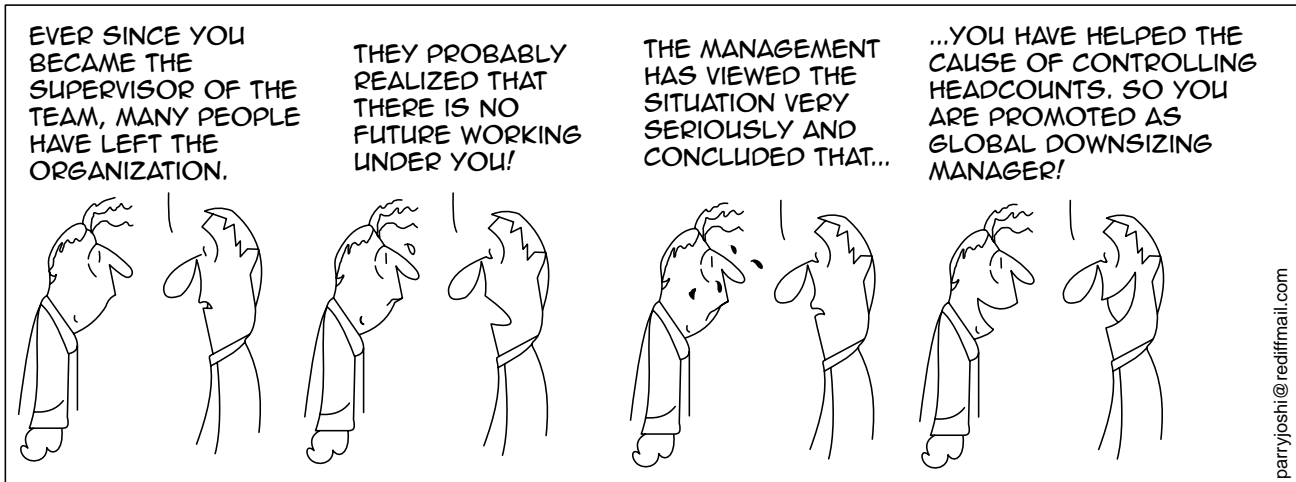
The National Association of Software and Service Companies (NASSCOM) conducts an annual survey on India’s ITES-BPO companies. As per its 2007–2008 survey, the top 15 third-party ITES-BPO companies in India are as follows:

1. Genpact India
2. WNS Global Services Ltd.
3. IBM-Daksh Business Process Services Pvt.Ltd.
4. Aditya Birla Minacs Worldwide Ltd.
5. Tata Consultancy Services BPO
6. Wipro BPO
7. Firstsource Solutions
8. Infosys BPO
9. HCL BPO
10. EXL Service Holdings Ltd.
11. Citigroup Global Services
12. HTMT Global Solutions

13. Aegis BPO Services
14. Intelenet Global Services
15. Mphasis

NASSCOM’s rankings are based on revenues earned in 2007–2008. As per the industry factsheet published by it, the Indian ITES-BPO segment grew at 28% in 2007–2008. The parameters for the survey were employee size (operation-level executives), percentage of last salary hike, cost to company, overall satisfaction score, composite satisfaction, company culture, job content/growth, training, salary and compensation, appraisal system, people, preferred company (percentage of respondents of a company who named their own company as the preferred one), and dream company (percentage of respondents in the total sample who preferred a particular company).

Source: NASSCOM (2008). “NASSCOM Releases FY08 Revenue Performance and FY09 Forecast for the Indian IT Software and Services”, 15 July, press release, available at www.nasscom.in. Reproduced with permission.



Courtesy: Parimal Joshi Reproduced with permission.

The contingent workforce: Treating temporary employees as permanent Sometimes, instead of eliminating entire organizational functions and buying them back through outside service providers, organizations eliminate individual jobs and hire people to perform them on an as-needed basis. Such individuals comprise what has been referred to as *contingent workforce*—people hired by the organization temporarily, to work as needed for finite period of times (Fierman 1994). The contingent workforce includes not only the traditional part-time employees, but also freelancers, subcontractors, and independent professionals.

As a result of this, individuals who will be most successful at finding work in the years ahead will be those whose training, both academic and technical, make them most qualified for the kinds of jobs likely to be found. The companies that will predominate in the world market will be those whose workers can contribute the most.

Virtual Organization:

A virtual corporation is a highly flexible, temporary organization formed by a group of companies that join forces to exploit a specific opportunity.

The virtual corporation: Interlinking of temporary organizations As more and more companies are outsourcing various organizational functions and pairing down to their core competencies, they might not be able to perform all the tasks required to complete a project. However, they can certainly perform their own highly specialized part of it very well. Now, if you put together several organizations whose competencies complement each other and have them work together on a special project, you'd have a very strong group of collaboration. This is the idea behind an organizational arrangement that is growing in popularity—the virtual corporation. A virtual corporation is a highly flexible, temporary organization formed by a group of companies that join forces to exploit a specific opportunity (Byrne et al. 1993).

Although virtual corporations are not yet common, experts expect them to grow in popularity in the years ahead. As one consultant has put it, “It’s not just a good idea; it’s inevitable” (Davidow and Malone 1992).

Telecommuting: Office beyond the four walls What current organizational activity simultaneously helps alleviate child-care problems, reduce traffic jams, and cuts air pollution and fuel consumption, while also saving on office space? The answer is telecommuting—the practice of using communications technology to enable work to be performed from remote locations, such as the home.

The advance in modern telecommunication technology has made it possible for people to work from their homes or from anywhere else they feel comfortable. It has helped many businesses to cut costs by reducing the number of employees in the office. It has opened up vistas for skilled professionals who do not like to work in the constrained environment of the office.

Telecommuting is being used mostly by small companies that want to cut down their costs and save money. The work is outsourced to telecommuters, who can be called *independent contractors* or *freelancers*. This makes it possible for the companies to be more cost-effective and have a quicker turnaround. In large businesses and corporations, telecommuting jobs are generally done at the entry level.

To function effectively, workers who telecommunicate must be thoroughly trained in the use of the technologies that are required for them to do their work off-site, as well as the proper conditions for working safely. They must also be trained in ways to function independently, such as how to manage their time effectively and how to avoid interference from their families while working.

The quality revolution: Total quality management and re-engineering For many years, people complained but could do little when the goods they purchased fell apart or the service they received was second rate. After all, if everything in the market is shady, there are few alternatives. Today's companies operate quite differently from the companies of decades past. For them, the watchword is not "getting by," but "making things better," what has been referred to as the *quality revolution*. The best organizations are ones that strive to deliver better goods and services at prices that are lower than ever before. Two approaches that have been used popularly in recent years are total quality management and re-engineering.

Total quality management: A commitment to customers It is an organizational strategy of commitment towards customer satisfaction by developing techniques to manage output quality carefully. TQM is not so much a special technique, as a well-ingrained set of corporate values—a way of life demonstrating a strong commitment to improving quality in everything that is done.

The efforts involved to apply TQM in organizations are typically benchmarking and quality control audits. Benchmarking involves comparing one's own products or services with the best from other firms so as to improve quality. For this to succeed, everyone in the organization—from the lowest level employee to the CEO—must be fully committed to making whatever innovations are necessary to improve quality.

Quality control audit is conducted to ensure the meeting of quality standards in the organization. Quality has to be incorporated into all aspects of organizational culture. Concern for quality has to be emphasized not only in the company's manufacturing process but also in its concern for cost, speed, service, and innovations. This can be found out by careful examination. For example, companies such as PepsiCo regularly interview their clients to find out the problems they might be facing. These responses are then taken very seriously in making improvements necessary to avoid problems in the future.

Re-engineering: Starting all over Pioneered by Michael Hammer and James Champy (1993), *re-engineering* is defined as the fundamental rethinking and radical redesigning of business processes to achieve drastic improvement in performance.

Re-engineering does not involve fixing anything; rather, as the term implies, it means starting over from scratch. Organizations that use re-engineering forget all about how work was performed in the past and start anew with a clean sheet of paper, thinking about how things can be done best right now—hence the term *radical* in the definition.

The main focus in re-engineering is the customer. Everything that is done starts with the idea of adding value for the customer: improving services, raising quality, and lowering costs. Practices that are traditional or convenient for the company are simply eradicated if they don't otherwise help the customer. Doing this involves organizing around processes rather than functions. Work is arranged according to the processes needed to get the job done most effectively (for this reason, re-engineering is also known as *process innovation*).

This process continues to be quite effective and popular. Because it combines several major principles of organizational behaviour, there is optimism that this burgeoning approach will not become tomorrow's outdated fad soon.

Telecommuting: Telecommuting is the practice of using communications technology to enable work to be performed from remote locations, such as the home.

Benchmarking: Benchmarking involves comparing one's own products or services with the best from other firms so as to improve quality.

Quality Control Audit: Quality control audit is conducted to ensure the meeting of quality standards in the organization.

Re-engineering: Re-engineering is defined as the fundamental rethinking and radical redesigning of business processes to achieve drastic improvement in performance.

Learning Organization:

Learning organization is a place where new patterns of thinking are nurtured and people are continually learning how to learn together.

Managing Through Knowledge: Development of Learning Organizations

A new paradigm is sweeping business environments across the world. In this emerging paradigm, terms like *information*, *communication*, *knowledge*, and *learning* have acquired a critical relevance to an understanding of the nature of contemporary business. In other words, the business world is moving from the tangible bases to the intangible ones (Sonnenberg 1994). The libellous, the abstract, the impalpable appear to have begun to increasingly matter more than the things one can touch, feel, and move around.

According to Sattar Bawany (2000), “Since the mid-1980s, there has been a sudden avalanche of a new kind of vocabulary. Corporations, which so far had been economic entities, are being described as ‘information-based organizations’ (Drucker 1988), ‘educated organizations’ (Handy 1990), ‘knowledge-creating company’ (Nonaka 1988), and ‘learning organization’ (Senge 1990), and so on.” Processes are replacing tasks; (re)engineering has now less to do with tinkering with machines and more with reconceptualizing the very nature of business. Even the practical, down-to-earth business world has suddenly become obsessed with terms like *brain-power*, *intellectual property rights* (IPR), and *intellectual capital* and their corollaries in patents, brands, trademarks, and so on.

Since knowledge is the end product of all learning, any organization aiming to compete through knowledge must, by necessity, develop learning capabilities, namely, by becoming a learning organization. The concept of knowledge-based learning organizations has captured the attention of executives and academicians alike. There is an increasing emphasis on the need to build a learning organization which “facilitates the learning of all its members and continually transforms itself” (Pedler et al. 1989). An extensive survey (Dodgson 1991) has concluded that corporate learning is necessary to “retain and improve competitiveness, productivity and innovativeness in uncertain technological and market circumstances.” Senge (1990) has described a learning organization as a place where “people are continually expanding their capacity to create the results they truly desire, where new patterns of thinking are nurtured, where collective aspirations are set free and where people are continually learning how to learn together.” The practices and processes in a learning organization do not conform to conventional managerial wisdom. Together, they define an entirely new view of an emerging form of organization. The biggest challenge in building a learning organization lies in replacing the traditional mental model with a new one. Thus, the greatest challenge for the organizations will not be quick adaptation or creation of new practices and technology; it will be to develop capabilities to learn new ways of operating and re-creating themselves. Those that will be able to do so will emerge as learning organizations.

Dynamics of Organizational Life

John Naisbitt’s (1982) bestseller *Megatrends: Ten New Directions Transforming Our Lives* does an excellent job of synthesizing an otherwise mind-boggling array of social, political, economic, and technological changes and events into a meaningful preview of what lies ahead. Naisbitt’s research method was somewhat unusual. Instead of interviewing supposed experts, Naisbitt and his *Trend Report* staff methodically searched 6,000 local newspapers every month for 12 years. As the years passed, 10 major trends (called *megatrends*) became evident with the process of change (see Table 1.7). Five of these megatrends are particularly relevant to understanding and managing organizational behaviour.

Five megatrends reshaping organizational life As stated earlier, five of these megatrends have a major impact on the life of people in business organizations. For each of the five megatrends, an arrow indicates what we are moving away from and what we seem to be moving towards. These megatrends are as follows:

Industrial society → Information society. In today’s service economy, more than 60% of available jobs involve creating, processing, and distributing information. Naisbitt sums up the US economic history in the following three words: *farmer*, *labour*, *clerk*. In the information

Table 1.7 Naisbitt's Megatrends of What Lies Ahead in the Place of Work

Sl No.	Megatrends	Description
1.	Industrial society to information society	As a result of computerization and automation, the employees of the present generation have to manage information rather than the tangible product.
2.	Forced technology to high-tech/high-touch	Employees of today's generation have to create a balance between impersonal technology and the need for meaningful interaction.
3.	National economy to world economy	Sunrise industries like biotechnology, electronics, and telecommunications are taking the place of sunset industries like steel and automobiles.
4.	Short term to long term	Employers are beginning to see the employees as long-term contributors rather than short term and, therefore, accepting them as valuable resources.
5.	Centralization to decentralization	The trend is now shifting towards decentralized power structure.
6.	Institutional help to self-help	Self-reliance is the focus of individuals today rather than the reliance on institutions.
7.	Representative democracy to participative democracy	People are seeking for greater roles in the decision-making process of the organization as well as the nation as a whole.
8.	Hierarchies to networking	Formal, vertically oriented bureaucracies are giving way to informal, horizontally oriented networks.
9.	North to south	The US labour force is moving south and west as the Sun-Belt states benefit more from the high-tech revolution than the Frost-Belt states.
10.	Either/or multiple option	Yesterday's either/or distinctions are being tempered by wider-ranging choices in life-style, work, and play.

Source: Adapted from Naisbitt, John (1982). *Megatrends: Ten New Directions Transforming Our Lives*. New York: Warner Books.

society, Naisbitt believes generalist managers will replace specialists. Generalists, he contends, can adapt, whereas specialists soon become obsolete due to rapid turnover of information and knowledge. Managers are challenged to deal effectively with information overload.

Forced technology → High-tech/high-touch. The typical modern employee resents being forced to interact with cold, impersonal machines. Naisbitt contends that very few employees will be content to stay at home in their "electronic cottages" tapping out computerized messages to their employer's office. Organizations are alternatives to isolation. Many people need and enjoy the chance to visit and gossip with other employees during breaks, not to mention face-to-face interaction with the boss and the usual office politics. Basic human need for interpersonal interaction and support are fostering development of human workplace innovations.

Representative democracy → Participatory democracy. At the heart of this megatrend is the growing desire of individuals to have a direct say in the key political and organizational decisions that affect their lives. According to Naisbitt, just as we seek a greater voice in political decisions through initiatives and referenda, we are reformulating corporate structures to permit markets, shareholders, consumer, and community leaders a larger say in determining how corporations will be run. A key feature of this scenario is the trend towards greater worker participation and employee rights (Naisbitt 1982). Naisbitt believes that today's leader/manager needs to be a facilitator, not simply an order giver or dictator.

Hierarchies → Networking. Traditionally, government and business organizations have been oriented strongly towards a vertical authority structure. The trend today is the movement away from a vertical orientation and toward a horizontal, overlapping, and multi-directional link between individuals and groups. Networks tend to develop spontaneously and are characterized by informality and equality in competence and not on arbitrary status.

Either/or → Multiple options. Naisbitt says we live in a Baskin-Robbins society where all manner of things now come in 31 flavours, including jobs and life styles. The long-standing 40-hour 5-day workweek is being pushed aside in favour of work schedule innovations such as flexitime, part-time, and compressed workweeks (e.g., four 10-hour days). Self-employment

is increasing, and highly personalized work–leisure patterns are evolving. Given these multiple options, individuals now have more personal choices and responsibility for their life experiences.

In view of the above megatrends, it can be concluded that successful professionals must be able to work with people. To handle these varied kinds of changes and situations, although strong analytical and quantitative skills are important, organizations have to emphasize on skills that enable employees to become effective members of a team, division, or corporation.

Developing Skills

Skills are abilities related to performance that can be learned. Professional skills can be divided into four groups (Katz 1974): technical, interpersonal, conceptual, and communication.

Technical Skills: Technical skills involve the ability to apply specific methods, procedures, and techniques in a specialized field.

Technical skills Technical skills involve the ability to apply specific methods, procedures, and techniques in a specialized field. Managers use these skills in varying degrees, depending on the problems they face. Technical skills change as a manager's responsibility increases. Generally, people are promoted into management because of their technical skills. First-time managers need to be technically skilled to train new employees and supervisors in the technical aspects of their work. As managers' responsibilities increase, they may have less need for hands-on detailed knowledge. But they still have to keep up with changes while learning new skills, such as problem solving and negotiating, that are essential to their jobs.

Interpersonal Skills: Interpersonal skills include the abilities to lead, motivate, manage conflict, conduct group meetings, and work with others.

Interpersonal skills Interpersonal skills include the abilities to lead, motivate, manage conflict, conduct group meetings, and work with others. It involves working with people. Because every organization's most valuable asset is its people, interpersonal skills are a key part of every manager's job.

Managers with excellent interpersonal skills encourage participation in decision making and let others express themselves without fear of embarrassment. People with good interpersonal skills respect other people and are respected by them. Such managers are able to implement decisions, defend the interest of their work groups, and obtain special reward for deserving subordinates. They understand the balance between personal and work lives, help others reach their goals, and develop ways to reduce stress in the workplace. Managers who lack effective interpersonal skills may be rude, abrupt, and unsympathetic and make employees feel resentful.

Conceptual Skills: Conceptual skills involve viewing the organization as a whole and applying planning and thinking abilities.

Conceptual skills Conceptual skills involve viewing the organization as a whole and applying planning and thinking abilities. Managers with good conceptual skills are able to see how an organization's departments and functions relate to one another. Poor conceptual skills often lead managers to conceptual ruts where they rely on habitual ways of thinking rather than look for new ways to solve problems.

Communication Skills: Communication skills involve the ability to send and receive information and to convey and understand thoughts, feelings, and attitudes.

Communication skills Communication skills involve the ability to send and receive information and to convey and understand thoughts, feelings, and attitudes. Gender, cultural, and ethnic diversity demands new and better communication skills.

Communication skills serve as the building blocks for the development of other skills. To use technical or conceptual skills effectively, managers must be able to communicate well with others.

Managerial Roles

In addition to the skills required by managers to do their jobs effectively, they also need to perform certain roles in the organizations. According to Henry Mintzberg, there are 10 different managerial roles (Mintzberg 1973). Role can be defined as a set of behaviours associated with a particular job in an organization. Figure 1.1 (a–c) shows that these 10 roles fall into three major categories: interpersonal, informational, and decisional.

Role: Role can be defined as a set of behaviours associated with a particular job in an organization.

It has to be pointed out that

- (1) Every manager's job consists of some combination of roles.
- (2) The roles played by the managers often influence the types of skills needed.
- (3) Although described separately to aid understanding, roles actually are highly integrated.
- (4) The importance of these roles may vary considerably by managerial level (first-line, middle or top) and organization.

Interpersonal roles Interpersonal roles refer to relationships with others and flow directly from a manager's formal authority. Interpersonal roles differ from other types of roles in that their prime purpose is the development of relationships between the manager and other people. The key is interpersonal contact, not analysing data or making decisions.

Figurehead role The figurehead role includes handling of symbolic and ceremonial tasks for a department or an organization. The president who greets a touring dignitary, the first-line manager who attends the wedding of a machine operator, the sales manager who takes important customers to dinner—all are performing ceremonial duties that are important to the organization's success. Although such duties may not seem important, managers are expected to perform them. They show that managers care about employees, customers, and others who deserve recognition.

Leadership role The leadership role involves directing and coordinating the tasks of subordinates in order to accomplish organizational goals. Some aspects of the leadership role have to do with staffing, such as hiring, evaluating, and rewarding employees. The essence of the leadership role is integrating the needs of the individual employees with the goals and purposes of the organization.

Subordinates are sensitive to the leader's behaviour. Formal authority gives a person a great deal of potential power, but how that person behaves in the leadership role determines how much of that power will be realized.

Liaison role The liaison role is concerned with the development of information source, both inside and outside the organization. The manager's prime motive is to establish, maintain, and extend a network of personal contacts that can feed information to the manager. Presidents of organizations spend time with other presidents and government officials to build a network of contacts through which they learn of trends or impending legislation that can affect their organization. Within the organization, an ability to generate unsolicited information and ideas keep managers informed about operations. The liaison role helps managers build information systems and is closely related to the informational role of monitor.

Figure 1.1 (a) provides a summary of Mintzberg's interpersonal roles.

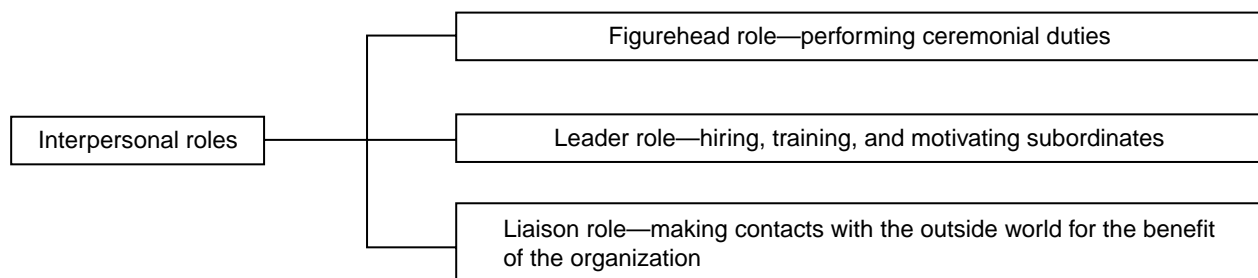


Figure 1.1(a)
Mintzberg's Interpersonal Roles

Interpersonal Roles:

Interpersonal roles refer to relationships with others and flow directly from a manager's formal authority.

- *Figurehead role*: The figurehead role includes handling of symbolic and ceremonial tasks for a department or organization.
- *Leadership role*: The leadership role involves directing and coordinating the tasks of subordinates in order to accomplish organizational goals.
- *Liaison role*: The liaison role is concerned with the development of information source, both inside and outside the organization.

Informational Roles:

Through their informational roles, managers build a network of contacts.

- *Monitor role:* In the monitor role, managers seek and receive information.
- *Disseminator role:* In the disseminator role, managers share and distribute information to others in the organization.
- *Spokesperson role:* In the spokesperson role, managers make official statements to outsiders in the form of speeches, reports, television commercials, and other media.

Informational roles Through their informational roles, managers build a network of contacts. These contacts enable managers to receive and send large amounts of information.

Monitor role In the monitor role, managers seek and receive information. Managers are like radar systems, scanning the environment for information that may affect their department or organization's performance. Managers need current information because they must react quickly to events taking place around them. Much of the information they receive is verbal.

Disseminator role In the disseminator role, managers share information with and distribute to others in the organization. Sometimes it is passed along as privileged information, meaning that unless a manager passed it along, other managers and employees wouldn't have access to it. Information sharing goes on all the time, but adequately informing subordinates may be difficult and time-consuming. Managers must sort through the information they have received—most of it verbally—and decide whom to share it with and how best to do so. Managers must then convey the information to others verbally or in writing, both of which takes time to do.

Spokesperson role Manager's role in the information system doesn't end with being a disseminator. They must also pass along information to those outside the organization. In the spokesperson role, managers make official statements to outsiders in the form of speeches, reports, television commercials, and other media. In this case, if the manager says it, the company says it.

Figure 1.1 (b) provides a summary of Mintzberg's informational roles.

Decisional roles Authority, interpersonal contacts, and information are necessary for any organization to function, but they do not accomplish anything by themselves. Only when the organization produces something—a product or a service—does it perform its primary functions. A prerequisite to action is a decision. In their decisional roles, managers commit the organization to future courses of action.

Entrepreneurial role In the entrepreneurial role, managers initiate projects or identify needed changes. Jack Welch, CEO of General Electric, introduced the concept of "workout" to generate ideas and make decisions about how to streamline operations and cut waste. Employees get the opportunity to tell the management what they don't like and what they want to change. Issues ranged from the food served in the cafeteria, to reserved parking spaces for senior managers, to managing in a "boundary-less" organization. In a boundary-less organization, employees can get information from anyone who has it and are evaluated both by their managers and by their subordinates.

Disturbance handler role In a disturbance handler role, managers resolve conflicts between subordinates or departments. In some cases, such as a strike, work stoppage, or the

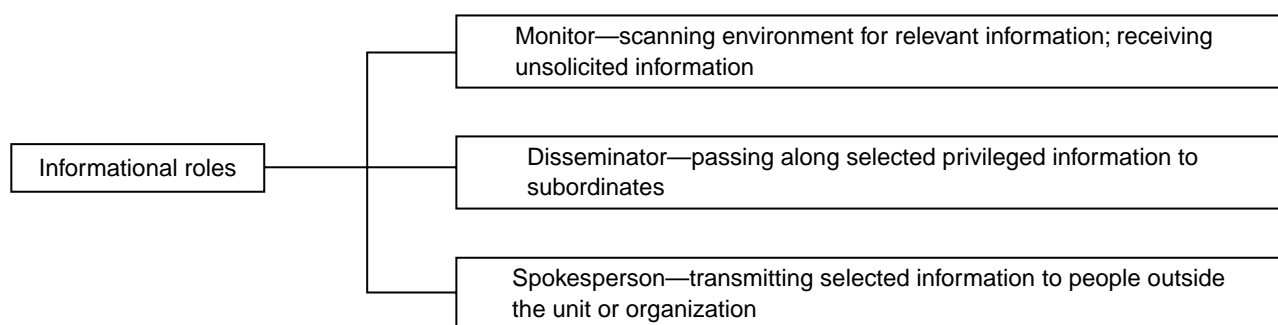


Figure 1.1(b)
Mintzberg's Informational Roles

bankruptcy of a supplier, managers need to resolve conflicts between organizations. Even the best of the managers cannot always anticipate or prevent such disturbances. However, effective managers learn how best to handle them as and when they do occur. Poor managers not only have to deal with such problems, they also typically fail to anticipate and resolve those that are preventable.

Resource allocator role In the resource allocator role, managers are responsible for making decisions regarding distribution of resources. The resources may include budgeted or extra funds, equipment, personnel, and access to manager's time. Managers must continually make choices as to how resources will be distributed. Should money be spent on improving the quality of a product, or should a new product be developed? What proportion of the budget should be earmarked for advertising and for improving existing services? Should a second shift be added, or should the company pay overtime to handle new orders?

Negotiator role Closely linked to the resource allocator role is the negotiator role in which managers represent a department or the company in negotiating with suppliers, customers, unions, and government. For example, a purchasing manager negotiates with suppliers for lower costs and faster delivery times and a sales manager negotiates a price reduction to keep a major customer happy. These negotiations are an integral part of the job, because managers often have the information needed to take a decision and the authority necessary to commit the organization to a course of action.

Figure 1.1 (c) provides a summary of Mintzberg's decisional roles.

Decisional Roles: In their decisional roles, managers commit the organization to future courses of action.

- *Entrepreneurial role:* In this role, managers initiate projects or identify needed changes.
- *Disturbance handler role:* In this role, managers resolve conflicts between subordinates or departments.
- *Resource allocator role:* In this role, managers are responsible for making decisions regarding distribution of resources.
- *Negotiator role:* In this role, managers represent a department or the company in negotiating with suppliers, customers, unions, and government.

Organizational Behaviour: A Framework

The framework for understanding the behaviour of employees in organizations consists of five basic components:

1. The environment
2. Individual processes
3. Interpersonal and group processes
4. Organizational processes
5. Change processes

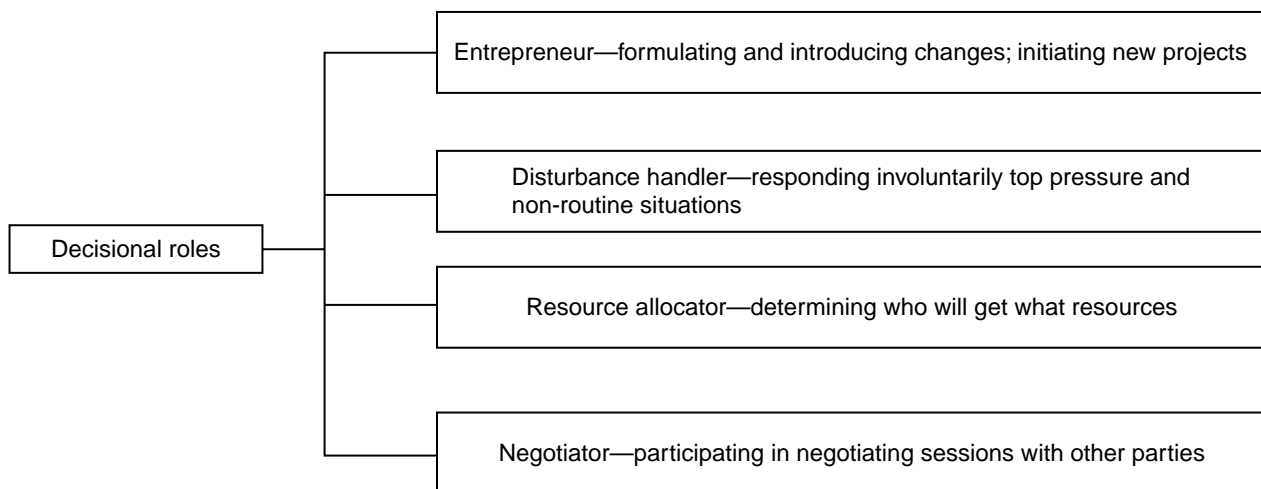


Figure 1.1(c)
Mintzberg's Decisional Roles

Figure 1.2 shows the relationship between these components as well as the principal aspects of each. These relationships are much too dynamic—in terms of variety and change—to define them as laws or rules.

Environmental Forces

What happens when organizations suddenly find that the environment in which they have been operating and competing suddenly shifts? The linearity that marked the past no longer applies to the present or the future. As a result of this, within the organization, strategy-making must break with the past and grapple with the unknown, demanding radical changes in both content and processes to formulate the winning strategy for tomorrow, point out Porter (1996) and Hamel and Prahalad (1994).

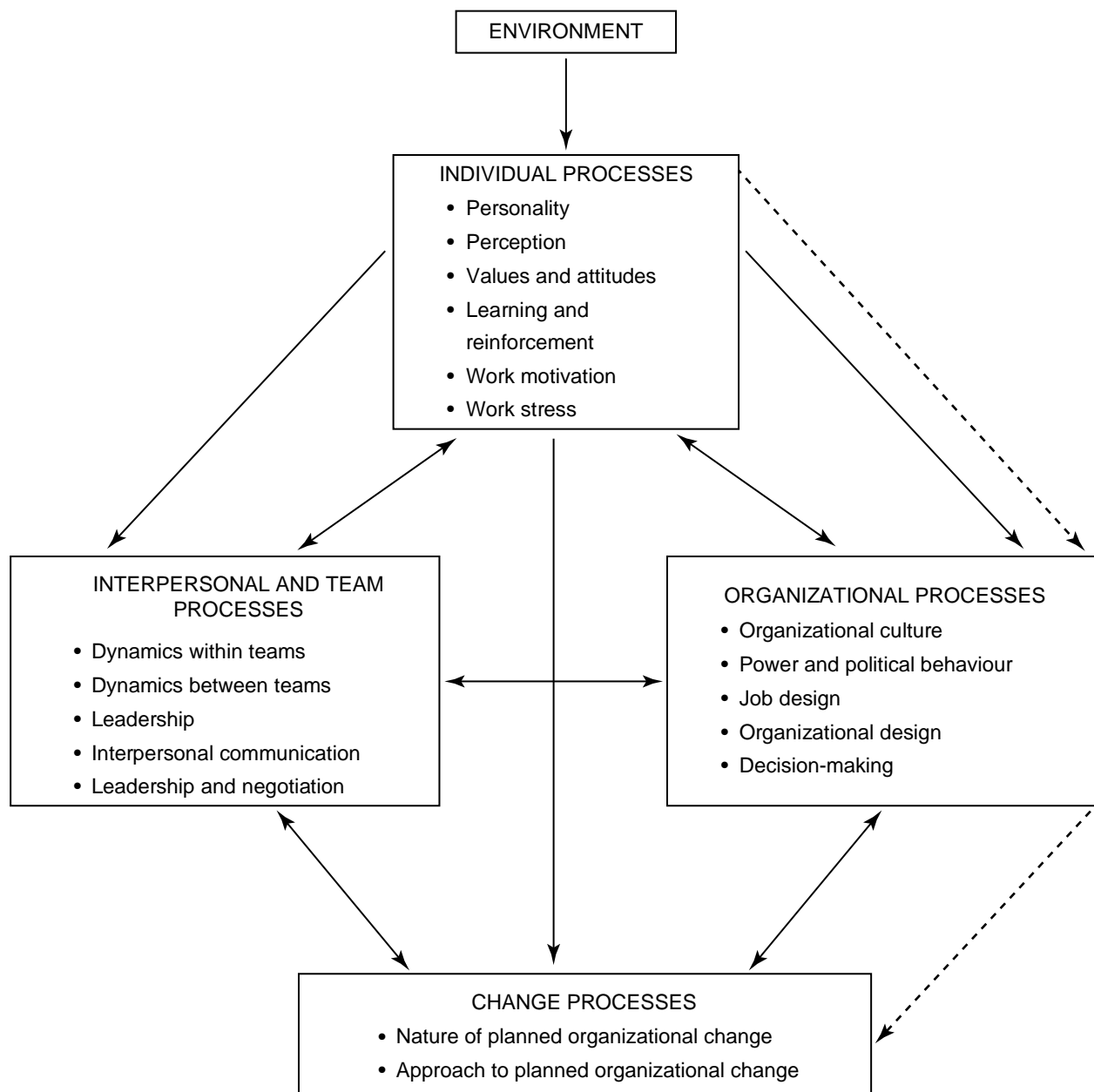


Figure 1.2
Organizational Behaviour Framework

Due to the changes in the environment, introspective improvements in internal operations are necessary, but no longer sufficient for winning. The older objectives of strategizing so as to seize emerging opportunities must give way to one that focuses on creating these opportunities out of chaos. A new breed of people will play pivotal roles. These people will be the managers who consider work more important than managing, leaders who consider action more important than planning and front-liners who consider knowledge more important than capital. The critical factors of production and competitive advantage will be knowledge and intelligence. In the twenty-first century, winners will be those who stay ahead of the change curve, constantly redefine their industries, create new markets, blaze new trails, reinvent the competitive rules, and challenge the status quo.

If the future is unknowable, the organization that can thrive in it must be one which is capable of changing itself. Those who choose to rethink the future will be able to run and thrive in the turbulent terrain ahead and those who don't will quickly find themselves overtaken by change.

Individual Processes

People make assumptions about those whom they work with, supervise, or spend time with in leisure activities. To some extent, these assumptions influence the person's behaviour towards others. Effective employees understand what affects their own behaviour before attempting to influence the behaviour of others.

Individual behaviour is the foundation of organizational performance. Understanding individual behaviour, therefore, is crucial for effective management. Each person is a physiological system composed of a number of subsystems—digestive, nervous, circulatory, and reproductive; as well as a psychological system composed of a number of subsystems—attitudes, perception, learning capabilities, personality, needs, feelings, and values. In this book, we concentrate on the individual's psychological systems.

Interpersonal and Team Processes

Being inherently social, people generally do not choose to live or work alone. Almost all our time is spent interacting with others. We are born into a family group; we worship in groups; we work in groups; we play in groups. Much of our personal identity is based on the way that other group members perceive and treat us. For these reasons—and because many managers spend more than two-third of their working days in meetings—skills in group dynamics are vital to all managers and employees.

Many organizational goals can be achieved only with the cooperation of others. The history of organizations like Wal-Mart, KFC, Kodak, Boeing, and the Tata Group, Infosys, and Wipro back home (see Box 1.6) clearly illustrates the creative use of teams to improve the quality of life and to satisfy the needs of their employees and customers. The productivity generated by effective team action makes the development of team skills one of the most essential aspects of managerial training. Furthermore, membership in productive and cohesive groups is essential to maintaining psychological health throughout a person's life.

Being an effective team member requires an understanding of the dynamics within and between groups. Team members must be skilful in eliminating barriers to achieving their goals, solving problems, maintaining productive interaction among team members, and overcoming obstacles to team effectiveness. Organizations also need leaders who can integrate employee and organizational goals. The ability of organizations to achieve their goals depends on the degree to which leadership abilities and styles enable managers to control, influence, and act effectively.

How employees communicate with peers, superiors, and others can help make them effective team members or lead to low morale and lack of commitment. For the reason cited above and because most managers spend considerable amount of time dealing with others, interpersonal communication is a major issue for discussion in the area of organizational behaviour.

BOX 1.6 TEAMWORK AT WIPRO



Wipro Technologies Ltd, Bangalore. (Photo courtesy Wipro Technologies Ltd. Reproduced with permission.)

Wipro as an organization strongly believes in working along with people by connecting and listening to them. It has created an employee portal called Channel W, which has led to the creation of a Wipro community. Members of this community engage in discussions and interact with each other on issues that they find relevant and important. This enables meaningful exchange of ideas and opinions across people in different domains and geographical areas. Employees are encouraged to participate in and communicate through bulletin boards and chat rooms.

In order to sustain the progress of the company, emphasis is given to employee feedback and continuous improvement. Since employees are the first customers of any organization, genuine and worthwhile inputs can be generated from them by facilitating effective feedback. Efforts are also made to ensure that this information also reaches the senior management.

Another important team activity is called *skip-level meeting* during which formal team feedback from the HR and the supervisor's supervisor is taken. The senior management at Wipro believes that team feedback is an important parameter of leadership development and team cohesiveness. This programme is quite effective as the feedback received helps the team and its members take up a mid-course correction to enhance the effectiveness at work.

The New Manager Assimilation programme at Wipro aims to induct a new manager in his or her team. It helps enhance team bonding and generates consensus among team members.

Source: Adapted from Wipro Corporate, "Employee Feedback and Communication", available at www.wiprocorporate.com/People/Employee_Feedback.asp (accessed November 2008)

Organizational Processes

Individuals enter organizations to work, earn money, and pursue career goals. They do so through the organization's culture, which is the set of shared assumptions and understanding about how things really work—that is, which policies, practices, and norms are important in the organization. Newcomers have to understand the organization's culture in order to be accepted and become productive. Some organizations use formal programmes, some others simply rely on co-workers, and still others use a combination of these methods to teach the newcomer what to do and what not to do on the job.

Employees and managers use power to accomplish goals and, in many cases, to strengthen their own positions. A person's success or failure in using or reacting to power is largely determined by understanding power, knowing how and when to use it, and being able to

predict its probable effects on others. Job design and organizational design help us to understand the way the jobs have been designed and the features and shape of the organization. Decision making is one of the important activities to be performed by managers and requires expertise.

Change Processes

The management of change involves adapting an organization to the demands of the environment and modifying the actual behaviour of employees. If employees do not change their behaviour, the organization cannot change. Many things must be considered when undertaking organizational change, including the types of pressure being exerted on the organization to change, the kinds of resistance to change that are likely to be encountered and who should implement change. Six basic strategies for achieving change are:

- (1) People approaches—using behavioural science techniques to involve employees in diagnosing organizational problems and planning actions to correct them;
- (2) Cultural approaches—changing the shared beliefs, values, expectations, and norms that comprise the organization's culture;
- (3) Technological approaches—changing the methods by which work is accomplished;
- (4) Design approaches—rearranging organizational authority, responsibility and decision making;
- (5) Task approaches—redesigning individual jobs;
- (6) Strategy approaches—changing the organization's intended courses of action to attain its goals or select new goals.

Common Mistakes Committed by Managers

Many individuals possess a wealth of technical knowledge and are highly competent, but when it comes to assigning projects, conveying expectations, and motivating employees, they fail. Some of the common mistakes that managers commit while dealing with their employees can be listed as follows:

1. **Lack of Clarity:** Very often managers think that when they give directions or take decisions, everyone around them understands clearly and follows them. They are disturbed when they find that the results are not what they expected. This happens when they are not clear in giving orders to their subordinates and work with lots of pre-set assumptions in mind. Managers need to ensure that others understand what they were trying to convey.
2. **Lack of Empathy:** Some managers find it difficult to empathize with their employees on the personal and the professional front. Employees expect to be treated with respect. Managers should put in efforts to treat employees as they would like to be treated themselves. Studies show that employees working under empathetic managers are more motivated and likely to respond to directions favourably.
3. **Act as a Demotivator:** Many managers focus more on the mistakes of their subordinates rather than on their contributions and positive points. Some supervisors pick on the minutest details of workers' areas of deficiencies or mistakes in front of others, but never offer a word of acknowledgement or praise. Constant criticism is demotivating. Managers have to focus both on the positive and on the negative aspects of employees' work and correct the negatives without getting personal.
4. **Poor Listening Skills:** When two persons communicate, there are different priorities, needs, and perspectives. It is as important to listen to others as it is to be heard by others. Managers should keep their ears open for suggestions and complaints from employees to make their jobs easier and more satisfying. Employees' suggestions

should be considered if possible and concerns should be addressed at the appropriate time. This requires the development and learning of listening skills.

5. **Failure to Give Effective Feedback:** During year-end performance appraisals, most employees feel disturbed when they are informed about their progress only after a span of one year. They do not get adequate time to work on improvements if necessary. Most people do not like negative surprises. They want opportunities to develop and improve throughout the year. Providing continuing, constructive, on-the-job evaluation focusing on situations as they arise, while they are still fresh in everyone's memory, helps employees to learn and grow.
6. **Too Busy to Manage:** Today managers are so engrossed in their work that they forget that managing is also a part of their job. It is very important for managers to carve out time to deal with employees on a one-to-one basis and also in-group meetings. Some other issues that need to be tackled by a good manager are appropriate decision making, effective problem solving, reward and recognition issues, leadership issues, and managing stress of self and their employees. The knowledge of organizational behaviour helps managers tackle these issues.

Summary

Organizational behaviour is a field specializing in the study of human behaviour in organizations, so that the knowledge can be applied to make organizations work more effectively.

The origin of organizational behaviour can be traced back to the times of Plato and Aristotle, but significantly there are four eras which have paved the way for the growth of organizational behaviour: pre-scientific era, classical era, behavioural era, and the modern era. Each of them has made a significant contribution to the understanding of organizational behaviour.

The pace of change, at present, is accelerating and most of the transformation is occurring at the workplace. As these changes take on greater specificity, some trends and issues emerge to affect most managerial practices regardless of the industry. Some of these trends like globalization, changing employee demographics of the workplace, corporate social responsibility, trends in working arrangements, the virtual corporations, the quality revolution and management through knowledge have greater implications for the study of organizational behaviour in management.

In this time of rapid change and major megatrends, successful professionals must be able to work with people.

To handle these varied kinds of changes and situations, they are required to possess diversified skills and play roles that make them effective in organizations. To help them adjust to the challenges of work-place diversity, individuals can develop and utilize four basic skills: technical, interpersonal, conceptual, and communication skills. In order to accomplish their work and use their skills, managers perform 10 different roles, which can be grouped into three broad categories: interpersonal, informational, and decisional. Through the interpersonal roles of figurehead, leader, and liaison, managers exercise their formal authority within the system. The informational roles of monitor, disseminator, and spokesperson enable managers to establish and maintain a network of personal contacts, which they use to give and receive a wide range of information. Information, of course, is the basic input to managerial decisional roles. As decision makers, managers are entrepreneurs, disturbance handlers, resource allocators, and negotiators.

The framework of organizational behaviour can be understood with the help of five major components: the environment, individual processes, interpersonal or group processes, organizational processes, and change processes.

Key Terms

Administrative theory: Also called the universal process school of management, the administrative theory approach can be traced to Henri Fayol, a French industrialist.

Benchmarking: Benchmarking involves comparing one's own products or services with the best from other firms so as to improve quality.

Classical management: The classical management era lasted from about 1880 to 1930. During this time, the first general

theories of management began to evolve. Two major thrusts were administrative theory and scientific management.

Code of ethics: Code of ethics is a document describing what the organization stands for and the general rules of conducts expected of employees.

Communication skills: Communication skills involve the ability to send and receive information and to convey and understand thoughts, feelings, and attitudes.

Conceptual skills: Conceptual skills involve viewing the organization as a whole and applying planning and thinking abilities.

Contingency theory: A contingency approach calls for using management techniques in a situationally appropriate manner.

Decisional roles: Decisional roles help a manager to commit the organization to future courses of action.

Diversity: Diversity can be defined as a mixture of people who vary by age, gender, race, religion, and/or lifestyle.

Downsizing: It is a process reducing the number of employees needed to operate effectively.

Ethical dilemmas: A situation in which an individual must make a decision that has multiple values is called an ethical dilemma.

Ethics audit: An ethics audit involves actively investigating and documenting incidents of dubious ethical value.

Globalization: It is a process of increasing the connectivity and interdependence of the world's markets and businesses.

Hawthorne experiments: One such study, conducted at Western Electric's Hawthorne plant, was a prime stimulus for human relations management.

Informational roles: Informational roles help the managers to build a network of contacts.

Interpersonal roles: Interpersonal roles refer to relationships with others and flow directly from a manager's formal authority.

Interpersonal skills: Interpersonal skills include the abilities to lead, motivate, manage conflict, conduct group meetings, and work with others.

Learning organization: Learning organization is a place where new patterns of thinking are nurtured and people are continually learning how to learn together.

Outsourcing: It's a process of completely eliminating those parts of the business that focus on non-core section of business and hiring outside firms to perform these functions instead.

Re-engineering: It is defined as the fundamental rethinking and radical redesigning of business processes to achieve drastic improvement in performance.

Rightsizing: Rightsizing is a process that is directed at adjusting the number of employees needed to work in a newly designed organization.

Scientific management: Management that conducts business or affairs by standards established by facts or truths gained through systematic observation, experiment or reasoning.

Technical skills: Technical skills involve the ability to apply specific methods, procedures, and techniques in a specialized field.

Telecommuting: Telecommuting is the practice of using communications technology to enable work to be performed from remote locations, such as the home.

Total quality management: It is a continuous process of ensuring that every aspect of production builds quality into the products. Quality must be stressed repeatedly so that it becomes second nature to everyone in the organization and its suppliers.

Virtual corporation: A virtual corporation is a highly flexible, temporary organization formed by a group of companies that join forces to exploit a specific opportunity.

Discussion Questions

1. How has the behavioural era added to the development of the field of organizational behaviour?
2. Have you ever been in a situation that has stifled your work ethic? Describe the circumstance. How would you manage such a situation?
3. Has diversity at the workplace added to more number of problems at the workplace? Why or why not? From an organizational behaviour standpoint, how should management try to resolve the issues pertaining to diversity at the workplace?
4. What is a learning organization? Why is the relevance of learning organization increasing in business organizations lately?
5. The megatrends discussed by Naisbitt currently have an impact on work organizations. Which megatrend do you think will have maximum influence and why?
6. How should the proportion of management skills vary according to the position of the individual in the organizational hierarchy? Discuss with examples.
7. Which of the Mintzberg's 10 managerial roles do you think are difficult to perform and why?

Exercise

Organizational Behaviour versus Common Sense: A Demonstration

Over the years, we have heard many people remark, "Why do you study that stuff? I knew the answers all along: Its just common sense." Perhaps you are one of those people. If so, take and score the following quiz. I am sure you'll be more aware after this.

Procedure

Read each of the statements listed below. For each one, mark whether you believe it is true or false by inserting a T (for true) or an F (for false) against them.

1. Relatively few top executives demonstrate the Type A behaviour pattern (extreme competitiveness, time urgency, aggressiveness).

2. The proverb "Two heads are better than one" is generally accurate. That is, a group almost always performs a task better than an individual working alone.
3. The most effective way to combat a rumour is to present convincing evidence against it.
4. When employee morale is high, job performance tends to be high as well.
5. People like being overpaid and work hard to receive more pay than they deserve.
6. When employees are given specific performance goals to shoot for, it tends to interfere with their performance.
7. The most effective way to get what you want over the long run when negotiating with another is to attempt to defeat your opponent.
8. Most people do their best work under conditions in which they are highly stressed.
9. Effective leaders always act the same way regardless of the situations they face.
10. Most people seek to change the way things are done in their organizations.

Field Projects

1. Interview and observe at least two general managers from private- and public-sector companies to understand and analyse the roles they routinely play in their current positions. Suggest ways to improve the fit between how they spend their time and the demands of their jobs.
2. In groups of 3–4, conduct a survey in any organization of your choice to analyse the major challenges confronting today's organization. Also enquire about the readiness of these organizations to confront these challenges. Report your findings to the class.

Note

1. For Fayol's complete work, see Henri Fayol, *General and Industrial Management*, trans. Constance Stores (London: Isaac Pitman & Sons, 1949).

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CHAPTER 2

Personality

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concept of personality.
2. Outline the determinants of personality.
3. Identify different approaches to understanding personality traits and dimensions.
4. Diagnose different cognitive styles based on Jungian typology.
5. Identify different personality attributes relevant for behaviours in organizations.

Mr Shankhdhar

Raman Textile Mill started operations in 1965 as one of a group of industrial enterprises under the ownership and management of the Dayal group. The mill employed nearly 2,000 workers, and its net profits in 1991 amounted to about Rs 25 million. For the past 3 years, all the workers of the mill had been paid an amount equal to three months wages as bonus.

On 1 July 1995, 30-year-old Shankhdhar was appointed as an assistant superintendent at the office of Raman Textile Mill. For the next three or four years, his work was found to be uniformly satisfactory. However, the management entertained the opinion that he was egoistic and that he thought too high of his own abilities. He seemed to think that there was no one as brilliant and efficient as himself and that his “extraordinary work” was neither being appreciated nor recognized. On many occasions, he had requested the management for a promotion, but each time he had been told that as soon as a suitable vacancy arose, he would be considered for the post.

In June 1999, the management transferred Shankhdhar to one of their sugar factories that had been established in 1987, on a slightly higher scale of pay. The objective behind the move was to check how he would fit into a position of higher responsibility. The sugar factory from its very inception had been running at a loss. This position did not improve even in 2000. Consequently, there was no system of bonus payment as in other mills. The labour–management relations were not very cordial. The recently established Raman Sugar Factory Union was making certain demands that the management considered highly unreasonable.

During 1999, the management monitored Shankhdhar’s performance in his new job. Although he was reported as not being happy with his new job, his performance was found to be as good as in his previous post. The management, however, noted that he had started taking a keen interest in union activities and they were also informed that he was establishing contacts with influential trade union leaders.

In March 2001, the management was informed that Shankhdhar was elected president of the Raman Sugar Factory Union. In that capacity, he represented the grievances of the union to the appropriate authorities for redressal. The management did not appreciate this because they felt that if he desired accelerated promotion to a higher management position, he should not put himself in a position where he would have to engage in propaganda against the management as part of his trade union activities.

Three months later, the managing director of the factory intimated that he would be visiting the factory for an inspection on 16 June 2001. When the union came to hear of this, they decided to stage a demonstration against the local management on the day the managing director would be at the mill. The demonstration, however, took a violent turn and the managing director, on arrival at the gate, had to change his plan of staying in the mill director’s bungalow. The resident general manager strongly believed the evidence produced before him that Shankhdhar, in view of his position and responsibility in the company, should have shown better consideration to the managing director.

The resident general manager had heard rumours that the workers might go on strike following the demonstration. He also felt that if the present attitude of the



workforce continued and labour–management relations did not improve, the position of the factory, which had not as yet turned the corner, could not become strong and sound.

Shankhdhar did not report for work the next day. On enquiry, the resident general manager came to know that Shankhdhar, who was also an office-bearer of another union of a public utility concern, had been taken into police custody for allegedly inciting a section of the employees of the union concerned to go on an illegal strike. On receipt of this information, Shankhdhar was placed under suspension.

When the matter came up before the board, one of the directors said, “The action taken in respect of Shankhdhar will not in any way solve the problem or ensure the smooth working of the sugar factory so as to lead to its profitable working. Considering his position and prestige among the workers and the quality of his

work in the factory, this would only aggravate the situation and create another crisis.”

The resident general manager, who was present at the meeting, argued that the continued presence of Shankhdhar in the concern would only create disturbance. Any leniency shown to him now would only make him more obstinate and recalcitrant.

For Discussion

1. Identify the significant personality traits of Shankhdhar?
2. Would you like to work with someone like Shankhdhar? Why or why not?
3. Do you justify the management’s decision to suspend Shankhdhar? Why?
4. Individuals like Shankhdhar exist in all organizations. Is there any definite strategy to deal with such personalities?

The behaviour of an employee always involves a complex interaction of the person and the situation. Events in the surrounding environment (including the presence and behaviour of others) strongly influence the way people behave at any particular time. Yet, people always bring something of themselves to the situation. This “something,” which represents the unique qualities of the individual, is personality.

Introduction

No single definition of personality is accepted universally. However, one key idea is that personality represents personal characteristics that lead to conscious patterns of behaviour (Engler 1991). People naturally seek to understand these behavioural patterns in their interaction with others. Managers and employees in organizations need to understand others’ behaviour in various situations.

Personality refers to the relatively stable pattern of behaviours and consistent internal states that explain a person’s behavioural tendencies (Hogan 1991). Personality has both internal and external elements. The external traits are observable behaviours that we rely on to identify one’s personality. The internal state represents the thoughts, values, and genetic characteristics that we infer from the observable behaviour.

An individual’s personality is relatively stable. If it changes at all, it is only after a long time or as a result of traumatic events. Personality explains behavioural tendencies, because a person’s behaviour is influenced by the situation as well as by personality traits. Personality traits are less evident in situations where social norms, reward systems, and other conditions constrain our behaviour (Weiss and Adler 1984).

Theories of personality often describe what people have in common and what set people apart. To understand the personality of an individual, then, is to understand both what that individual has in common with others and what makes that particular individual unique. Thus, each employee in an organization is unique and may or may not respond as others do in a particular situation. This complexity makes managing and working with people extremely challenging.

Personality:

Personality refers to the relatively stable pattern of behaviours and consistent internal states that explain a person’s behavioural tendencies.

Is Personality Real? The Person–Situation Controversy

Since we often think of behaviour as resulting from stable personality traits, it may be surprising to learn that some social scientists have rejected the notion of personality, arguing instead that how we behave is mainly determined by the external conditions we face (Mischel 1973). Indeed, several have gone so far as to claim that what we often describe as personality is really an illusion stemming from the fact that we want to perceive consistency in others' behaviour, because it makes predicting what they will say or do easier.

On the opposite side of this controversy are social scientists who have argued, just as strongly, that stable traits do exist and that these lead people to behave consistently across time and in different settings. In support of their claims, they point to the findings of research in which individuals are studied over an extended period of time. The research does indeed show a fair amount of consistency with respect to many aspects of their behaviour (Friedman 1993). Further support for the existence of personality is provided by research comparing the personalities of identical twins who have been raised together with those, after being separated early in life, in different homes. The findings of such studies indicate that even when raised in sharply different environments, the twins show remarkable similarity in many aspects of their personalities (Bouchard Jr 1990). This evidence, too, supports the view that personality is real, that people do show a notable degree of consistency in their behaviour. Moreover, these studies also indicate that genetic factors may well play a role in certain aspects of personality.

Another question arises: If personality is indeed much more than an illusion, to what extent is it responsible for how we behave? In other words, do we behave the way we do in a given situation because of personality, because of situational pressures, or both? The answer suggested by core research on this topic is “both.” Behaviour in many situations is the result of both an individual's personality and the nature of the situation. Our behaviour is determined by a complex interaction between our personality traits and the external environment; both are important and can affect what we do or say. Almost all social scientists accept this view—known as interactionists' perspectives—and it is the dominant position also in organizational behaviour. An interesting implication of the approach is that a given work setting may “fit” with the personalities of specific persons to varying degrees. In other words, some persons may find that their traits and abilities closely match those required by a given job, while others find that their traits and abilities do not match those requirements. The degree to which

Recruiters at Bangalore-based health-care company Biocon Ltd use the person–job fit theory while hiring scientists. They show a marked preference for candidates who show an aptitude for research as well as score strongly on personality traits like perseverance and patience, thereby creating a job–person fit.

Employees at work at Biocon Ltd. (Photo courtesy Biocon Ltd. Reproduced with permission.)



BOX 2.1 THE PERSONALITY FACTOR

In this age of competition, it is just not enough for an individual to possess sound technical knowledge. Interpersonal skills are also very important. The personality of the individual plays a very important role in the process of recruitment and promotion. Personality is not just an indicator of an individual's looks but also his attitude, confidence, and ability to lead a team.

More and more companies today are focusing on their service orientation, that is, the ability to provide good service to the consumers, as employees in the organizations have to meet and interact with customers. Tarun Singh, Director, Kenexa Technologies Pvt. Ltd, throws light on the evaluation process: "Basically evaluating any individual is a very personal opinion. If three people evaluate a person they might give totally different opinions from each other.

To tackle this problem, many companies are adopting a focused hiring procedure, which includes keeping some fixed criteria in mind while selecting the right candidate for any given job."

Gautam Sinha, CEO, TVA Infotech, states, "Every recruiter has to keep in mind a few primary criteria, or traits like communication abilities, dress sense, how one carries oneself, etiquette, manners, and personal grooming. All these are collectively called the personality of an individual. So, in ground reality, the personality effect is the biggest criteria for selecting any individual these days."

Source: Adapted from Faiz Askari, "The Personality Factor". Available at www.expresscomputeronline.com/20060724/technologylife01.shtml (accessed 24 July 2008).

there is a match between employees' characteristics and their jobs is known as person–job fit, and it has been the subject of considerable amount of research (Osipow 1990). The basic findings of this work are that people are more productive and satisfied when there is a close match between their personal traits and the demands of the job than when this match is less optimal. Every organization attempts to create a fit between the requirements of the job and the traits and abilities of the individual applying for that job. Box 2.1 cites the expectations of organizations from the individuals in terms of their personality traits.

It, therefore, becomes important to give due consideration to the variable of individual differences in personality while recruiting employees in the work organization, thereby leading to enhancement of both productivity and job satisfaction. The closer the fit between individual's personal traits and the requirements of their jobs, the more positive are the results. In view of this fact, it seems worthwhile to consider potential person–job fit in many organizational contexts, for instance, when individuals are hired or considered for promotion.

Psychological Contract

Organizations need to attract people who are able and willing to do the work necessary for achieving the objectives. Employees in turn would like to work for organizations that help them meet their personal needs and goals. When people come to work for an organization, they come with certain expectations about what is going to be their contribution in return to what they will receive from the organization. This is termed "psychological contract." This contract is generally unwritten and implicit. When this contract is met satisfactorily, people contribute their due to the organization. However, breach of the contract or unmet expectations lead to anxiety and tension, and attempts are made either to rephrase it or to change the contract. Employees bring in their competence, skills, abilities, loyalty, effort, and commitment to the organization. Organizations in return provide them with praise, promotions, rewards, benefits, and security. Employees will quit their jobs if organizations do not provide them with opportunities to fulfil their expectations, and organizations will throw them out if they do not add value to the organization. The psychological contract is dynamic and ever-changing as the expectations and contributions of both the individual and the organization keep changing over time. It acts as a reminder to both regarding the reciprocal relationship between the two to keep it fair, equitable, and updated.

The norms of psychological contract are influenced by business cycles and economic trends. After liberalization, it was felt that the trends of contract were on a major revamp. Most companies highlighted the concepts of empowerment, teamwork, participation, and loyalty and yet, they were in the process of retrenching large number of their long-term

Person–Job Fit:

The degree to which there is a match between the individual's characteristics and the requirements of the job is called person–job fit.

Psychological Contract:

Psychological contract is the dynamic relationship between the set of expectations with which people join organizations and what they will get in return from the organizations.

employees. The increase in mergers and acquisitions resulted in the loss of a large number of jobs. These actions were claimed to be essential for cost cutting and to remain competitive. The global economic slowdown and the threats of financial depression in 2008 have led to many companies announcing retrenchments worldwide. Large-scale retrenchment which is common in the West is still a new concept in India. The decision of Jet Airways, a leading private-sector airline in India, to lay off staff in October 2008 generated huge controversy in the country. The company reversed its decision within two days of its announcement after protests by the affected employees (see Box 2.2).

The focus in recent years has shifted to employment of part-time employees or outsourcing a part of the business to another organization. As a result of this, employees also started losing their attachment and commitment to the companies and doubted their loyalties towards the employer. A wave of entrepreneurship resulted in the creation of new businesses and jobs. All these changes resulted in the emergence of a new concept termed *social contract*. Social contract is used to describe the collective psychological contracts that prevail within a national culture.

Social Contract:

Social contract is used to describe the collective psychological contracts that prevail within a national culture.

A new set of norms would have to be developed which would help us to respond to questions such as why workers should be laid off if productivity is to be enhanced (Weidenbaum 1995). A revised social norm would include the new terms of conditions. Employees will be required to perform highly and be committed to the company's objectives as well as be willing to give suggestions and to improve behaviours. Employers also are required to provide them with an interesting and challenging work environment, learning, advancements based on performance, and opportunities for participation and involvement. This would actually mean that workers will have to focus on their own competencies and skills which are transferable to other companies and jobs. Managers will have to be aware of these competencies and abilities so that they can best utilize their services for the organizations.

BOX 2.2 RETRENCHMENT AT JET AIRWAYS

The aviation sector in India has seen rapid growth in recent years. However, rising fuel costs have pushed up ticket prices making it extremely expensive to fly. Analysts have predicted a decline in the number of passengers opting to fly in 2009 over previous years.

Airlines in India have responded by cutting costs and entering into strategic alliances with other players. In October 2008, Jet Airways and Kingfisher Airlines entered into an alliance that is touted to rationalize and reduce costs and to provide improved standards of service and wider choice to consumers. The expectation was that the alliance would enable a stabilization of the Indian aviation industry in the larger public interest during the current downturn in world business. The deal includes route sharing and the joint use of crew.

On 15 October 2008, Jet Airlines announced that it had decided to lay off 800 flight attendants hired as part of a recent expansion drive. Jet claimed that this decision did not have anything to do with its alliance with Kingfisher. The announcement just before Diwali sent shock waves across the country and led to protests and the request for political intervention by the laid-off employees. Hundreds of employees in their uniforms gathered outside Jet Airways's offices in Mumbai. Among the protesting were customer care employees and flight dispatchers. Here are some of

the reactions from the employees: "How can they terminate our jobs without any notice or giving any reasons?" and "How am I going to pay the rent of my home with just one month's salary available to me?"

Faced with mounting protests and opposition from political parties, the chairman of Jet Airways Naresh Goyal declared that he would reinstate all the 800 employees. In a late-night press conference on 17 October 2008, Goyal said, "All the employees are like family members to me and I am the head of that family. The decision to retrench was taken by the management considering economic realities. But as the head of the family my conscience does not allow me to be dictated by only economics and money. So, the employees will start working from tomorrow as usual." Goyal said he had not been forced to change his decision because of pressure from his management or from outside.

Though it was the end of a nightmare for the retrenched employees, layoffs remain a very real threat with the aviation sector facing very heavy losses.

Sources: Adapted from BBC News, "Jet Airways Lays Off 800 Staff", 15 October 2008, available at http://news.bbc.co.uk/2/low/south_asia/7670874.stm (accessed 11 December 2008); and *Business Standard*, "Jet Caves in Under Pressure, to Take Back Sacked Staff", 17 October 2008, available at www.business-standard.com/india/storypage.php?autono=337648 (accessed 11 December 2008).

Consensus Between Ability and Aptitude

A good person–job fit requires a consensus between the abilities and aptitudes of employees. Ability is the capacity to do physical and intellectual tasks. Aptitude is the capacity to learn the ability. People differ in their abilities and aptitudes. A person may have the ability to play cricket as well as Sachin Tendulkar or sing as sweetly as Lata Mangeshkar but may not have the aptitude to do so. Most of us do not have the aptitude to match the abilities. Managers should be clear about the abilities that are required to do a particular job and ensure that the employee chosen to do the job has the ability to do it, as also the aptitude to learn it. The aptitude to learn does not diminish with age. People who lack either the ability or the aptitude to do a job are likely to fail and be dissatisfied. Those who have the aptitude can make an effort to learn, but those who lack the ability are likely to face problems. Those who are highly competent or highly skilled may also get demotivated. Therefore, the key is in finding the right match between the abilities of the person and the demands of the job. There are other related factors that affect the performance of the individual at the job besides his personality such as perception, learning, attitude, and values, which have been discussed in the later chapters.

Ability: Ability is the capacity to do physical and intellectual tasks.

Aptitude: Aptitude is the capacity to learn the ability to do physical and intellectual tasks.

How Do Personalities Differ?

As mentioned earlier, personality is the set of traits and behaviour that characterize an individual. The longer and better we know someone, the more likely we are to recognize the pattern of how that individual responds to various people and situations. The clearer and more enduring the pattern of responses, the more we attribute it to the individual's personality. Managers and others use personality to understand and predict an individual's behaviour and to define the essence of an individual.

Heredity and Learning Determine Personality

Personality emerges over time from the interaction of genetic and environmental factors. To a large extent, genes predetermine an individual's physical characteristics, and they contribute to other important personality characteristics such as intelligence and temperament. Gender, race, size, appearance, and even health and energy are influenced significantly by genes (Bouchard 1990).

Although heredity plays a role in the development of personality, it is clear that learning is also vitally important. One of the major characteristics that distinguish human beings from other species is that human beings have a significantly greater capacity to learn, remember and think about what happened in the past, is happening in the present, and might happen in the future. Individuals learn and acquire knowledge, abilities, values, and attitudes. Individuals learn their own motives. Overtime, their pattern of behaviour becomes identified as their personalities.

People's personalities become clearer and more stable as they grow older. Personality can change and may do so slowly over the years. The more set the individual's personality becomes, the greater the need for conscious effort to modify it. For example, someone who is used to arguing strongly in favour of their point of view would in all probability find it difficult to passively listen to those who differ.

Personality can be conceptualized from a variety of theoretical perspectives and at various levels of abstraction and breadth (Hampson et al. 1986). Each of these perspectives helps us understand the complexity of human behaviour and experience.

Culture and Personality

In recent years, there has been a resurgence of interest in studying the relationship between personality and culture. Interest in the field waned as the more process-oriented psychology that developed in the 1960s became impatient with largely descriptive studies that

consisted primarily of correlating personality styles with child-rearing practices. During the 1980s, researchers began to re-examine the relationship of personality and culture with new constructs and methods, taking a more process-oriented approach and trying to understand how individuals, social structures, and cultural beliefs influence one another (House 1981). In this resurgence, bidirectional models of influence began to emerge, in which individuals' goals, preferences, and behaviours may be seen to emanate from the social roles that they are encouraged to enact in a given social structure; conversely, those same social structures are actually given form as a function of individuals and their cultural values and beliefs about appropriate roles.

However, culture also provides more than an understanding of personality development. Culture provides the context in which personality is observed. Without a cultural framework, behaviour has no meaning, and without meaning, behaviour has no purpose. An understanding of purposive behaviour, then, requires an understanding of the cultural "language" in which it occurs. A culture provides people with a set of values and assumptive beliefs as well as implicit inferences about how the world operates, which enable them to find meaning in and make sense of the events of their lives (Janoff-Bulman 1989; Lakoff and Johnson 1980).

Hofstede's Framework

The culture of the society or the country a person lives in also has an impact on personality. The Hofstede framework has quite aptly explained this phenomenon. This framework discusses the variation in behaviour between members of different cultures as a result of collective learning. The landmark research of Hofstede provides an insightful look at the similarities and differences in cultural values among 50 countries (Hofstede 1980). His path-finding research was drawn from over 100,000 IBM employees from different countries across the globe. The essence of a country's culture as per Hofstede is national mental pre-programming, which is that part of our collective learning "that we share with other members of our nation, region, or group but not with members of other nations, regions, or groups" (Hofstede 1991).

On the basis of patterns of enduring values, four dimensions provide the framework for describing national cultures which may as per Hofstede determine human personality: (1) individualism versus collectivism, (2) centralized versus diffused power (3) strong versus weak uncertainty avoidance, and (4) masculinity versus femininity.

Individualism: Individualism refers to the extent to which people choose their own affiliations and stand up for themselves.

Collectivism: Collectivism stresses on the importance of human interdependence where people like to work in groups.

Individualism versus collectivism Individualism refers to the extent to which people choose their own affiliations and stand up for themselves, whereas collectivism stresses human interdependence. In highly individualistic societies, the individual is expected to look out for his or her own self-interest and maybe that of the immediate family. At the other extreme, collectivist societies assume that close ties exist among people and that the interests of the individual are subordinated to the group, be it extended family, village, and/or employer. Individualistic nations are loosely integrated (do your own thing), collectivist nations tightly integrated (honour thy group heritage). Interestingly, per capita economic wealth correlates with individualistic behaviour; collectivist nations are poorer. Table 2.1 represents the distribution of individualism and collectivism across different nations.

However, within any nation, individuals tending towards either perspective can be found. The emergence of cooperation mechanisms to reduce extreme behaviours has also been noticed (Chao et al. 1998). Generally, individualists tend to ignore group needs, whereas individuals

Table 2.1 Distribution of Individualism and Collectivism Across Nations

High Individualism	Middle	High Collectivism
United States, Great Britain, Australia, and the Netherlands	Japan, Spain, Israel, Australia, Argentina, and India	Columbia, Pakistan, Panama, Taiwan, Venezuela, and South Korea

oriented toward a collectivist ideology are more cooperative when working within groups. It has also been found that individualists begin to cooperate if they feel that their behaviour is being identified and evaluated, and find that they are indispensable to the success of the group endeavour (Wagner 1995). These are the mediating conditions under which strong individualists, as often found in North America, can be team players.

Centralized versus diffused power How to deal with inequalities among people is another issue of fundamental value for nations. Centralized power societies permit unequal intellectual or physical capabilities to grow into blatant inequalities in the distribution of power and wealth. Diffused power societies play down individual differences by sharing or decentralizing power. Societies that deliberately promote greater power differences among people tend to centralize authority. They permit and even promote autocratic leadership as part of their mental conditioning of people.

Nations with distinct power hierarchies are poorer and collectivist. Their people accept unequal distributions of power as almost inevitable, given their psychological dependence on others. At the opposite extreme, countries with diffused power promote low stratification of power and embrace democratic ideals, just as they believe strongly in individualism. Table 2.2 represents the distribution of centralized and diffused power scores across different nations.

Strong versus weak uncertainty avoidance Culture conditions people to cope in different ways with respect to uncertainties in the future. Societies that accept uncertainty use organized creativity to reduce the risk of uncertainty, technology to control nature, laws to discourage deviant behaviour, and religion in the broadest sense of the word to promote desired behaviour. Nations with a strong need for uncertainty avoidance usually claim that absolute truth originates from a dominant religion. To them the future is a challenge to be overcome and is associated with high levels of anxiety, emotionality and aggressiveness.

People in weak uncertainty avoidance countries accept the unknown future and are not troubled by it. They take risks rather easily and are tolerant of different behaviours and opinions since they are relatively secure. Table 2.3 represents the distribution of strong versus weak uncertainty avoidance scores across different nations.

Masculinity versus femininity This dimension resolves the division of social roles between the sexes. Some nations make sharp distinctions between roles based on sex,

Centralized Power: Societies with centralized power permit unequal intellectual or physical capabilities to grow into blatant inequalities in the distribution of power and wealth.

Diffused Power: Societies with diffused power play down individual differences by sharing or decentralizing power.

Strong Uncertainty Avoidance: Nations with a strong need for uncertainty avoidance usually claim that absolute truth originates from a dominant religion.

Weak Uncertainty Avoidance: People in weak uncertainty avoidance countries accept the unknown future and are not troubled by it.

Masculinity: Masculine values permeate societies where the hero is the successful achiever, where showing off and displaying wealth are accepted.

Table 2.2 Distribution of Centralized and Diffused Power Across Nations

Centralized Power	Middle	Diffused Power
Philippines, India, Venezuela, Guatemala, Pakistan, Panama, and Arab cultures	Japan, Argentina, and Spain	United States, Australia, Great Britain, New Zealand, Canada, and the Netherlands

Table 2.3 Distribution of Strong Versus Weak Uncertainty Avoidance Across Nations

Strong Uncertainty Avoidance	Middle of the Road	Weak Uncertainty Avoidance
Latin European and Latin American countries; Mediterranean countries, Greece and Turkey; and Japan and South Korea.	United States and Canada, Finland and Norway, East Africa (Kenya, Ethiopia, Zambia) and West Africa (Nigeria, Ghana, Sierra Leone).	Denmark and Sweden, Singapore and Hong Kong, and Jamaica.

Table 2.4 Distribution of Masculinity Versus Femininity Across Nations

Masculinity	Middle of the Road	Femininity
Japan, followed by German-speaking nations and some Latin American countries, such as Mexico and Venezuela	USA	Sweden, France, Panama, East Africa

Femininity: Feminine values include respecting the underdog, putting relationships before wealth, and tending to the quality of life and environment.

wherein men take on the more dominant and assertive roles while women assume the more caretaking, service roles. Nations with such clear sex-role divisions are called “masculine” by Hofstede. Masculine values permeate societies where the hero is the successful achiever, where showing off and displaying wealth are accepted. Societies that are more tolerant of a wider distribution of roles independent of sex are called “feminine.” Feminine values include respecting the underdog, putting relationships before wealth, and tending to the quality of life and environment. Table 2.4 represents the distribution of masculinity versus femininity scores across different nations.

Approaches to Understanding Personality Traits and Dimensions

Cattell’s 16 Personality Factors (16 PF)

Any approach to understanding personality should provide a systematic framework for differentiating, ordering, and naming individual differences in people’s behaviour and experience (John 1989). Raymond Cattell in 1943 used the Allport and Odbert list of traits as a starting point to frame his multi-dimensional model of personality. As the list was too exhaustive, he reduced the number of traits and applied cluster and factor analysis techniques to the reduced set. Words which were semantically similar were grouped as synonyms clusters, which were further grouped as antonyms pairs. He reduced the list of 4,500 traits from the Allport and Odbert list to 35 variables in order to identify the major dimensions of personality. To assess these factors in self-reports, he constructed the Sixteen Personality Factors (16 PF) questionnaire (Cattell et al. 1970). The 16 personality factors are as follows:

1. Apprehensive versus self-assured
2. Assertive versus humble
3. Conscientious versus expedient
4. Controlled versus casual
5. Emotionally stable versus unstable
6. Experimental versus conservative
7. Happy-go-lucky versus sober
8. Imaginative versus practical
9. More intelligent versus less intelligent
10. Outgoing versus reserved
11. Relaxed versus tense
12. Reserved versus warm
13. Shrewd versus forthright
14. Suspicious versus trusting
15. Tough-minded versus sensitive

16. Venturesome versus timid

Cattell went on to construct the 16PF Questionnaire using these 16 factors as a basis. The questionnaire remains in use by universities and businesses for research, personnel selection, and the like. Further factor analysis reduced the 16 factors to 5 factors leading to the development of the “Big Five” Personality theory.

The “Big Five” Personality Theory

Since personality comprises of many elements, psychologists work to identify critical factors that help people observe and understand an individual’s style and behavioural pattern. One such set of factors is referred to by some psychologists as the “Big Five” (McCrae 1992; Smith et al. 2001), and the theory of personality based on the factors identified is known as the Big Five model. According to the proponents of this theory, these five factors can be used to explain possibly most of the differences in human personality. Each factor represents one aspect of an individual’s personality and style. The Big Five factors are as follows:

Extraversion This component of the Big Five focuses on the comfort level of an individual in their interactions with others. For example, an individual’s behaviour may range from being assertive, outgoing, talkative, open (extraversion) to being timid, quiet, and reserved (introversion).

Agreeableness This refers to an individual’s behaviour towards others while interacting with them. For example, the behaviour may range from being warm, cooperative, and close (high agreeableness) to cold, antagonistic, and distant (low agreeableness).

Conscientiousness This dimension of Big Five refers to the extent to which individuals show consistent and reliable behaviour while working in an organization. An individual’s style may range from being highly responsible, dependable, reliable, and consistent (high conscientiousness) to being unreliable, disorganized, and inconsistent (low conscientiousness); from performing work in a detailed and structured manner to performing work in a general and spontaneous way.

Emotional stability This refers to the ability of an individual to control his or her emotions at the time of crisis. Individuals with high stability are more controlled with their emotions and are calm and self-confident. On the other hand, those with low emotional stability are more nervous, depressed, and insecure in their approach.

Openness to experience This dimension measures the individual’s ability to be open to any kind of experience that helps him or her to do the job effectively. Individuals who are open to experience are more approachable, creative, and sensitive. However, those who are less open to experience are conservative in their approach and feel uncomfortable in a new environment.

Each factor helps us understand what behavioural patterns to observe in understanding someone’s personality. For example, the extraversion factor leads us to observe whether a person is generally quiet or reserved, or talkative or outgoing, or somewhere in between. Each of the other factors helps in a similar manner. Key elements of each factor combine to provide an overall understanding of an individual’s personality. This ability to understand different personalities helps managers predict an individual’s behaviour in different situations.

Extraversion: Extraversion focuses on the comfort level of an individual in interaction with others.

Agreeableness: Agreeableness refers to an individual’s behaviour towards others while interacting with them.

Conscientiousness: Conscientiousness refers to the extent to which individuals show consistent and reliable behaviour while working in the organization.

Emotional Stability: Emotional stability refers to the ability of an individual to control his or her emotions at the time of crisis.

Openness to Experience: Openness to experience measures the individual’s ability to be open to any kind of experience that helps him or her to do the job effectively.

Personality Profiling Using DISC Methodology

Personality profiling using DISC methodology helps us understand the importance of behavioural analysis. Dr William Moulton Marston, a Harvard professor, in his book *The*

CASELET

Making the Right Choice!

A manager, Kokila, is in the process of deciding which of two persons she will appoint as a task force leader. The task is to develop a new approach to marketing an already established product. She has observed Akhil, who is quiet and reserved and interacts relatively little with his work peers. He is very bright, a hard worker, and very reliable in doing detailed, structured work. He has never been observed to express either positive or negative emotions.

The other candidate, Urmi, is talkative and outgoing. She interacts easily with others and has a warm, outgoing style. She is sometimes careless about details and is easily bored

with repetitive, routine work. However, she enjoys solving new problems and makes good decisions in ambiguous situations. Her peers can tell what Urmi is feeling because she is quite expressive, but she has never let her emotions get out of control at work when under stress. The more difficult the problem, the more she enjoys it.

You are correct if you predict that Kokila decides to appoint Urmi. She fits the team leader role better than Akhil. Her confidence, efficiency, energy, warmth, and originality led to her being appointed as the team leader. Kokila used the Big Five personality factors to observe and organize relevant aspects of Akhil's and Urmi's behaviour.

Emotions of Normal People (1928), described behaviours of people on two axes: passive versus active response, to a hostile or a favourable environment. He formed a 2×2 matrix by placing these two variables on continuums. The four behavioural patterns which emerged were labelled as Dominance, Influence, Steadiness, and Compliance, or DISC. In 1950, five psychologists from Harvard University, one of whom was Dr Thomas Hendrickson, developed a psychometric instrument called the Personal Profile Analysis (PPA) based on Dr Marston's theory. This profile helps to identify the personality characteristics within a person. Every individual will have a unique profile of his or her own that makes the individual fit or misfit to perform certain kinds of jobs. The Thomas Personal Profile Analysis System has become the logical tool for assisting in benchmarking performance, building teams, career mapping, developing people and their skills, identifying leadership potential, identifying training needs, mentoring, motivating people, performance appraisals, recruiting and selecting the right person, and resolving conflict and succession planning.

Tables 2.5–2.8 give us the relative strengths and weaknesses of each of the dimensions of DISC profiling.

Table 2.5 Characteristics of the Dominance Profile

Strengths	Weaknesses
Gets immediate results	Insensitive towards others
Causes action and gets things done	Overlooks risks and cautions
Accepts challenges	Takes on too much
Makes quick decisions	Too demanding of others
Is authoritative, works hard, and manages troubles	Impatient
Solves problems	Inflexible and unyielding
Self-reliant	Inattentive to details
Persistent	Resents restrictions

Table 2.6 Characteristics of the Influencing Profile

Strengths	Weaknesses
Contacts people and is articulate	Lacks follow-through
Makes a favourable impression	Talks too much
Entertains and generates enthusiasm	Over-commits
Is outgoing and friendly	Misjudges capabilities
Participates in a group	Overestimates results
Persuasive	Jumps to conclusions
Optimistic	Needs time management

Table 2.7 Characteristics of the Steadiness Profile

Strengths	Weaknesses
Is a good listener	Takes longer time to decide
Builds relationships; service-oriented	Avoids conflict
Creates stable, harmonious work environment	Procrastinates
Demonstrates patience	Not a strong initiator
Desires to help others; is supportive	Overly tolerant
Performs in a consistent, predictable manner	Resists quick change
Shows loyalty; is reliable	Not very reliable

Table 2.8 Characteristics of the Compliance Profile

Strengths	Weaknesses
Checks for accuracy and analyses performance critically	Fault-finding
Committed to quality	Pessimistic
Competent and self-disciplined	Too detail oriented
Diplomatic with people	Sensitive to criticism
Pays attention to key directives and standards, and concentrates on key details	Overly cautious
Thinks analytically, weighs pros and cons	Too rigid
Thorough, precise and orderly	Suspicious

Fundamental Interpersonal Relations Orientation-Behaviour

The Fundamental Interpersonal Relations Orientation-Behaviour (FIRO-B) is a highly valid and reliable instrument to find out how a person's personal needs affect his or her orientation towards other people in their personal or professional life. It gives information about a person's compatibility with others as well as provides some insights into the individual's



◀ Kiran Mazumdar Shaw, Chairwoman and Managing Director of Biocon Ltd, is a pioneer in the Indian biotechnology industry. Her clarity of thinking, vision, perseverance, and commitment to quality has transformed Biocon founded in 1978 with a capital of Rs 10,000 into a globally respected brand with a turnover in millions.

(Photo courtesy Biocon Ltd. Reproduced with permission.)

own characteristics. It was developed by Will Schutz (1958) and aids in team leadership and individual development.

The FIRO-B helps us understand how the following three different needs of individuals shape their interactions with others at work, or in their personal life:

Inclusion: Inclusion refers to the need for recognition, participation, and belongingness.

Control: Control relates to the needs of an individual to lead and influence others as well as take responsibility for their actions.

Affection: Affection refers to the need for closeness, warmth, and sensitivity towards other people.

Expressed Behaviour: Expressed behaviour refers to what a person actually wants to do or initiates action in that direction in a given set of situations.

Wanted Behaviour: Wanted behaviour indicates the degree to which an individual wants others to take action and be on the receiver's side

Inclusion (I): This refers to the need for recognition, participation, and belongingness to others.

Control (C): This relates to the needs of an individual to lead and influence others as well as take responsibility for actions.

Affection (A): This refers to the need for closeness, warmth, and sensitivity towards other people.

These three needs are measured on two dimensions of expressed and wanted behaviour.

Expressed behaviour: It refers to what a person actually wants to do or initiates action in that direction in a given set of situations.

Wanted behaviour: It indicates the degree to which an individual wants others to take action and be on the receiver's side.

Based on these two criteria, that is, need and desirability, six different behaviours can be identified as shown in Table 2.9.

Benefits of the FIRO-B

Individual development: It helps to enhance self-awareness, thereby leading to personal growth, and also aids in career development. Since it leads to more information about self, it also helps to enhance interpersonal effectiveness.

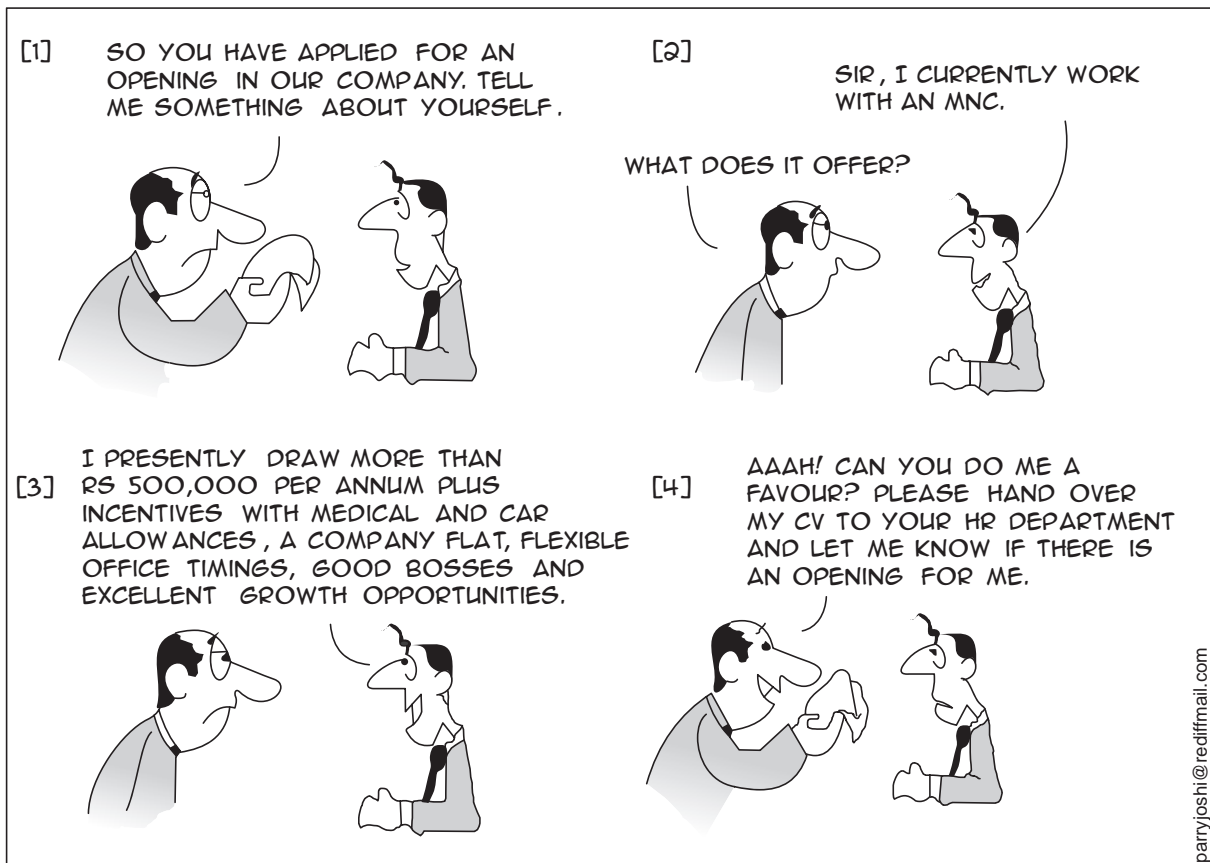
Team building and development: This tool helps in identifying an appropriate leadership style in a given situation and also helps to take right and effective decisions. It leads to an improvement in communication, openness, conflict resolution, and development of trust that results in identifying areas of compatibility or differences so that likely actions can be taken to build an effective team.

Selection and placement: The usage of this instrument helps in identifying the expected team roles or interpersonal behaviours and also aids in structuring the flow of the interview process. For the purpose of selection and placement, this tool has to be used in conjunction with other assessment techniques.

Relationship building: Since the tool helps to identify the areas of incompatibility and dissatisfaction, it can be used to help people handle their personal relationships more effectively.

Table 2.9 Different Behaviours Based on the Criteria of Need and Desirability

	Expressed Behaviour	Wanted Behaviour
Inclusion	The person tries to make an effort to involve other people in the activities and join other groups and belong as much as possible.	The person wants other people to notice and invite him or her to be a part of their activities.
Control	The person tries to have control over other people and situations. He or she also likes to spend a lot of time organizing and directing other people in their endeavours.	The person feels comfortable working in well-defined situations and tries to obtain clear expectations and instructions from others.
Affection	The person feels comfortable in expressing feelings and tries to be supportive of others. An effort is made to be closer to others.	The person enjoys when others share their feelings openly and encourages the efforts made. There is an expectation from others to act warmly.



Courtesy Parimal Joshi. Reproduced with permission.

Different Psychological Types and Cognitive Styles

One of the earliest theories of personality was developed by the psychologist Carl Jung. A mother–daughter team, Katherine Briggs and Isabel Briggs-Myers, developed a personality test called Myers-Briggs Type Indicator (Provost and Anchors 1987) to measure the traits posited by Jung (Jung 1933). Today, it is one of the most widely used personality tests in business organizations used primarily to develop awareness and sensitivity to differences among people (Moore 1987).

The Jungian Framework

Basic to Jung's framework is the differentiation between introversion and extroversion. Those who are introverts are more oriented towards their inner thoughts and feelings. They like to work quietly and without any interruption. Extroverts are oriented towards the outer world of people and things. They enjoy communicating verbally with people and prefer to experience life rather than reflect on it.

Jung also differentiates between perceivers and judgers. Judgers like to live in an orderly, planned manner. They prefer control, structure, and closure. Perceivers, on the other hand, prefer flexibility and spontaneity. They enjoy gathering information and adapting to life as it unfolds.

Cognitive style describes how individuals perceive and process information. Cognitive style is complex and can be defined and measured in several ways. According to Jung, individuals develop, mostly unconsciously, preferred ways of gathering information and evaluating it to make decisions. The two opposite ways of gathering information are through a sensing method and by intuition, and the two opposite ways of evaluating information are thinking and feeling. Figure 2.1 illustrates these alternative processes.

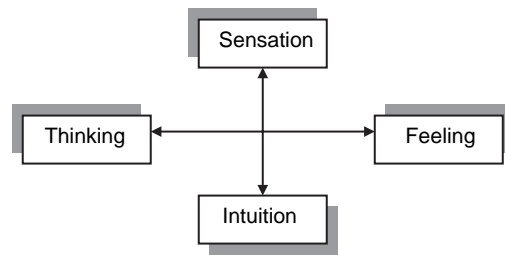


Figure 2.1
Alternative Processes of
Handling Information

Obtaining information by sensation/intuition Managers who collect information by sensing, seek details, hard facts, and quantitative reports. Sensors like to apply structures for organizing data logically, step by step. They are especially comfortable working within a structure of organizational policies and rules that provide clear guidelines for actions. Sensor managers learn best from concrete experiences; they can be thought of as left-brain-hemisphere processors.

Intuitive managers disapprove routine, structured reports and rely more on hunches and non-verbal perceptions of problems. Data collection by this type of managers often appears to be non-systematic, with considerable jumping back and forth. Intuitive managers excel at synthesis; that is, taking a large amount of data from a number of sources and drawing seemingly spontaneous conclusions. These managers are imaginative, futuristic, and often good at drawing creative ideas out of others. They are more dependent on the right brain hemisphere.

Evaluating information by thinking/feeling Two opposite ways of evaluating information are thinking and feeling. Evaluation is the process of integrating information to solve a problem or to make a decision. Managers, who depend upon thinking, use analysis and rational logic as their basis for problem-solving. They tend to be unemotional in applying data to models or problem-solving techniques. The forte of these managers is the use of scientific methods (systematic evaluation of empirical data), devoid of personal consideration.

Managers who arrive at decisions through feelings rely heavily on person-centred values. They personalize their evaluations and are sensitive to the concerns, ideas, and feelings of those around them. Placing major emphasis on the human aspects of problems, these managers dislike creating conflicts. They value harmony and tend to conform to the wishes of others rather than consider alternatives based on logic and analysis.

Four Types of Problem-solving Behaviours

The different ways of gathering and evaluating information combine to form a matrix of four problem-solving behaviours. Figure 2.2 illustrates how these four personality types emerge. Each type has its virtues and shortcomings, but in a complex organization all are necessary. The following descriptions are based on research on the problem-solving behaviours of managers (Slocum and Hellriegel 1983).

Sensation Thinkers (ST)

Amit Sawhney is the archetypal bureaucrat concerned with formulating and enforcing rules. Because sensation and thinking dominate his functions, Amit is persistent, yet decisive. He weighs costs and benefits, plans a logical schedule, and has an infinite capacity to absorb and remember details.

Amit is a hard worker, good coordinator, and dependable leader. His penchant for analysis and logic makes him quite predictable. However, as a sensation thinker, Amit tends to

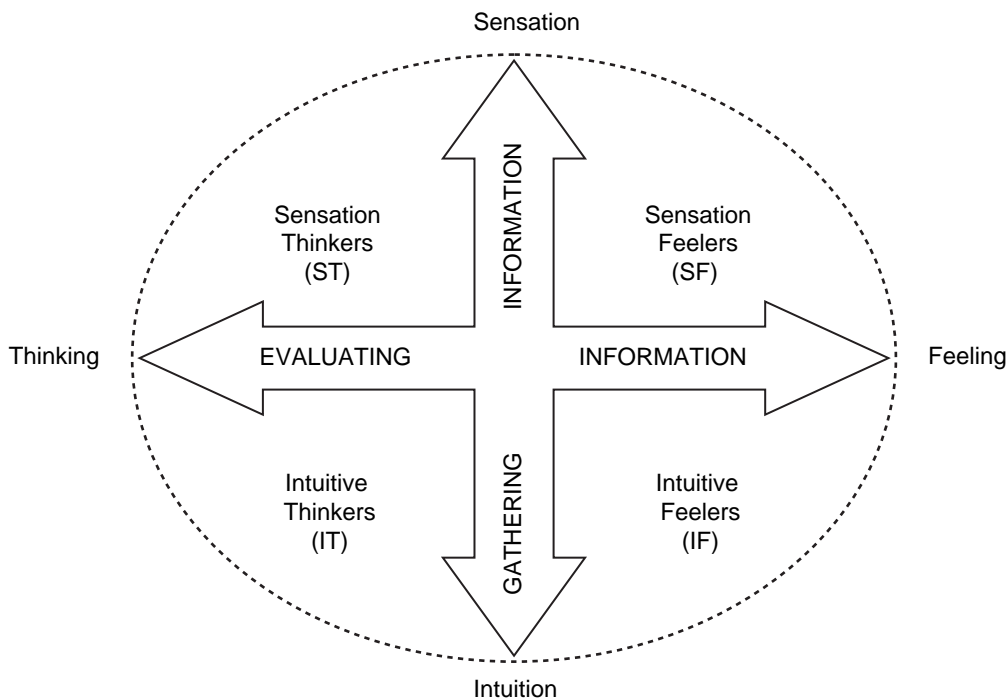


Figure 2.2
Four Cognitive Styles

become impatient with those who are not equally detailed, organized, and rational. He avoids abstractions and seldom provides feedback to others unless it is based on measured performance. Amit is so concerned with preserving acceptable practices and tradition that he overlooks possibilities for creative improvements.

Intuitive Thinkers (IT)

Shalini Mittal exemplifies the intuitive thinker. She is a manager who looks ahead, always searching for innovative possibilities. Although she tends to be impersonal, Shalini is quick to analyse the power dynamics within an organization. She is noted for her intellectual capabilities and pioneering ideas. Shalini is a great designer of new methods and projects. She then depends on her staff to flush out the details of her proposals.

Once a project has been initiated, Shalini relinquishes its administration to someone better suited to establish organizational routines. Gifted in abstract creativity, Shalini sometimes is insensitive to the personal needs and wishes of others. Nevertheless, as an intuitive thinker, she responds to the ideas and problems of others when they are logical and reasonable. She finds it difficult to accept anything other than competent, professional performance. Shalini frequently expects more than others are prepared to deliver.

Sensation Feelers (SF)

Sensation feelers are exemplified by Shweta, who is a methodological manager. She is great at analysis based on detailed observation. Shweta deals efficiently with here-and-now problems. Her decisions and actions result from quick interpretation of the facts. She loves to find the causes of the problems in standardized operations and excels at extracting higher efficiency from programmed procedures.

Yet, Shweta does not like to see changes sweep too far in new directions. She would rather fix an old system that conceptualizes a new approach. Shweta generally gets along well with co-workers. She reinforces good performances by giving praise, writing memos of thanks, and publicly acknowledging others' accomplishments.

Intuitive Feelers (IF)

Vikram Das is the quintessential intuitive feeler. He is a charismatic leader who communicates fluently and is quick to visualize possibilities for improvement. He draws out ideas from others and always consults co-workers before moving ahead on significant actions. Given the freedom to manage, Vikram creates a high level of esprit de corps within his team. Vikram believes in psychological rewards and makes sure they come in timely response to his worker's emotional needs.

Yet, Vikram needs recognition from others. He tends to back away from his personal ideas when they appear to conflict with views held by esteemed others. He is very popular among his co-workers, but because he wishes to retain his popularity, Vikram is at times hesitant to act. Sometimes the opportunity of the moment is lost as a result of his indecision.

The behaviour patterns of these four managers indicate extreme personalities. While managers may tend towards sensation or intuition, thinking or feeling, usually their dominant combinations do not preclude use of other functions. In fact, most managers rely on all four functions to some degree.

Still the message for the organization is clear: To be effective across the entire range of problems—those that demand change and those that demand stability, those that call for quantitative analysis and those that require creativity—an organization needs all four types of managers. In the ideal management team, individual managerial styles complement each other. A built-in system of checks and balances is possible when team members are of different personality types. Box 2.3 is a description of how personality can be enhanced with the help of four habits.

Personality Traits

Researchers have identified other personality attributes that are relevant for behaviour in organizations (Lawrence 1985). Some of these traits are included here:

Locus of Control: It is a dimension of personality that explains the degree to which people believe that they, rather than external forces, determine their own lives.

Locus of Control

It is a dimension of personality that explains the degree to which people believe that they, rather than external forces, determine their own lives (Rotter 1966). People who believe that they are responsible for what happens to them are internals. Those who believe that what happens to them is directly related to fate, luck, or other forces are externals. Externals on this basis have been further classified into external (others) and external (chance). For example, let us assume that two employees, one an internal and the other an external, fail to get a raise. The internal is likely to attribute this to his or her performance, while the external (others)

BOX 2.3 THE POWER OF FOUR: ADDING TO YOUR PERSONAL BRILLIANCE

It's a funny thing about life: if you refuse to accept anything but the best, you very often get it.

W. Somerset Maugham

There are four catalysts to enhance your personality and, therefore, your personal brilliance. They are awareness, curiosity, focus, and initiative. These are possessed by all of us, though in varying degrees. *Awareness* involves awareness of the self and the environment. It includes being in cognizance with the real problems in hand and their deliberations. As you try to find solutions to the problems, you develop curiosity as you think and look at different arenas for insights. *Curiosity* helps us to go deeper into the obvious. As you go ahead, you need to remain *focused*, so

that you do not limit yourself and are open to all possible solutions. The fourth catalyst *initiative* helps us to work on this process and ultimately implement the solution. It is all about taking actions.

Turning all four of these innate abilities into daily habits and using them together makes the wheel of personal innovation spin! By harnessing the power of each of these habits, your level of personal brilliance will soar to the heights and personality will get enhanced.

Source: Canterucci, J. (2007). *Personal Brilliance: Mastering the Everyday Habits That Create a Lifetime of Success*. New Delhi: Prentice Hall of India Ltd.

will probably blame an unfair boss or some other outside force, and external (chance) will put it on his fate, luck, or destiny. Internals are likely to perform better on jobs that require initiative and offer autonomy. Externals are more likely to seek structured jobs with clean directions.

Authoritarianism

It is the degree to which a person believes that status and power differences are appropriate in an organization (Androno 1989; Rigby 1985). People high in authoritarianism tend to be autocratic and demanding with subordinates but are likely to accept orders and directions from superiors without questions. High authoritarian types would not fit well in organizations that require flexibility and quick change or sensitivity to people and cooperative behaviour. They would fit better in a highly structured organization that values conformity.

Authoritarianism: It is the degree to which a person believes that status and power differences are appropriate in an organization.

Dogmatism

It refers to the degree of flexibility or rigidity of a person's views. Those high on dogmatism tend to be rigid and closed. They often view the world as threatening and cling to their beliefs. People who are low in dogmatism are more open-minded and receptive to considering views that differ from their own.

Dogmatism: It refers to the degree of flexibility or rigidity of a person's views.

Machiavellianism

It is a personality attribute that describes the extent to which a person manipulates others for personal gains. Named after Niccolo Machiavelli, who authored *The Prince* in the sixteenth century, the concept refers to a rational, pragmatic approach to situations and emotional distance from subordinates (Christie and Florence 1970). Machiavelli believed that the end justifies the means. Psychologists have developed instruments designed to compare a person's orientation with that of Machiavelli. High "Machs" perform better in loosely structured situations and when they can interact face to face with others.

Machiavellianism: It is a personality attribute that describes the extent to which a person manipulates others for personal gains.

Risk Propensity

This refers to a person's willingness to take risks. People with a high propensity for risk make decisions faster and are willing to take chances. Risk-averse people are more cautious, make decisions more carefully, and try to minimize risk. High-risk managers may make costly decisions, although they may also enable their organization to respond quickly to fast-changing environments. Low-risk managers may also make costly decisions if they respond too slowly to changing competitive conditions. The appropriation of each depends on the organizational situations.

Risk Propensity: This refers to a person's willingness to take risks.

Self-esteem

It is the judgement one makes about one's own worth. People with high self-esteem tend to like themselves, have high expectations for success, and feel confident that they can achieve their goals. Those with low self-esteem lack confidence and look to others for praise and reinforcement. In so doing, they tend to avoid conflict and conform to expected norms (Meeker 1990).

Self-esteem: It is the judgement one makes about one's own worth.

Self-monitoring

This refers to the degree to which people are sensitive to others and adapt their behaviour to meet external expectations and situation needs (Snyder 1987). High self-monitors are similar to actors in that they can assume a personality to satisfy an audience. They are adept at separating their private selves from their public selves. People who are low self-monitors reveal themselves much more clearly and tend to be themselves regardless of the situation or others'

Self-monitoring: This refers to the degree to which people are sensitive to others and adapt their behaviour to meet external expectations and situation needs.

expectations. The high self-monitor may be more flexible in interacting with different types of people. The intent is to develop flexibility and effectiveness in interacting with a range of people and situations.

The cluster of traits that we refer to as personality differentiates a leader from a non-leader. Box 2.4 describes the personality traits that make Wipro Chairman Azim Premji such an inspiring leader.

BOX 2.4 AZIM PREMJI—A CHARISMATIC LEADER



Azim Premji, Chairman and CEO, Wipro Technologies. (Photo courtesy: Wipro Technologies Pvt. Ltd. Reproduced with permission.)

Personality traits like perseverance, integrity, planning, vision, and determination have enabled Azim Premji to transform his family's vegetable oil business to one of the largest software companies in India. Premji, Chairman and CEO of Wipro Technologies, was rated by *Forbes* as the richest person in the country from 1999 to 2005. Born in Mumbai in 1945, he was forced to discontinue his studies at Stanford and take over the reins of the family business in India after the untimely death of his father in 1966.

Under Premji's leadership, the company diversified from vegetable oils to hydraulic cylinders and fluid power components, soaps, toiletries, and baby care products. After IBM withdrew from India in 1977, Wipro started manufacturing computer hardware and later moved to software development after obtaining a licence from Sentinel. It currently offers software solutions, IT consulting, software design and solutions, business process outsourcing services, and research and development services in areas of hardware.

An absolute workaholic, Premji believes that hard work is the only key to be successful in the highly competitive world of business. He is a firm believer in integrity and values.

Colleagues still remember an incident when Premji flew down to Bangalore for an urgent meeting. He informed top management gathered for the meeting that a senior manager had been asked to leave because he had submitted an inflated travel bill. Though the concerned manager's contribution to the company had been immense and the bill amount was insignificant, he was fired as a matter of principle.

Premji has great tolerance for dissent and eccentricity and believes that ordinary people are capable of extraordinary things. He propagates that to be effective in the business world, one should never compromise on personal values, be highly committed to quality, play to win, and leave the rest to the forces beyond.

Source: Adapted from Sawnhey, Clifford (2001). "Topping it with Integrity", *Life Positive*, January, available at www.lifepositive.com/mind/work/corporate-management/azim-premji.asp (accessed July 2008); and Mitra, Tanmoy. "Azim Premji: From Soaps to IT", available at www.domain-b.com/businessleaders/leaders_profile/azim_hasham_premji.htm (accessed July 2008).

Summary

Personality refers to a relatively stable pattern of behaviour and consistent internal states that explains a person's behavioural tendencies. Each employee in an organization is unique and may or may not respond as others do in a particular situation. Behaviour in any situation is determined by the complex interaction between personality traits and external environment. Cattell's 16 PF theory of personality describes human personality. The Big Five personality theory helps us to observe and understand individual styles and differences. The five factors are extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience. Thomas's DISC

profiling categorizes human personality into four dimensions, namely dominance, influencing, steadiness, and compliance. FIRO-B talks about three needs: inclusion, control, and affection spread over expressed behaviour and wanted behaviour.

MBTI helps to measure personality traits with the help of four pairs of dimensions. Certain personality traits that affect behaviour in organizations are locus of control, authoritarianism, dogmatism, Machiavellianism, risk propensity, self-esteem, and self-monitoring.

Key Terms

Ability: Ability is the capacity to do physical and intellectual tasks.

Affection: Affection refers to the need for closeness, warmth, and sensitivity towards others.

Agreeableness: Agreeableness refers to an individual's behaviour towards others while interacting with them.

Aptitude: Aptitude is the capacity to learn the ability to perform physical and intellectual tasks.

Authoritarianism: It is the degree to which a person believes that status and power differences are appropriate in an organization.

Big Five personality factors: The set of factors used to explain human personality is referred to by some psychologists as the "Big Five." Each factor represents one aspect of an individual's personality and style.

Centralized power: Societies with centralized power permit unequal intellectual or physical capabilities to grow into blatant inequalities in the distribution of power and wealth.

Cognitive style: Cognitive style describes how individuals perceive and process information.

Collectivism: Collectivism stresses on the importance of human interdependence where people like to work in groups.

Conscientiousness: Conscientiousness refers to the extent to which individuals show a consistent and reliable behaviour while working in organizations.

Control: Control relates to the needs of an individual to lead and influence others as well as take responsibility for their actions.

Diffused power: Societies with diffused power play down individual differences by sharing or decentralizing power.

Dogmatism: It refers to the degree of flexibility or rigidity of a person's views.

Emotional stability: Emotional stability refers to the ability of individuals to control their emotions during crisis.

Expressed behaviour: Expressed behaviour refers to what a person actually wants to do or initiates action in that direction in a given set of situations.

Extraversion: Extraversion focuses on the comfort level of an individual in interaction with others around him or her.

Feeling: Feelers value harmony and tend to conform to the wishes of others rather than consider alternatives based on logic and analysis.

Femininity: Feminine values include respecting the underdog, putting relationships before wealth, and tending to the quality of life and environment.

Inclusion: Inclusion refers to the need for recognition, participation, and belongingness to others.

Individualism: Individualism refers to the extent to which people choose their own affiliations and stand up for themselves.

Intuition: Intuitors disapprove routine and structured reports, and rely more on hunches and non-verbal perceptions of problems.

Locus of control: It is a dimension of personality that explains the degree to which people believe that they, rather than external forces, determine their own lives.

Machiavellianism: It is a personality attribute that describes the extent to which a person manipulates others for personal gains.

Masculinity: Masculine values permeate societies where the successful achiever is a hero, where showing off and displaying wealth are accepted.

Openness to experience: Openness to experience measures the individual's ability to be open to any kind of experience which helps him or her to do the job effectively.

Personality: Personality refers to the relatively stable pattern of behaviours and consistent internal states that explain a person's behavioural tendencies.

Personality traits: Personality attributes that are relevant for behaviour in organizations.

Person–Job fit: The degree of match between the individual's characteristics and the requirements of the job is termed as the person–job fit.

Psychological contract: Psychological contract is the contract between the set of expectations with which people come to organizations and what they will get in return from the organization.

Risk propensity: This refers to a person's willingness to take risks.

Self-esteem: It is the judgement one makes about one's own worth.

Self-monitoring: This refers to the degree to which people are sensitive to others and adapt their behaviour to meet external expectations and situation needs.

Sensation: Sensors like to apply structures for organizing data logically, step by step.

Social contract: The social contract is used to describe the collective psychological contracts that prevail within a national culture.

Strong uncertainty avoidance: Nations with a strong need for uncertainty avoidance usually claim that absolute truth originates from a dominant religion.

Thinking: Thinkers use analysis and rational logic as the basis for problem solving.

Wanted behaviour: Wanted behaviour indicates the degree to which an individual wants others to take action and be on the receiver's side.

Weak uncertainty avoidance: People in weak uncertainty avoidance countries accept the unknown future and are not troubled by it.

Discussion Questions

- How has the concept of personality been viewed by researchers? Can we have a stable definition of personality?
- From a managerial point of view, why is it important to understand common patterns in behaviour rather than assuming each individual is unique?
- Identify and discuss the basic source of personality differences between you and another person you know well.
- On the basis of the Big Five personality theory, describe the personality profile of (a) your OB teacher, (b) your best friend and (c) one of your parents. Has the knowledge of their personality profile influenced your decision in determining your behaviours towards them?
- Which of the four cognitive styles would be most appropriate for a top-level business executive who has to deal with many different insiders and outsiders possessing widely varying technical and professional backgrounds?
- How would you respond to the following statement: "Whenever possible, the manager should hire people with an external locus of control"?

Exercise

How to Rate Your Self-esteem

Read the following statements and indicate whether they apply to you by inserting a T (for true) or an F (for false) against them.

Sl no.	Statement	Response
1.	I usually feel inferior to other people.	
2.	I feel that I am a warm, loving, and happy person.	
3.	When things go wrong, I usually say, "Just my luck."	
4.	I feel life is wonderful and I can do well in life.	
5.	I have a strong drive to prove myself.	

Sl no.	Statement	Response
6.	I am free of guilt, fear, and negative emotions.	
7.	I have a strong desire for recognition and approval.	
8.	I don't need to correct other people's mistakes.	
9.	When things don't work out right, I feel like a loser.	
10.	I look forward to new opportunities with enthusiasm.	
11.	I feel I must correct other people when they go wrong.	
12.	I do my own thinking and make my own decisions.	
13.	I tend to be critical and belittling of other people.	
14.	I am confident of meeting my own needs and reaching my goals.	
15.	I tend to sell my talents, abilities, and accomplishments short.	
16.	I am usually poised and confident among strangers.	
17.	I am vulnerable to the opinions and criticisms of others.	
18.	I bear no prejudice towards people of other races or ethnic backgrounds.	
19.	I am fearful of revealing who I am.	
20.	I feel comfortable with myself and enjoy being alone.	
21.	I am a compulsive "perfectionist".	
22.	I accept compliments graciously and with appreciation.	
23.	I am often compulsive in eating, talking, and drinking.	
24.	I am appreciative of other people's accomplishments and talents.	
25.	I don't like new experiences because I feel I will fail.	
26.	I easily make new friends and keep old ones.	
27.	I feel uneasy making new friends because people are not sincere.	
28.	I easily admit my mistakes, because I learn from them.	
29.	It is very important for me that people approve of me.	
30.	I accept my responsibilities to meet my own emotional needs.	
31.	I am often embarrassed by the action of my friends.	
32.	I can accept someone's "put-down" without taking offence.	
33.	It is very important to me for my boss to give me compliments.	
34.	I judge my self-worth by comparing myself with others.	

Field Projects

1. List down conflicts, if any, that you were involved in with your colleague or a classmate. How much did the difference in personality account for this problem? Discuss how you approached the problem and solved it. Present your report in the form of a case study.
2. In groups of four each, conduct a survey in an organization to study the personality profiles of junior, middle and top-level managers. Do you find any difference? Present a report in class.

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CHAPTER 3

Perception

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Identify the basic elements of the perceptual process.
2. Outline the factors that affect the process of perceptual selection, organization, and interpretation.
3. Diagnose the role of attribution in the process of perception.
4. Highlight the function of perceptual process in the arenas of organizational functioning.
5. Compare the perception of self with those of others with the knowledge of Johari Window and perception mapping.

Alba Ltd

The atmosphere at automobile parts manufacturer Alba Ltd was palpable with tension. Vice President (Engineering) Vikas Malhotra's thoughts went back to the time when he had joined Alba at the age of 25, straight after management school. He had hoped then that he would take the company places and that together they would touch global horizons.

The managing director and the president of the company, Tapas Sen was quite appreciative of his work and contributions made towards the company. Today, 13 years later, they were totally at loggerheads and did not seem to have a consensus on anything.

The company was involved in the manufacturing of automobile parts. Tapas Sen took over Alba at the age of 27 after his father's sudden death. Till then it relied on older methods of operations as there was no threat of competition and there were no other major players in its external environment. When Tapas took over in 1989, he wanted to bring in changes, but he was initially a bit apprehensive. In the wake of the liberalization measures adopted by the Indian government in 1991, the company faced unanticipated disturbances in business and the philosophy became to either "change or perish." Tapas decided to change. He brought in positive changes in the technology, systems, and processes and worked hard to maintain Alba's position in the market. Under his leadership, the company grew gradually and became one of the leaders in the market. It made vari-

able profits depending on the state of the market and the demand for its products. In 2000, he decided to go public and made high profits for himself as well as the shareholders. He was labelled as a very hard-working, focused, and sincere businessman. In 1995, he inducted Vikas who proved to be an asset to the company. Vikas was appointed as an engineer, but in the last 13 years by dint of sheer hard work, commitment, and loyalty to the company, he had been promoted as a senior manager.

Due to the unexpected departure of the vice president (engineering), Vikas was promoted to take on his mantle. Prior to this, there were very few interactions between Vikas and Tapas because the chain of command did not require them to communicate much. Earlier, important discussions transpired between the VP and the MD. Vikas developed a dislike for his boss as the frequency of the interaction between them increased. He also believed that Tapas did not like him much. They had differences about the promotional activities being carried out by the company to advertise its products. Tapas believed that in a competitive environment, products can be sold only with an effective advertising programme, while Vikas was convinced that the quality of the product would speak for itself. Vikas was of the opinion that the company should, therefore, focus more on the quality of the product and the needs of customers.

Tapas was disappointed when heard about Vikas's strong conviction about the importance of product quality over investment in advertising campaigns. He found his thoughts to be immature and also illogical. He also



felt that Vikas's views might not be aligned with the long-term objectives of the company. Tapas communicated it very clearly to all his employees, especially to Vikas, that being the owner of the organization, he had complete control over its operations and would not permit anyone to interfere with his decisions. The argument between them ended on a sour note.

Vikas, now, decided to take a backseat and just focus on his work with the objective of adding value to the organization. He limited his discussions with Tapas to the minimum in order to avoid confrontations. He tried to work quietly but sometimes had to come to the forefront during Tapas's absence from work. Sometimes Vikas had to take decisions regarding promotion and reward strategies, and pricing of the product that were quite contrary to Tapas's beliefs. When Tapas would get to know of these decisions, he would fret and call Vikas to discuss the issues. Vikas, on the other hand, would avoid discussions for as long as possible as he did not want to get into arguments with Tapas. Vikas always had his thoughts aligned for the benefit of the organization and did not want to get into conflicting situations. Slowly, Vikas started realizing the stark personality differences between him and Tapas, and felt disturbed by it. It was not possible for him to continue working in the same state. He proposed a meeting with Tapas immediately so as to clarify his areas of authority and responsibility. He requested Tapas for a meeting, a request that was grudgingly agreed to by Tapas. Vikas is

now waiting for this meeting to take place so that he can decide his future course of action.

Tapas, however, is concerned about Vikas's behaviour. He is disturbed by the fact that Vikas seems more interested in making investments in technology and processes rather than improving the image of the company's products in the larger market with extensive advertising. He also feels that Vikas impinges on his authority during his absence and takes decisions that could damage the reputation of the company. He is annoyed with Vikas for trying to change the reward structure of the company without formally discussing it with him. He had always found Vikas evading issues whenever called for discussion. He feels now that it would be impossible to work with someone like Vikas.

For Discussion

1. How do Vikas and Tapas perceive each other? Are they right in their perception and each other's evaluation?
2. How do they perceive themselves? Why is there so much variation in their perception of each other and themselves?
3. How can they improve their interaction with each other?
4. If you were in Tapas's place, how would you handle the situation? What would you do if you were in Vikas's place?

Introduction

We have all learnt that the sun rises in the east and sets in the west, but in reality, it neither rises nor sets. People at a crime scene often interpret similar situations differently and testify accordingly. This may lead us to conclude that though the real world may be the same for all of us, the perceived world may not be the same. We rely mainly on what we see and interpret accordingly. If someone does not perceive the situation as we perceive, we label the other person as ignorant or unreasonable. People react differently even in the same situation because of the differences in perception. Perception is the process of selection and organization of environmental stimuli and interpreting them to provide meaningful experiences for the perceiver. Perception involves reaching for, obtaining, and processing information. It represents the psychological process whereby people take information from the environment and make sense of their world (Banks and Krajicek 1991).

People receive stimuli from the environment through the five senses: taste, smell, hearing, sight, and touch. Everyone selectively pays attention to some aspects of the environment and selectively ignores other aspects at any particular time. For example, an apartment dweller may listen expectantly for a friend's footsteps in the hall but ignore sounds of the people upstairs. A nurse working in a post-operative care unit might ignore the smell of a recently disinfected instrument or the sound of co-workers talking nearby. Yet, a small flashing red

Perception: It is the process of selection and organization of environmental stimuli and interpreting them to provide meaningful experiences for the perceiver.

light on the nurse station console is immediately noticed because it signals that the patient's vital signs are failing. These are examples of a selection process involving both external and internal factors that filter sensory perceptions and determines which will receive the most attention. The individual then organizes the stimuli selected into meaningful patterns.

How people interpret what they perceive also varies considerably. A wave of the hand may be interpreted as a friendly gesture or as a threat, depending on the circumstances and the state of mind of those involved. In organizations, managers and employees must confront the possibility of events and others' behaviour. A person's interpretation of sensory stimuli will lead to a response, either overt (actions) or covert (motivation, attitudes, and feelings) or both. Each person selects and organizes sensory stimuli differently and thus has different interpretations and responses. Perceptual differences help to explain why people behave differently in the same situation. People often perceive the same things in different ways, and their behavioural response depends, in part, on these perceptions. The following episodes exemplify such perceptual differences and their impact on behaviour.

Pratibha Sinha is a clerk who has just started a new job. After completing her first day, she returns home and shares the following experience with her husband:

It was a very hectic day. I didn't like the people there. They were very unapproachable. I felt that they were staring at me and laughing within themselves. I am sure they were making fun of me. Only one person came forward and spoke to me and asked me to join them for lunch. I think even that was a manipulated move. I don't feel like going back there again. I am dreading tomorrow already. I wish I could get a better job somewhere else!

Another new employee, Gautam Bhandari, recounts his first day at a new work place:

Wow, it was a wonderful experience at work today! My new colleagues were so friendly. All of them were very attentive and smiled at me and made me feel very comfortable. One of them even came forward and invited me out for lunch. They are a bunch of wonderful people. I think I am going to love working here. This is the kind of job and organization that I was looking for.

Pratibha and Gautam have perceived the same situation differently. It may be true that their colleagues may not have reacted to both of them in the same way. This may have been because of the personality differences between the two. Gautam may be more approachable, while Pratibha may be more reserved. On the other hand, the other employees may have reacted to both Pratibha and Gautam in the same way, but each person may have interpreted their behaviour differently. The difference in their perception could be because of the differences in their personalities, attitudes, and interpretation of situations. Pratibha may have been more anxious about her new job and, therefore, not very sure about herself; hence, she did not perceive the situation amicably. Gautam, however, may be an extrovert and a highly confident person. As a result of this, he may have perceived the same situation more amicably.

Why Should Managers Study Perception?

Managers have to take many decisions. A decision-making process requires collection and analysis of data. Sometimes decisions are based on logical analysis of data, but often it has been found that they are based on common sense and observation. Some of these assumptions that have been formulated on the basis of years of experience in management are

- The larger the size of the organization, more is the alienation amongst the employees. In other words, big organizations dehumanize people;
- People by nature do not want to work, so they have to be either controlled or motivated to work;
- Productivity of an organization results from the satisfaction level of its employees. A happy worker is a productive worker;

- People in general are emotional and not logical in nature; therefore, their decisions are guided by emotions and not logic;
- Effective leaders are firm but fair;
- The success of an organization is estimated by its size. The larger the organization, the more successful it is.

These assumptions may not always be true. However, a manager who develops a conviction in these instances acts only on the basis of these assumptions. These assumptions may be based on distorted perception and, therefore, decisions based on these may be ineffective. It becomes important for managers to improve their perceptual accuracy so that they become conscious of how perceptions are formed and do not suffer on account of perceptual distortions. Managers must think before making judgements rather than jumping to conclusions. The understanding of perceptual processes can be critical in this process.

Though we see the world differently, the world is not a chaotic place. The process of perception is an orderly process and can be studied in a systematic manner. The key words in the definition of perception are selection, organization, and interpretation. Different people often perceive a situation differently, both in terms of what they selectively perceive and how they organize and interpret the things perceived. Figure 3.1 summarizes the basic stages in the perceptual process, from initial observation to final response.

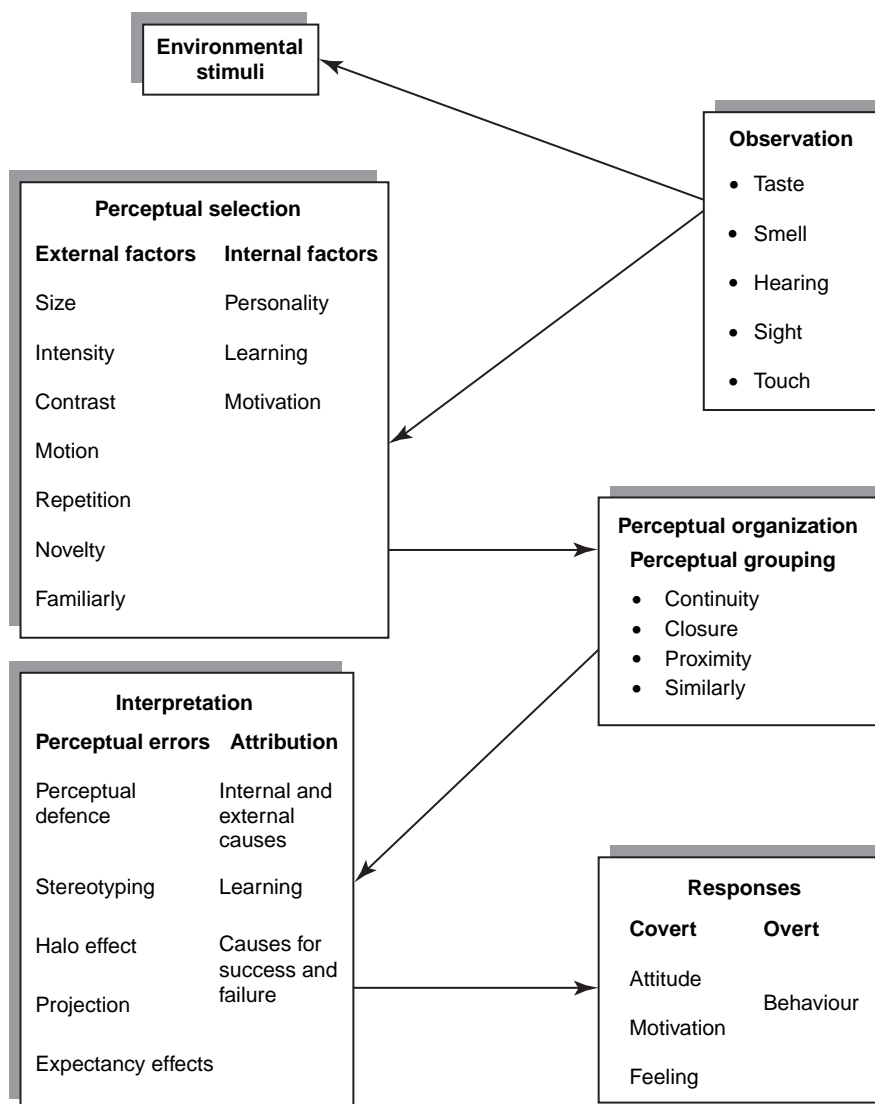


Figure 3.1
Basic Stages in the Perceptual Process

The Perceptual Process

The perceptual process begins when environmental stimuli are received through our senses. Most stimuli are screened out; the rest are organized and interpreted based on various information-processing activities. The resulting perceptions influence our emotions and behaviour towards these objects, people, and events (Cronshaw and Lord 1987).

Perceptual Selection:

Perceptual selection is the process by which people filter out most stimuli so that they can deal with the most important ones.

Perceptual Selection

The phone is ringing, your television is blaring, a dog is barking outside, your PC is making a strange noise, and you smell coffee brewing. Which of these stimuli will you ignore? Which will you pay attention to?

Perceptual selection is the process by which people filter out most stimuli so that they can deal with the most important ones. Perceptual selection depends on several factors, some of which are in the external environment and some of which are internal to the perceiver (Kinchla 1991).

External Factors Affecting Selection

- **Size:** The larger the size of an external factor, the more likely it is to be perceived.
- **Intensity:** The more intense an external factor, the more likely it is to be perceived.
- **Contrast:** External factors that stand out against the background or that are not what people expect are the most likely to be perceived.
- **Motion:** Movement or an illusion of movement also tends to receive more attention.
- **Repetition:** A repeated factor is more likely to be perceived than a single factor.
- **Novelty and familiarity:** Either a familiar or a novel factor in the environment can attract attention.

External Factors

External perception factors are characteristics that influence whether the stimuli will be noticed. Here are some of the external factors important in the selection of stimuli:

Size: The larger the size of an external factor, the more likely it is to be perceived. A relatively taller person is more likely to be noticed as compared to a person with average height. Similarly, it has been observed that if we increase the size of an advertisement, it generally results in an increase in its readership. If we increase the print size of the advertisement, the odds of it capturing the attention of the consumer will increase.

Intensity: The more intense an external factor, the more likely it is to be perceived (bright lights, loud noises, and the like). For example, a loud noise on the road while students are attending a lecture diverts their attention towards the intense stimulus.

Contrast: External factors that stand out against the background or that are not what people expect are the most likely to be perceived. In addition, the contrast of objects with others or with their backgrounds may influence how they are perceived. For example, something written in colour on the whiteboard is likely to catch people's attention.

Motion: Movement or an illusion of movement also tends to receive more attention. A moving factor is more likely to be perceived when compared to a stationary factor. Soldiers in combat learn this principle very quickly. Video games also illustrate the principles that motion is quickly detected. People are attracted by neon lighting and by billboards with rotating bars that carry a different message on each surface.

Repetition: A repeated factor is more likely to be perceived than a single factor. Marketing managers use this principle in trying to get the attention of prospective customers. This is an important factor aimed at increasing the readership of an advertisement. An advertisement may repeat key ideas, and the advertisement itself may be presented many times for greater effectiveness.

Novelty and Familiarity: Either a familiar or a novel factor in the environment can attract attention, depending on circumstances. People quickly notice an elephant walking along a city street. Both novelty and size increase the probability of perception. You are likely to first perceive the face of a close friend among a group of people walking towards you.

A combination of these or similar factors may be operating at any time to affect perception. In combination with certain internal factors of the person doing the perceiving, these external factors determine whether any particular stimulus is more or less likely to be noticed.

Internal Factors

Internal perception factors are aspects of the perceiver that influence perceptual selection. Some of the more important internal factors include personality, learning, and motivation.

Personality Personality has an interesting relationship with perception. In part, perceptions shape personality; in turn, personality affects what and how people perceive. Any of the personality dimensions (as discussed in the chapter on personality), along with numerous other traits, may influence the perceptual process. For example, individuals with high internal locus of control will attribute the success or failure of their efforts to themselves and, therefore, will perceive the external environment accordingly, whereas individuals with external locus of control will hold the external environment responsible for his or her failures. An individual who is high on authoritarianism would like to control his subordinates and seek compliance from them and generally perceive them as being incompetent. However, a person who is low on authoritarianism will perceive his subordinates as being efficient and, therefore, may rely on delegation and empowerment.

Learning Another internal factor affecting perceptual selection is learning, which can lead to the development of perceptual sets. A perceptual set is an expectation of a perception based on past experience with the same or similar stimuli. If you look at Figure 3.2

Internal Factors Affecting Selection

- **Personality:** Personality is related to perception. In part, perceptions shape personality, which in turn affects what and how people perceive.
- **Learning:** A perceptual set is an expectation of a perception based on past experience with the same or similar stimuli.
- **Motivation:** A person's most urgent needs and desires at any particular time can influence perception.



Source: Hill, W. E. (1915). "My Wife and My Mother-in-Law", *Puck*, 16(11 November).

Figure 3.2
Young Girl–Old
Woman Illusion

and see an attractive, elegantly dressed woman, your perception may be the same as the majority of first-time viewers. However, you may agree with a sizable minority and see an ugly old woman. In Figure 3.2, the young girl's necklace is the older woman's mouth and the young girl's chin and jaw together form the older woman's nose. Who you see depends upon your perceptual set.

In organizations, past experiences and learning of managers and employees strongly influence their perceptions. For example, imagine an architect, an interior decorator, and a real estate appraiser—all employed by a design and engineering firm—approaching a tall office building in Mumbai. These three individuals may notice distinctly different things about the building. The architect may first notice the architectural style and the construction materials used in the building. The interior decorator may quickly perceive the décor of the building. The appraiser may focus on the general condition of the building and of the surrounding area, and factors that would influence the building's price and saleability. Each person pays attention to a different aspect of the same general stimulus because of the individual's training and work experience.

Motivation Motivation also plays an important role in determining what a person perceives. A person's most urgent needs and desires at any particular time can influence perception.

Most people would have had the following frustrating experience. While taking a shower, you faintly hear what sounds like the telephone ringing. Do you get out of the shower, dripping wet to answer it? Or do you conclude that it is only your imagination?

Your behaviour in this situation may depend upon factors other than the shrillness of the ringing. If you are expecting an important call, you are likely to scurry out of the shower. If you are not expecting a call, you are more likely to attribute the ringing sound to other noises in the shower. Your decision, then, has been influenced by your expectations.

This example illustrates a significant aspect of perception: internal factors such as motivation influence the interpretation of sensory information. Similarly, an employee whose firm has just announced the pending layoff of 5000 workers is more sensitive to help-wanted advertisements than an employee of another firm whose job is not threatened.

In general, people perceive things that promise to help satisfy their needs and that they have found rewarding in the past. They tend to ignore mildly disturbing events but will perceive dangerous ones. Summarizing an important aspect of the relationship between motivation and perception is the “Pollyanna principle”, which states that people process pleasant stimuli more efficiently and accurately than unpleasant stimuli (Matlin and Gawron 1979). For example, an employee who has received both positive and negative feedback during a performance appraisal session with her boss may more easily, clearly, and pleasantly remember the positive statements rather than the negative statements.

Perceptual Organization:

Perceptual organization is the process by which people group environmental stimuli into recognizable patterns.

Perceptual Organization

Perceptual organization is the process by which people group environmental stimuli into recognizable patterns. In the perceptual process, following selection, organization takes over. The stimuli selected for attention now appear as a whole. For example, most people have a mental picture of an object with the following properties: wood, four legs, a seat, a back, and armrests. This is our image of a chair. When people see an object that has all these properties, they recognize it as a chair. They have organized the incoming information into a meaningful whole.

There are certain factors, such as “perceptual groupings”, which are helpful in understanding perceptual organization. Perceptual grouping is the tendency to group together individual stimuli into a meaningful pattern by means of processes like continuity, closure, proximity, and similarity.

Continuity

It is the tendency to perceive objects as continuous patterns. Continuity is a useful organizing principle, but it may also have negative aspects. For example, the tendency to perceive continuous patterns may result in an inability to perceive uniqueness and to detect change. In economic or business forecasting, a common continuity error is to assume that the future will be a simple continuation of current events and trends.

Closure

It is the tendency to complete an object and perceive it as a constant, overall form. In other words, it is the ability to perceive a whole object, even though only part of the object is evident. People can organize their perception in terms of the closure principle while dealing with ideas and information. For example, managers facing complex decisions may be able to develop a fairly accurate understanding of the issues even though their information isn't complete. Based on their experience and imagination, "they fill in missing pieces" needed in order to make a decision.

Proximity

The proximity principle states that a group of objects may be perceived as related because of their nearness to each other. Employees often perceive other employees working together in a department as a team or unit because of their physical proximity. Suppose that four people on the third floor of a large office building quit their jobs. Even if they did so for completely unrelated reasons, the human resource department may perceive the resignation as a problem on the third floor and examine the morale, pay, and working conditions there in an attempt to determine what is wrong.

Similarity

The similarity principle states that the more alike objects (or ideas) are, the greater is the tendency to perceive them as a common group. Similarity is very important in most team sports—thus the use of different colours of uniforms by the opposing teams.

Many organizations, especially those in buildings with open floor-plans, colour-code the partitions and other accessories of each department to visually define separate functions and responsibilities. A company might require visitors to its plant to wear yellow hard hats and employees to wear white hard hats. Employees can then easily identify visitors who are unfamiliar with everyday safety precautions and routine when they are in the work area.

Perceptual Interpretation

Perceptual interpretations are very important in organizational behaviour. Any kind of misinterpretation of characteristics, abilities, or behaviour of an employee during a performance appraisal review could result in an inaccurate assessment of the employee's current and future contribution to the firm. Another example of inaccurate interpretation comes from employment interviews. Many people have long been concerned about the judgemental and perceptual errors that interviewers could make while basing employment decisions on information gathered in face-to-face interviews. The following types of interview errors are the most common:

Judgemental Errors

These are certain mistakes that we commit as a result of being judgemental. Judgemental errors arise as a result of many actions on the part of the person perceiving the situation. Few of these are listed here:

Similarity error: This is a tendency to see others having characteristics more like our own (Feshback and Singer 1957). We are inclined to project our own emotional or motivational

Factors Influencing Perceptual Organization:

- *Continuity:* It is the tendency to perceive objects as continuous patterns.
- *Closure:* It is the tendency to complete an object and perceive it as a constant, overall form.
- *Proximity:* This principle states that a group of objects may be perceived as related because of their nearness to each other.
- *Similarity:* This principle states that the more alike objects (or ideas) are, the greater is the tendency to perceive them as a common group.

Perceptual Interpretation:

An assessment of the information collected for the purpose of making interpretation or judgement.

Types of Judgemental Errors:

- *Similarity error:* The tendency to see others having characteristics more like our own.
- *Contrast error:* The tendency of some interviewers to compare job candidates to other candidates interviewed at the same time.

- *Overweighting of negative information:* The tendency of some interviewers to overreact to negative information.
- *First-impression error:* Quick impressions formed that are resistant to change.

Types of Perceptual Errors

- *Perceptual defence:* The tendency of people to protect themselves against ideas, objects, or situations that are threatening.
- *Stereotyping:* The tendency to assign attributes to someone solely on the basis of the category in which the person has been placed.
- *Halo effect:* Evaluation of another person solely on the basis of one attribute, either favourable or unfavourable, is called halo effect.
- *Projection:* It is the tendency for people to see their own traits in other people.
- *Expectancy effects:* It is the extent to which prior expectations bias perception of events, objects, and people.
- *Self-fulfilling prophecy:* Expecting certain things to happen shapes the behaviour of the perceiver in such a way that the expected is more likely to happen.

state on to others. Interviewers are positively predisposed towards potential candidates who are similar to them (in terms of background, interest, hobbies, and the like) and negatively biased against candidates who are unlike them.

Contrast error: Interviewers have a tendency to compare potential candidates to other candidates interviewed at the same time, rather than to some absolute standard. For example, an average candidate may be rated too highly if several mediocre candidates preceded her and a candidate might be scored too low if an outstanding applicant preceded her.

Overweighting of negative information: This error arises when people from different departments, functions, or hierarchical levels fail to perceive each other in a favourable light. Some interviewers have a tendency to overreact to negative information as though looking for some excuse to disqualify a candidate.

First-impression error: The privacy effect may play a role in job interviews, as some interviewers tend to form quick impressions that are resistant to change (Fisher, Schoenfeldt and Shaw 1993). As a result of this error, the target person (the person being evaluated) could set out to generate favourable impressions through a variety of tactics to create a positive image of himself.

Perceptual Errors

As perceptual interpretation is influenced by characteristics of both the perceiver and the situation, accuracy in perception can be improved when the perceiver understands these potential biases. Unfortunately, the errors that individuals make in interpretation are so common that they have been assigned names. Some of these perceptual errors are listed here.

Perceptual defence Perceptual defence is the tendency of people to protect themselves against ideas, objects, or situations that are threatening. People see and hear what they want to see and hear and disregard the rest. Once established, an individual's way of viewing the world may become highly resistant to change. People tend to perceive things that are supportive and satisfying and ignore disturbing things.

Avoiding unpleasant stimuli often is more than escapism; it may be a sensible defensive device. People can become psychologically deaf or blind to disturbing parts of the environment. For example, an employee who really enjoys his work, likes most of his colleagues, and is satisfied with his pay might simply ignore some aspects of his work experience that are negative (such as an irritating co-worker).

Stereotyping Stereotyping is a tendency to assign attributes to someone solely on the basis of the category in which the person has been placed. People generally expect someone identified as a doctor, a president of a company, or a professor to have certain positive attributes, even if they meet someone who does not. A person categorized as a dropout, an ex-convict, or an alcoholic, by default, is perceived negatively.

Even the identification of an employee based on such broad categories as Asian, older worker, or female, which should not bring to mind any attributes beyond the obvious physical characteristics, can lead to misperceptions. The perceiver may dwell on certain characteristics expected of that category, and fail to recognize the characteristics that distinguish the person in question as an individual. Since stereotypes influence how people respond to others, managers need to consciously avoid relying on them. One such stereotype typically experienced is based on gender. Box 3.1 discusses the role of gender stereotypes experienced by women in Indian organizations.

BOX 3.1 FIRM BARRIERS

Even at the turn of the twenty-first century, big names in India Inc. treasure an unwritten code: “Do not employ women.”

Rachna Chhachhi, gender activist and founder CEO of Red for Women, an organization that implements “gender policies” in corporate houses, says that safety is one of the reasons why women are generally not recruited at the shop floor level. Further IT and consulting firms may not want to employ married women as their maternity leave adversely affects ongoing projects.

As per a recent study conducted by the Confederation of Indian Industry (CII), about half the medium-sized companies did not prefer women employees and 14% of the companies have policies which were not women friendly, like exclusion of women from departments such as manufacturing/production, shop floors, and top-level positions. Ronesh Puri, MD, Executive Access, an executive-search firm comments that companies are unwilling to employ women as they feel that women are emotional, take off-the-cuff decisions, and are ready to quit at the drop of a hat. They are also apprehensive about issues related to sexual harassment, security of women employees, as well as their competency.

Rumjhum Chatterjee, chairperson of the national committee for women’s empowerment of the CII, believes that companies need to rework on their policies if they want to reduce the attrition rate among women. However, there are certain companies, such as ICICI and PepsiCo, which employ women-friendly policies. These companies have

recognized that women have a higher emotional quotient as compared to men, which can be used by organizations to their advantage.

Stereotyping based on gender is prevalent even at the international level. Women advocacy groups have been questioning this tendency for a number of years without clear-cut solutions in sight. The absence of women role models in business and education perpetuates stereotypes against women’s non-suitability for leadership positions. Researchers have found out that exclusive male networks are partially responsible for nurturing negative attitudes and holding prejudices towards women managers. If there was a way out to break this network or gain an entry into this, it would be possible for more women to reach senior management positions in organizations.

According to Ursula Brinkman, MD, Intercultural Business Improvements in the Netherlands, any behaviour based on stereotypes puts the organization at a major risk and can have dramatic consequences for an organization’s success at the international forum.

Sources: Adapted from Srivastava, Roli (2002). “Woman, a Disqualification for Most Corporate Jobs”, *Times of India*, 18 April; Sachdeva, Sujata Dutta and Shobha John (2006). “Power Puff Girls of India Inc.”, *Times of India*, 8 January; and van der Boon, Mary (2005). “Cultural Stereotyping: Is Bias Bad for Business?” November, available at www.expatica.com/hr/story/cultural-stereotyping-is-bias-bad-for-business-11555.html, (accessed November 2008).

Halo effect Evaluation of another person solely on the basis of one attribute, either favourable or unfavourable, is called “halo effect.” In other words, a halo blinds the perceiver to other attributes that also should be evaluated to obtain a complete, accurate impression of the other person. Managers have to guard against the halo effect while rating employee performance. A manager may single out one trait and use it as a basis for judging all other performance measures. For example, an excellent attendance record may produce judgments of high productivity, quality work, and industriousness—whether they are accurate or not.

Similarly, during an interview, if the interviewer perceives a desirable trait in one of the interviewees that is very similar to his own, he may rate this person positively irrespective of other weaknesses in him. The reverse of this is when the deficiency of a person is identified in the beginning. This is known as “horns effect.” Osgood, Suci, and Tannenbaum (1957) have suggested that our overall attitude towards others is developed on the basis of three factors: activity (active versus passive), strength (strong versus weak), and evaluative (good versus bad).

Projection Projection is the tendency for people to see their own traits in other people; that is, they project their own feelings, personality characteristics, attitudes, or motives onto others. This tendency may be especially strong for undesirable traits that the perceivers possess but fail to recognize in themselves. For example, an employee frightened by rumours of impending organizational changes may not only judge others to be more frightened than they are but also assess various policy decisions as more threatening than they really are. People whose personality traits include stinginess, obstinacy, and disorderliness tend to rate others higher on these traits than people who do not have these personality traits.

Expectancy effects Expectancy effect in the perceptual process is the extent to which prior expectations bias perception of events, objects, and people. Expectancy effects may also bias perceptions even in less ambiguous situations. For example, your perceptions of a committee to which you have recently been assigned may be positive if your boss tells you that the committee's work is important and that it will be staffed by talented people from several departments. However, your perceptions may be negative if she tells you that the committee exists solely for "political reasons" and contains some real dead woods from other departments. You might also perceive identical behaviours by other members of the committee quite differently under each set of expectations. People often approach situations expecting certain things to happen or other people to have certain attributes. These expectations may strongly influence their perceptions of reality.

Another aspect of expectancy effect is "self-fulfilling prophecy." Expecting certain things to happen shapes the behaviour of the perceiver in such a way that the expected is more likely to happen (Wilkins 1976). For example, a team leader who has been led to believe that a new employee has great potential might do two things: (1) She might assess the employee's performance as being better than it really is (an expectancy effect) or (2) she might behave towards the new employee in such a way (e.g., by providing encouragement or additional training) that the new employee's performance is, in fact, very good (a self-fulfilling prophecy).

Attribution Process:

Attribution process refers to the manner in which people come to understand the cause of others' (and their own) behaviour.

Attribution Process

The attribution process refers to the manner in which people come to understand the cause of others' (and their own) behaviour (Harvey and Wells 1988). Attributions play an important role in the process of perception. Attributions made about the reasons for someone's behaviour may affect judgements about that individual's fundamental characteristics and traits.

The Process

Basically, people make attributions in an attempt to understand the behaviour of other people and to make better sense of the environment. Individuals do not consciously make attributions in all circumstances (although they may do so unconsciously much of the time). However, under certain circumstances, people are likely to make causal attribution consciously. Attribution theory has been proposed to develop an explanation of how we judge people differently depending on the meaning we attribute to a given behaviour (Kelley 1971). When we observe a person's behaviour, we ascribe its cause either to internal factors or to external factors. If the behaviour is a result of internal factors, it is under the control of the person. If the cause is external, it is the result of the intensity of the situation faced by the person.

Figure 3.3 presents a basic model of the attribution process. People infer "causes" to behaviours they observe in others and these interpretations often largely determine their reactions to these behaviours. The perceived cause of behaviour reflects several antecedents: (1) the amount of information the perceiver has about the people and the situation and how that information is organized by the perceiver; (2) the perceiver's beliefs (implicit personality theories, what other people might do in a similar situation, etc.), and (3) the motivation of the perceiver (for example, the importance to the perceiver of making an accurate assessment).

Consequences for the Perceiver

The perceiver's information and beliefs depend on previous experience and are influenced by the perceiver's personality.

Based on information, beliefs, and motives, the perceiver often distinguishes between internal and external causes of behaviour; that is, whether the behaviour is due to a real desire or the pressure of circumstances. The assigned cause of the behaviour—whether internal or

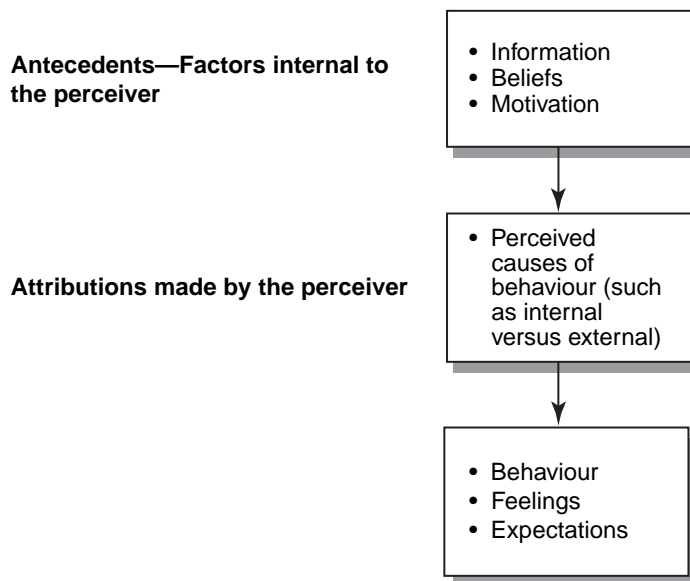


Figure 3.3
The Attribution Process

external—helps the perceiver attach meaning to the event and is important in understanding the subsequent consequences for the perceiver. The consequences of this attribution process are the subsequent behaviour of the perceiver in response to the behaviour of others, the impact on feelings and emotions (how the perceiver now feels about the events, people, and circumstances) and the effects on the perceiver's expectations of future events or behaviour. This could be discussed with the help of a simple example.

Suppose an employee reports late to office on a particular day. His tardiness can be attributed to either internal or external causes. He might have been late as a result of watching a late-night movie and, therefore, not being able to wake up in the morning on time, which is an internal cause within the person's control. Another reason could be being caught up in a traffic jam and, therefore, not being able to reach on time, which is an external cause not under the person's control.

Internal Versus External Causes of Behaviour

A central question in the attribution process concerns how perceivers determine whether the behaviour of another person stems from internal causes (such as personality traits, emotions, motives, or ability) or external causes (other people, the situation, or chance). A widely accepted model by Harold Kelley attempts to explain how people determine why others behave as they do (Kelley 1971). This explanation states that in making attributions, people focus on three major factors.

Consistency The extent to which the person perceived behaves in the same manner as on other occasions when faced with the same situation. In the example discussed above, a lot would depend upon the number of times the person has shown that behaviour. If this behaviour (of coming late) is repeated on a number of occasions, it is a reflection of consistency in his behaviour. It could be contrasted with a person who comes late only on odd occasions. The more consistent the behaviour of the person, the more likely it is to be ascribed to internal causes.

Distinctiveness It is the extent to which the person perceived acts differently in different situations, that is, whether it is usual or unusual. If an employee has an excellent attendance record and is an effective performer in the organization, his coming late or being absent from the job could be ascribed to external factors that are not under his control. However, if the be-

Internal Versus External Causes of Behaviour

- **Consistency:** The extent to which the person perceived behaves in the same manner as on other occasions when faced with the same situation.
- **Distinctiveness:** It is the extent to which the person perceived acts differently in different situations.
- **Consensus:** The extent to which others, faced with the same situation, behave in a manner similar to the person perceived.

behaviour appears to be usual, that is, he has a habit of being late or absenting himself very often, it could be ascribed to internal causes that are under his personal control.

Consensus This is the extent to which others, faced with the same situation, behave in a manner similar to the person perceived (Baron and Byrne 1993). If everyone who is faced with a similar situation reacts in the same way, the behaviour shows consensus. If the employee ascribes his tardiness to a traffic jam on his way to work and if all the other employees who took the same route report late to work, it could be concluded that the behaviour shows consensus. If the consensus is high, one is more likely to attach external attribution to the behaviour. However, if the other employees are on time, the consensus factor will be absent and an internal attribution could be attributed to his tardiness.

As Figure 3.4(a and b) suggest, under conditions of high consistency, high distinctiveness, and high consensus, the perceiver will tend to attribute the behaviour of the person perceived to external causes. When distinctiveness and consensus are low, the perceiver will tend to attribute the behaviour of the person to internal causes. The dimension of consistency remains high under both attribution outcomes. When consistency is low, the perceiver may attribute the behaviour to internal and/or external causes.

With regard to internal versus external causes of behaviour, observers often make what is known as the fundamental attribution error. This error is the tendency to underestimate the impact of situational or external causes of behaviour, and to overestimate the impact of personal, or internal causes of behaviour when seeking to understand why people behave the way they do (Myers 1993). In organizations, employees often tend to assign blame for conflict, political behaviour or resistance to change to the individuals involved and fail to

Figure 3.4(a)
Causes for External
Attribution

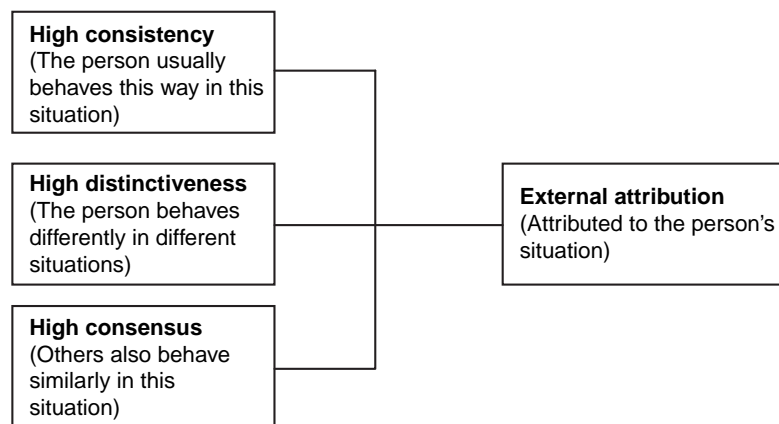
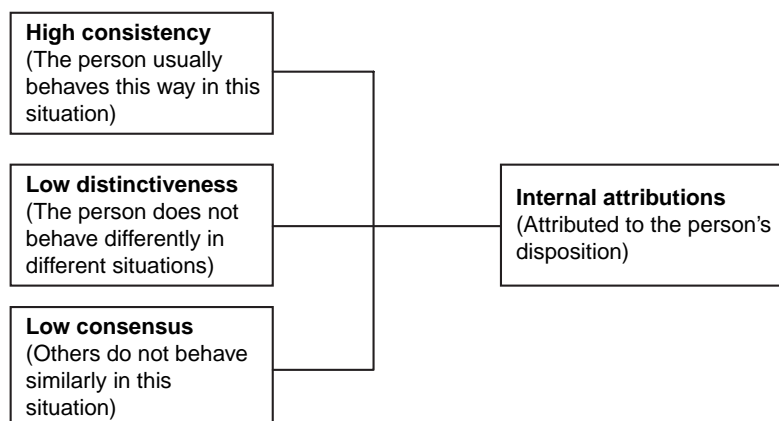


Figure 3.4(b)
Causes for Internal
Attribution



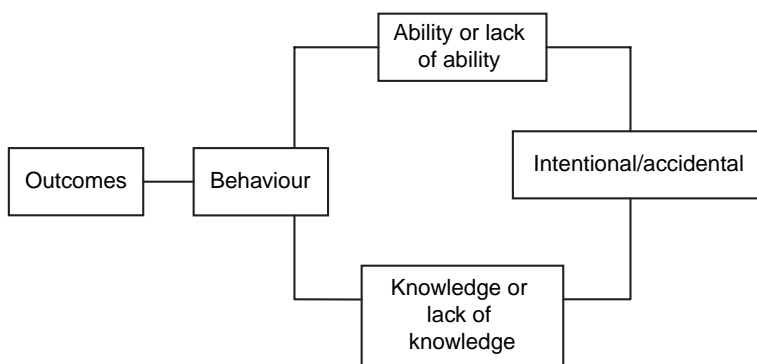


Figure 3.5
Inference Model for
Identifying Disposition
for Action

recognize the effects of the dynamics of the situations. For example, a CEO might attribute a high level of political behaviour on the part of his vice presidents to aspects of their personalities, not recognizing that much of the political behaviour is on account of the competition for scarce resources.

Inference Model

Pennington, Gillen and Hill (1999) have formulated the Inference model which examines attributions based on internal causes. This model provided by Jones and Davis (1965) relies on drawing backward inferences for an observed event. Figure 3.5 illustrates the model.

The following example will help us operationally the Inference model. In an organization, if an employee commits a major mistake that results in the breakdown of a machine and consequently losses for the company, his action could be attributed to many factors. As per the Inference model depicted in Figure 3.5, the manager will first try to find out if the employee had the knowledge or the ability to work with the machine. If it is found out that the subordinate had the knowledge and the ability to do the work, he is held responsible for the mistake committed. If it is found that he lacked the knowledge or the ability to do the job, but still the job was thrust upon him, he could be given the benefit of doubt. Another issue is about the action being intentional or accidental. If the action was accidental, the employee is not likely to be held responsible for the behaviour, but if it was intentional, the cause of the behaviour would be attributed to him.

Inference Model: The Inference model examines the attributions based on internal causes and relies on drawing backward inferences for an observed event.

Attributional Tendencies

Researchers have uncovered two attributional tendencies that distort one's interpretation of observed behaviour—*fundamental attribution bias* and *self-serving bias*.

Fundamental Attribution Bias The fundamental attribution bias reflects one's tendencies to attribute another person's behaviour to his personal characteristics, as opposed to situational factors. This bias causes the perceiver to ignore environmental forces that often significantly affect the behaviour. For example, people have a tendency to believe that an individual's criminal behaviour is because of the inherent dishonesty or a personality flaw rather than due to environmental factors such as unemployment, broken family, or maltreatment during an early age.

Self-serving Bias The self-serving bias represents one's tendency to take more personal responsibility for success rather than for failure. Referring to the earlier discussion, employees tend to attribute their success to internal factors (high ability or hard work) and their failure to uncontrollable external factors (tough job, bad luck, unproductive co-workers). For a job-related example of self-serving bias, consider the reaction of employees who worked on the *Challenger* space shuttle that exploded shortly after its launch in 1986 (Box 3.2).

Fundamental Attribution Bias: The fundamental attribution bias reflects one's tendencies to attribute another person's behaviour to his or her personal characteristics, as opposed to situational factors.

Self-serving Bias: The self-serving bias represents one's tendency to take more personal responsibility for success rather than for failure.

BOX 3.2 THE CHALLENGER DISASTER

The *Challenger* space shuttle disaster took place on 28 January 1986 off the coast of Central Florida, United States. The shuttle broke apart within 73 seconds of its flight, leading to the death of its seven crew members, and disintegrated into the Atlantic Ocean.

While reviewing the disaster, at a bar in Downey, California, angry Rockwell International Employees who built the *Challenger* orbiter blamed other shuttle contractors for the disaster as they watched television reports of debris being hauled out of the ocean.

Many shuttle workers blamed the fatal mistake on teams of space workers with whom they had little contact. Some

Rockwell employees said that Cape Canaveral workers employed by archrival Lockheed were to be blamed because, as one worker put it, “they’re the last ones to have anything to do with the shuttle” before launch.

This example clearly shows the self-serving bias on the part of the people involved when faced with failure. In case of failure, people have a tendency to blame external factors rather than reflecting on their own mistakes.

Source: Adapted from Schwadel, F., M. Moffett, R. J. Harris and R. Lowenstein (1986). “Thousands Who Work on Shuttle Now Feel Guilt, Anxiety and Fear”, *The Wall Street Journal*, 6 February, p. 25.

Perceiving Others: Organizational Applications

In our social interactions, we make interpretations about others’ behaviours. The manner in which we perceive the personal characteristics of others, in particular their current moods and their total personality, determines our interpretation of their behaviours. Various dynamic signals—such as posture; body movement; facial expression; direction of gaze; tone of voice; rate, amount, and fluency of speech; orientations; and distance—are all picked up during social interaction affecting the process of interpretation. The most critical areas where these social perceptions have profound effect are the employment interview and performance appraisal. Some of the ways by which the process of perception influences the organizational functioning are discussed in this section.

Impression Management:

Impression management refers to the process used by individuals to control the impression others form of them.

Impression Management: Marketing Oneself in the Employment Interview and Elsewhere

The desire to make a favourable impression on others is universal. In one way or another, we all do things to attempt to control how other people perceive us, often attempting to get them to think of us in the best light possible. Impression management refers to the process used by individuals to control the impression others form of them. Therefore, it would be a mistake to think that the person who is at the receiving end of being evaluated is passive and the only person active in the process is the perceiver. The employment interview is an organizational context in which this process is at work (Fletcher 1989).

The impression that prospective employers form may be based on subtle behaviours, such as how we dress and speak, or more elaborate acts, such as announcing our accomplishments (Giacalone and Rosenfeld 1989). It may be the result of calculated efforts to get others to think of us in a certain way or be the passive, unintended effects of our actions (Greenberg 1990). Impression management might involve direct attempts to make ourselves look better—through self-enhancing behaviour (such as improving one’s appearance, and name-dropping, claiming association with highly regarded others, as well as attempts to make others feel better about themselves) and other enhancing behaviour (such as by flattering them, and showing your approvals for the things they say) (Fiske and Neuberg 1990).

The things people do to create favourable impressions also have beneficial effects on their relationships with others. For example, it has been found that supervisors feel better towards those subordinates who are successful at cultivating positive impressions (such as by using self-enhancing and other enhancing tactics) than those who are less skilled at doing so. Not surprisingly, supervisors also enjoy friendlier and more open communication links with such individuals (Wayne and Kacmar 1991). Similarly, it has been found that subordinates who engage in impression management are more liked by their supervisors,

and such liking, in turn, enhances the quality of social interaction between them (Wayne and Ferris 1990).

The target person could set out to generate a favourable impression through a variety of tactics. Rosenfeld, Giacalone and Riordan (1995) viewed these tactics as

- **Name-dropping**—to create an impression that one is well connected and an expert as a means to support one's judgement;
- **Disclosing obstacles**—to stress the real or imaginary barriers that one has removed in the past to bring about a successful outcome, as if to say that is what you would expect from an able performer;
- **Doing favours**—to either appear to do something concrete to help the person one is trying to impress or appear to do so in order to receive a favourable evaluation;
- **Flattery**—to convey nice things about the person one is trying to influence (e.g. the interviewer);
- **Opinion conformity**—to back the opinion or views of the person one is trying to impress so as to get her on your side;
- **Playing dumb**—to give the impression that one cannot do certain tasks, in the hope that one can avoid them, thereby creating the space to do things one really likes;
- **Playing safe**—to give the impression that one is not prone to making mistakes.

It would be foolish to overestimate the power of impression management; eventually the person lacking credibility may not be able to present the correct image all the time and is exposed. Others may lack the personality characteristics to project the right image. But it is suggested that if the target person's presentation of the self is in line with his self-concept, the perceivers (e.g. interviewers) could be convinced of the substance of the image projected (Swann and Ely 1984). Apparently, the way we see ourselves (self-perception) is crucial when arriving at a conclusion about what others think of us (Kenny and DePaulo 1993).

Impressions can also be made by organizations as a whole—what has been termed as *corporate image* (Garbett 1988). The impression an organization makes on people can have a considerable effect on the way it relates to it—in the context of job recruitment, not only do candidates want to make good impressions on prospective employees, but employees want their job offer to be accepted by the best candidates. Box 3.3 discusses employee perception about the place of work based on surveys carried out by the Great Place to Work® Institute in India.

Performance Appraisal: Making Formal Judgements About Others

One of the most obvious instances in which social perception occurs is when someone formally evaluates the job performance of another. This process, known as *performance appraisal*, occurs in organizations—often on an annual or semi-annual basis—for purposes of determining raises, promotions, and training needs (Mohrman, Resnickwest and Lawler 1989). Ideally, this process should be completely rational, leading to unbiased and objective judgement about exactly how well each employee performed and how he should be treated. However, the performance appraisal process is far from being objective. Indeed, people have a limited capacity to process, store, and retrieve information, making them prone to bias when it comes to evaluating others.

One such bias is reflected by the tendency of people to evaluate others in terms of their own expectations of their performance. Suppose, for example, you are supervising two individuals who are performing equally well at this point of time. Rationally, you should give them equal performance ratings. However, a study by Hogan suggests that people might not

Performance Appraisal:

A process in which social perception occurs when someone formally evaluates the job performance of another.

BOX 3.3 GREAT PLACES TO WORK IN INDIA

Employee perceptions about their place of work have a significant impact on the working of organizations. The Great Place to Work® Institute has been studying best workplaces for 25 years. It tries to seek answers to the question, “How do India’s best workplaces compare with the best in other parts of the world?” According to the institute, it is possible to compare India’s best workplaces with similar workplaces in other parts of the world since it uses the same employee survey to do its best workplaces study in 30 countries across the globe. The institute checks the perception of employees working in the organization to find out if it is one of the best places to work in the country.

The institute has a simple definition of a Great Place to Work. If you trust the people you work for, if you take pride in what you do, and if you enjoy the company of people you work with, you are working in a Great Place to Work.

An interesting observation made by the institute is that there is more commonality among the best employers across the globe, and there is more difference between organizations within a country that participate in their annual studies. To understand how India’s Top 25 workplaces compare with the rest, they have referred to the Great Place to Work® Institute’s Top 100 list for the USA, EU, Latin America, Brazil, and the Top 50 in the UK. Interestingly, the employee survey scores of the Top 25 workplaces in India are closer to those of Brazil, and the UK, rather than the USA, EU or Latin America. Overall, the best workplaces in India still score less than the Top 100 in the USA, EU, and Latin America in almost all areas. Thanks to the race for attracting and retaining talent, this gap is narrowing.

While overall management credibility of the best workplaces in India is comparable to others, fewer number of employees in India agree that they can ask management any reasonable question and get a straight answer, with employees of the USA, EU and even Latin America seemingly getting more “straight answers” from their managers. Managers of best workplaces in India score lower than US and EU managers when it comes to avoiding favouritism, politics and backbiting. Interestingly, amongst the various countries compared, managers of best workplaces in Germany seem to indulge in favouritism and workplace politics the least.

Compensation managers would find it interesting to know that when it comes to positive employee perception of being paid fairly for the work they do, employees in best workplaces in India compare well with employees in EU and Latin America and compare significantly better than employees in best workplaces in Brazil, Argentina, or the UK. This is despite the fact that most organizations in the Indian best employers list, as a policy, do not aim to be in the top quartile of the compensation market. However, when it comes to the perception of having “special and unique benefits,” best workplaces in India have a significant amount of catching up to do with the USA, EU, Latin America, and even Brazil.

Source: Bhattacharya, Prasenjit, “How Do India’s Best Compare With the Rest?” Great Place to Work® Institute, available at http://resources.greatplacetowork.com/article/pdf/great_place_to_work%C2%AE_across_the_globe.pdf. Reproduced with permission.

actually do so (Hogan 1987). The participants in this study were bank managers who completed questionnaires on two occasions four months apart. The first time, they were asked to indicate how well they expected their newest teller to do on the job. Then, four months later, they were asked to rate the teller’s actual job performance. Managers gave a higher rating to individuals whose performance matched their expectations than to those who did either better or worse than predicted. These effects are unsettling in so far as they suggest that the improved performance of some employees may go unrecognized or, worse yet, be downgraded! Of course, to the extent that human resource management decisions are made on the basis of several sources of information, besides judgements by a single superior, it’s unlikely that such biased judgements may go uncorrected. Nonetheless, Hogan’s findings clearly underscore a point made earlier—namely, perceptions are based on characteristics not only of the person being perceived but also of the perceiver.

Comparing Perceptions with Others

One useful way to reduce perceptual bias is to compare our perception with the perceptions other people have about the same target. By sharing perceptions, we learn different points of view and potentially gain a better understanding of the situation. If people have different backgrounds but similar perceptions of the situation, then there is reason to be more confident about the interpretation.



Courtesy: Priya Raj. Reproduced with permission.

CASELET

To Pay or Not to Pay: It's a Matter of Perception

Ajay Shukla, the sales manager of Orchid Publications, was exhausted after a long day at work. He had a difficult meeting with his boss Nikhil Verma, General Manager, Sales, regarding the incentives to be paid to sales executives in the company. All through the meeting, Ajay was trying to put across the point that sales executives work hardest among all employees of the organization and, therefore, they are required to be paid higher compensation when compared to employees of other departments. Nikhil was not ready to concede to this point. The conversation between the two was as follows:

Ajay: "Sir, I want to request to you take into consideration the package of sales executives in this company with the higher authorities."

Nikhil: "I know you have raised this concern earlier, but I don't understand why they should be paid more than others."

Ajay: "Sir, these are the people who bring business to the company. They are always out in the field in any kind of weather. The business that our company does depends upon the way they portray our products to the customer

outside. Since they are the face of the company, they need to be compensated highly."

Nikhil: "Ajay, are you trying to tell me that people who work at the backend don't contribute anything to the company. After all, they are also an important part of the organization. Any discrepancy in the compensation package is going to breed in a lot of antagonism and bickering."

Ajay: "But these people just sit back in the office and relax, whereas my people go out in the scorching sun, rain, and freezing winter. They deserve higher perks; otherwise they will lose interest and leave their jobs."

Nikhil: "I don't think your argument is valid. That is their job and they are supposed to do it. They have been appointed and are being paid for this only. Other administrative staff members do their job and get paid for it. This is an unjustified demand and I will not adhere to it. I am sorry. Would you please leave now as I have an important meeting to attend?"

The caselet describes the difference in perception of employees on the basis of their requirements and position in the organization.

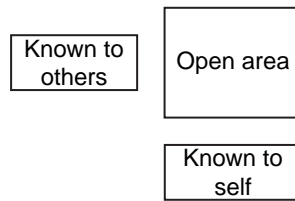


Figure 3.6(a) Open Area

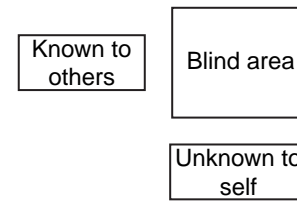


Figure 3.6(b) Blind Area

Johari Window: Johari Window divides information about you into four “Windows”—open, blind, hidden, unknown—based on whether your own values, beliefs and experiences are known to you and to others. It is a popular model for understanding how co-workers can increase their mutual understanding.

Know Yourself: Applying the Johari Window

A powerful way to minimize perceptual biases is to know your self—to become more aware of your values, beliefs, and prejudices (Costello and Zalkind 1963). For example, suppose you dislike a particular client who treated you badly a few years ago. If the client meets you again to re-establish the relationship, you might be more open-minded about this business opportunity if you are conscious of these emotions. Moreover, if your colleagues are also aware of your unique values and past experiences, they are more likely to understand your actions and help you to improve in the future. If you act harshly towards the troublesome client, for example, your colleagues are likely to understand the reason for your behaviour and draw this to your attention.

A Johari Window is a popular model for understanding how co-workers can increase their mutual understanding (Luft 1984). Developed by Joseph Luft and Harry Ingram (hence the name Johari), this model divides information about yourself into four “Windows”—open, blind, hidden, unknown—based on whether your own values, beliefs, and experiences are known to you and to others.

As we see in Figure 3.6(a) the open area includes information about you that is known both to you and to others. For example, both you and your co-workers may be aware that you don’t like to be near people who smoke cigarettes. Further, there are certain aspects of our personality which are known to all as well as known to self like our names, colour of our skin, height, and weight.

The blind area (as shown in Figure 3.6(b)) refers to information that is known to others but not to you. For example, your colleagues might notice that you are embarrassed and awkward when meeting a new person, but you are unaware of this fact. Sometimes your belief in your sense of humour about yourself may come across as sarcasm to other people.

Information known to you but unknown to others is found in the hidden area (as shown in Figure 3.6(c)). We have personal secrets about our likes, dislikes, and personal experiences, which we generally do not share with others around us. It remains hidden in our personality.

Finally, the unknown area (as shown in Figure 3.6(d)) includes your values, beliefs, and other things that might not be known to you or others. It is believed that a major portion of our personality remains unexplored and, therefore, unknown.

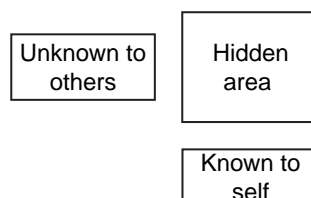


Figure 3.6(c) Hidden Area

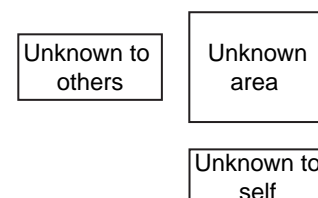


Figure 3.6(d) Unknown Area

The main objective of the Johari Window is to increase the size of the open area so that both you and your colleagues are aware of your perceptual limitations. This is partly accomplished by reducing the hidden area through disclosure—informing others of your beliefs, feelings, and experiences that may influence the work relationship. Disclosure must be reciprocal among team members; that is, they should provide information about themselves as you reveal information about yourself. Fortunately, self-disclosure by one person tends to cause others to make a self-disclosure (Miller and Kenny 1986). The open area also increases through feedback from others about your behaviour. This information helps you to reduce your blind area, because co-workers often see things in you that you do not see. Finally, the combination of disclosure and feedback occasionally produces revelations about information in the unknown area.

Perception Mapping

Perception mapping is a process by which organizations attempt to perceive themselves with respect to all aspects of their culture, business and people. One can gain real information about the organization by mapping the perception of its employees. It helps to identify the areas for improvement and the areas of strength. The process aids the organization to enhance its knowledge about the culture of the organization, the level of satisfaction of the employees and customers, employee profiling, and the reasons for employee attrition.

Perception Mapping:

Perception mapping is a process by which organizations attempt to perceive themselves with respect to all aspects of their culture, business, and people.

Need for perception mapping

Perception mapping is required in the organization as it helps to:

- Identify early warning signals of problems so that they can be mended in time.
- Monitor the business in an effective way.
- Manage and sustain effective communication channels among people in the organization.
- Develop a benchmark system for the organization so that future efforts can be handled on the basis of that.
- Track and measure the success of introduced programmes.
- Identify the impact of such programmes on business performance.

Summary

Perception is a process of selection, organization, and interpretation of sensory inputs or stimuli to make sense of the world. Employees in the organization develop their values, beliefs, attitudes, and behaviour based on how they perceive situations around them. A manager should study perception as it gives him or her more information about the process to take appropriate decisions and check on his or her assumptions and correct them if they are wrong.

Perceptual process comprises three steps; selection, organization, and interpretation. Selection is a process of filtering the stimuli to be able to deal with the important ones. External factors in the form of size, intensity, contrast, motion, repetition, novelty, and familiarity and internal factors in the form of learning, personality and motivation affect the process of

selection. Organizations can be understood with the help of perceptual groupings which are based on continuity, closure, proximity and similarity. The stage of perceptual interpretation is affected by judgemental and perceptual errors. Some perceptual errors which need to be managed effectively are perceptual defence, stereotyping, halo effect, projection, and expectancy effect. Perceptual interpretation is also affected by attribution process. Attribution theory has been proposed to develop explanations for how we judge people differently depending on the meaning we attribute to given behaviour. Another variation of the attribution model, called inference model, examines the attributions based on internal causes. This model relies on drawing backward inferences for an observed event.

An important organizational application of perception is in the realm of impression management, which involves marketing oneself in the employment interview and in performance appraisal which involves making formal judgement about others. The target person could set out to generate a favourable impression through a variety of tactics such as name-dropping, disclosing obstacles, doing favours, flattery, opin-

ion conformity, playing dumb, and playing safe. An important technique of knowing self and, therefore, enhancing the mutual understanding with the co-workers is through the Johari Window. Another technique, known as perception mapping, is a process by which organizations attempt to perceive themselves with respect to all aspects of their culture, business, and people.

■ Key Terms

Attribution process: The attribution process refers to the ways in which people come to understand the cause of others (and their own) behaviour.

Blind area: The blind area refers to information that is known to others but not to you.

Closure: Closure is the tendency to complete an object and perceive it as a constant, overall form.

Consensus: Consensus is the extent to which others, faced with the same situation, behave in a manner similar to the person perceived.

Consistency: Consistency is the extent to which the person perceived behaves in the same manner on other occasions when faced with the same situation.

Continuity: Continuity is the tendency to perceive objects as continuous patterns.

Distinctiveness: Distinctiveness is the extent to which the person perceived acts in a different manner in a different situation.

Expectancy effects: Expectancy effects in the perceptual process are the extent to which prior expectations bias perception of events, objects, and people.

Halo effect: Evaluation of another person solely on the basis of one attribute, either favourable or unfavorable, is called halo effect.

Hidden area: Information known to you but unknown to others is found in the hidden area.

Johari Window: A Johari Window is a popular model for understanding how co-workers can increase their mutual understanding; this model divides information about yourself into four “Windows”—open, blind, hidden, unknown—based on whether your own values, beliefs, and experiences are known to you and to others.

Open area: Open area includes information about you that is known both to you and others.

Perception: Perception is the process of selection and organization of environmental stimuli to provide meaningful experiences for the perceiver.

Perceptual defence: Perceptual defence is the tendency of people to protect themselves against ideas, objects, or situations that are threatening.

Perceptual grouping: Perceptual grouping is the tendency to form individual stimuli into a meaningful pattern by means such as continuity, closure, proximity, and similarity.

Perception mapping: Perception mapping is a process by which organizations attempt to perceive themselves with respect to all aspects of their culture, business, and people.

Perceptual organization: Perceptual organization is the process by which people group environmental stimuli into recognizable patterns.

Perceptual selection: Perceptual selection is the process by which people filter out most stimuli so that they can deal with the most important ones.

Projection: Projection is the tendency for people to see their own traits in other people.

Proximity principle: The proximity principle states that a group of objects may be perceived as related because of their nearness to each other.

Similarity principle: The similarity principle states that the more alike objects (or ideas) are, the greater is the tendency to perceive them as a common group.

Stereotyping: Stereotyping is a tendency to assign attributes to someone solely on the basis of a category in which the person has been placed.

Unknown area: The unknown area includes your values, beliefs, and other things that might not be known to you or others.

Discussion Questions

1. Why is it important for managers to have a working knowledge of the perceptual process?
2. What are the factors affecting the process of perceptual selection? Discuss with examples.
3. How does the process of perceptual organization help us to evolve the concept of “wholeness”? Elaborate.
4. How do judgemental and perceptual errors affect the process of interpretation? How can they be overcome?
5. How would you formulate an attribution according to Kelley’s model for the behaviour of a classmate who starts arguing in class with a professor?
6. What is impression management? Does the process of impression management benefit our relationship with others? How? Exemplify.
7. Evaluate the objectivity of the process of performance management in our organizations. What kind of biases bring in subjectivity in this process? How can they be overcome?
8. Evaluate your relationship with a close friend on the basis of the Johari Window. What can be done to enhance the effectiveness of this relationship to make it sustainable?

Exercise

Identifying Interpersonal Style

We differ in the ways we relate to other people. Some people are open in expressing themselves and in receiving feedback from other people—other individuals are restrained in their interpersonal interactions. This exercise is designed to help you see how you relate to others.

Procedure

Read each of the statements listed below. For each one, mark whether you believe it is true or false by inserting a T (for true) or F (false) in the spaces provided.

1. Divide yourself into small groups of three or four.

2. Respond individually to the following interpersonal style survey.
3. Prepare your interpersonal style profile on the Johari Window chart.
4. Share your interpersonal style profile with other members of your group.
5. As a group, discuss the following questions:
 - a) Do group members agree with other members’ assessment of their interpersonal style?
 - b) If any of the member’s interpersonal style is less than satisfactory, what can be done to make it more desirable?

Interpersonal Style Survey

Instructions: Each of the following items measures the way you relate to other people. Respond to each item by placing an X in the column that indicates the way you are now.

SI no.	Items	Very Little		Some what		Very much	
		1	2	3	4	5	
1.	Do you usually reveal yourself to other people?						
2.	Do you express your feelings to others easily?						
3.	Do you usually trust others?						
4.	Do you think other people are willing to listen to you?						
5.	Do you like yourself?						
6.	Do you listen to others?						
7.	Do you feel comfortable when others talk to you about your behaviour?						

The Johari Window Profile

Instructions: The first five items in the interpersonal style survey reflect how ready you are to disclose yourself. Add the score of these items and divide the total by five to arrive at the self-disclosure index. The last five items reflect your capacity to receive feedback from others. Add scores on these items and divide the total by five to arrive at the feedback index. Chart the self-disclosure and feedback indexes on the Johari Window profile.

Johari window profile

		Feedback				
		1	2	3	4	5
Self-disclosure	1		Public area		Blind area	
	2					
	3					
	4		Private area		Hidden area	
	5					

Field Projects

1. Based on your learning of the concept of perception, conduct a study among managers in an organization or in a number of organizations to find out the impact of judgemental errors on perceptual interpretation. Suggest methods by which these errors can be minimized.
2. In groups of three or four, conduct a survey in a company to study the role of impression management in the process of selection, recruitment, and placement. Compile your findings and present it in the class.

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CHAPTER 4

Learning and Reinforcement

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Outline and explain various approaches to the concept of learning.
2. Diagnose individual differences in learning abilities on the basis of their behavioural style and brain dominance.
3. Discuss different approaches to learning in order to understand how people learn.
4. Identify different contingencies of reinforcement and their impact on learning process.
5. Discuss different schedules of reinforcement and their effectiveness.
6. Develop a model of behaviour modification and identify its limitations.

The Cosmetic Queen and the Software King

Leaders are of different types, but despite considerable differences, they all can command the respect of their followers. Consider two completely different leaders: Mary Kay Ash of Mary Kay Cosmetics and Bill Gates of Microsoft. It is rare to find two CEOs who are more different, yet equally effective. Ash and Gates come from different generations and different socioeconomic and educational backgrounds, have practised different approaches to their businesses and different leadership styles, and even focused on different goals. However, they both have been described as highly intelligent, passionate about their business, energetic, driven, and extremely-well regarded leaders in their respective industries.

Mary Kay Ash, who died in November 2001, created Mary Kay Cosmetics in 1963 when she was in her forties, with \$5,000 in savings and the help of her family. Her organization puts God and family ahead of career, while providing career opportunities for women. With \$1.4 billion in sales, more than 500,000 part-time and full-time employees and being one of the best-selling skin care and colour cosmetics lines in the United States, the company is undoubtedly successful. Staying close to one's family and providing support during personal crises are concepts that are the core of the organization, along with a focus on fairness and balance. She stated, "Many women have made the mistake of changing their beliefs to accommodate their work. It must be the other way round." While she ran her company, Mary Ash

played the role of mother figure, maintaining her image as an accessible, nurturing, and successful woman.

The highly emotional company conventions are further evidence of the desire to build a successful company. While the mostly female Mary Kay consultants participate in training and seminars, their husbands take classes on how to support their spouses. During the Las Vegas-style event, the company gives away pink Cadillacs, lavish trips, and jewellery to its top performers to recognize their achievements. Mary Kay is a cosmetic company that is on a mission to create opportunities to allow women to be successful, and its leader was proud to admit that caring about people was what she was all about. A keen business sense, marketing savvy, and concern for people helped Mary Kay stay on top in a highly competitive industry.

Bill Gates has built Microsoft on intelligence and continual learning. His company dominates the world's software industry, and he is one of the richest men in the world. Highly intelligent and curious, Gates states, "The key point is that you have got to enjoy what you do every day. For me, that's working with very smart people and working on new problems." He has been described as acerbic, confrontational, condescending, rude, completely task focused, and one of the hardest working executives in the world. Nothing gets done and no new idea gets developed without Gates's approval. Gates is known for his cunning business sense and his cognitive abilities. He keeps a close eye on his own performance.



For example, Gates spends a quarter of his time on the road, preaching the “Microsoft gospel”. During these trips, he evaluates his performance by keeping track of how full his schedule is. After one such trip that included 14 speeches, more than a dozen personal meetings, and 25,000 miles of air travel, Gates stated, “It was a great trip. The guys filled my time really well.” A focus on performance, intense competition, and technological innovation drive Microsoft. Little concern is given for an individual’s work–life balance. The strong culture built around competence and dominating its competitors has helped Microsoft maintain its leadership in its industry.

For Discussion

1. Both Mary Kay and Bill Gates have a different style of operation. On the basis of learning theory, how can you explain their diverse approaches to handling people?
2. What are some of the examples of reinforcement strategies in the case? If Bill Gates is using a reinforcement strategy, how do you explain this statement: “Little concern is given to an individual’s work–life balance?”

Introduction

Learning is a relatively permanent change in the frequency of occurrence of a specific individual behaviour (Akin 1987). In an organization, a manager wants employees to learn productive work behaviours, which to a great extent depend upon environmental factors. The manager’s goal, then, is to provide learning experiences in an environment that will promote employee behaviours desired by the organization. In the work setting, learning can take place in one of the following ways: classical conditioning, operant conditioning, social learning, cognitive learning, and programmed learning.

The Importance of Learning

The world is in a state of flux. Everyday new changes are taking place, new laws are introduced, new policies are made, and new ideas and approaches are formed which require formidable changes in the way we work. In such a scenario, if we are not constantly updating ourselves with new knowledge and techniques, we are likely to stagnate and become obsolete over a period of time. If we do not regularly learn as we go about our day-to-day business, then each day we are getting further and further out of touch with the demands of the modern working world.

If we continue to do things as we have done in the past, it could be very dangerous for us as well as for the organization. Expectations change over time, and if we do not adapt to the new circumstances, we will steadily be out of tune with what is required of us. This makes it mandatory for us to engage in the process of “continuous learning.”

The process of continuous learning involves being clear about what is required of the individual in high-quality jobs. It also involves making sure that we have the knowledge and skills required to carry out our jobs appropriately and fill any gaps in our knowledge base and skills repertoire as these become identified. One also has to ensure that one’s work is consistent with the value base. For example, people working in the sales department have to learn the value of treating their customers with respect and dignity.

Continuous learning is based on what is often referred to as “reflective practice.” Reflective practice involves the learner considering critical incidents from past experiences that become the basis of learning in the future. This helps us to develop a link between theory and practice.

Learning is an important source of motivation and job satisfaction. It helps us to remain updated with the latest developments in our area of interest. For example, a person who continues to learn while being on the job experiences more job satisfaction as compared to a person who takes his job as a routine and performs it without any learning. Learning should, therefore, be seen as something positive and worthwhile in its own right, not just something that we have to do to meet other people’s expectations of us.

Learning: It is a relatively permanent change in the frequency of occurrence of a specific individual behaviour.

Learning is an important source of job satisfaction and motivation. In the highly dynamic and competitive world of business, it is important to be constantly updated. Business schools play a critical role in developing quick learning skills that equip students to face future challenges in their professional as well as personal lives.

Continuous learning helps to handle jobs effectively. (Photo courtesy Faculty of Management Studies, University of Delhi. Reproduced with permission.)



Learning should not be seen as an additional burden or extra workload but something that keeps us abreast of current knowledge and information. It helps us to keep track of latest developments in the areas of concern and ensures that we do not become complacent over a period of time (Thompson 2008).

Barriers to Learning

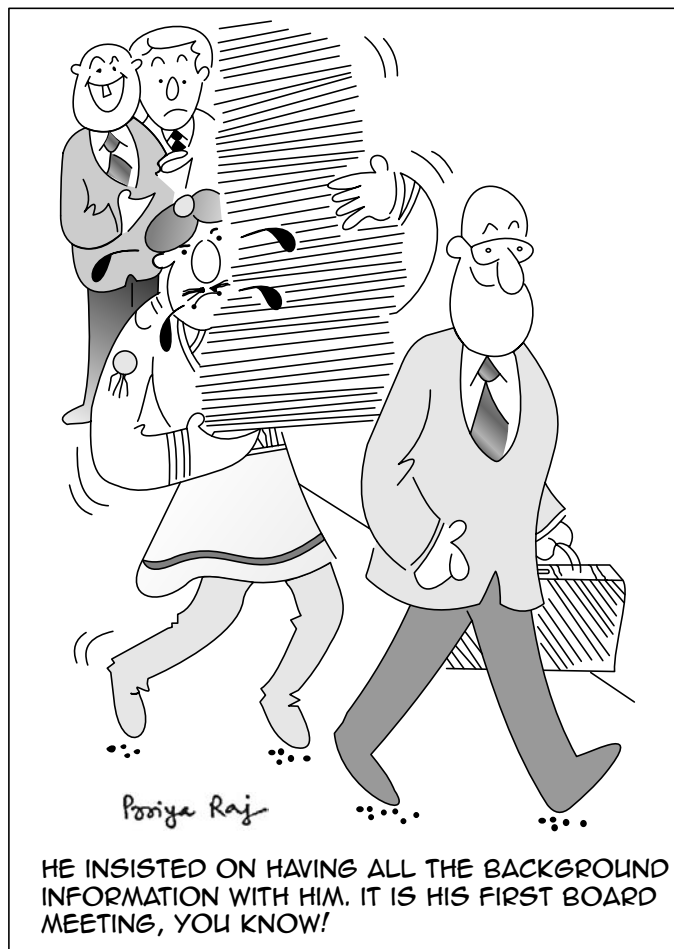
Though learning is an important aspect of our growth and development, there are barriers to learning in the environment and within the individual. It is important for us to examine the blocks or the barriers that stand in the way of learning. The barriers to learning occur at three levels.

Individual: Some individuals by their temperament are averse to learning. They dislike unfamiliar situations and do not like to take risks at all. They feel comfortable with the status quo, and any disturbance is intolerable to them. The individual's own personality acts as a barrier to further learning.

Teams and groups: In the formative stage of the development of group norms, certain groups may decide not to be open to any learning and development process. They may decide to stick on to old methods and techniques of learning which have been successful and effective in the past. Such an approach may deter learning in teams and groups.

Organizations: One very strong barrier to learning which, unfortunately, is quite common in the workplace is a culture which does not value learning. In some organizations, there may be a culture of defensiveness, which discourages people from looking at situations in a new light or from trying out new ideas. Learning opportunities become very restricted in such organizations.

The role of the manager becomes challenging when he has to deal with such individuals, groups, or organizations. It is a significant test of one's leadership abilities to influence a closed culture of defensiveness and move forward with a more positive approach to learning.



A learning organization is one which seeks to harness all the capabilities of its staff and to promote learning wherever possible. A learning organization focuses on making learning a part of the everyday life of individual members—constantly trying to look for opportunities to grow, develop, and improve. The concept of learning organization has been discussed in Chapter 1.

However, developing a learning culture is an important challenge for those organizations, or parts of organizations, that currently have a culture which discourages learning. It involves looking closely at the organization and considering which aspects of it are supportive of learning and which stand in the way of personal and professional development. To help develop a learning culture in an organization, there are various approaches that can be utilized.

Approaches to Learning

Classical Conditioning

Classical conditioning is a process by which individuals learn reflex behaviours. A reflex is an involuntary, or an automatic, response that is not under an individual's conscious control. Table 4.1 lists examples of reflexive behaviours. In classical conditioning, an unconditioned stimulus (environmental event) causes a reflexive response. Sometimes a natural environment event, called a conditioned stimulus, is initially paired with the unconditioned stimulus. Eventually, the conditioned stimulus alone yields the reflexive behaviour. Environmental events that precede a reflexive response control it.

The person most frequently associated with classical conditioning is Ivan Pavlov, the Russian physiologist whose experiments with dogs pioneered classical conditioning theory (Rescorla 1987). In Pavlov's famous experiment, he paired the sound of a metronome (the

Classical Conditioning:

A process by which individuals learn reflex behaviours.

Reflex: An involuntary, or an automatic, response that is not under an individual's conscious control.

Table 4.1 Example of Reflexive Behaviour

Stimulus	Response
The individual: is struck by a pin and	flinches
is shocked by an electric current and	jumps and screams
has something in the eye and	blinks
hits an elbow on the corner of a desk and	flexes the arm

conditioned stimulus) with food (the unconditioned stimulus). The dog eventually salivated (the reflex response) to the sound of the metronome alone. Figure 4.1 describes the classical conditioning process.

From the managerial point of view, classical conditioning usually is not considered applicable to the work setting. Desired employee behaviours typically do not include reflexive responses that can be changed by using classical conditioning techniques. Instead, managers are interested in the voluntary behaviours of employees and how these behaviours can be influenced.

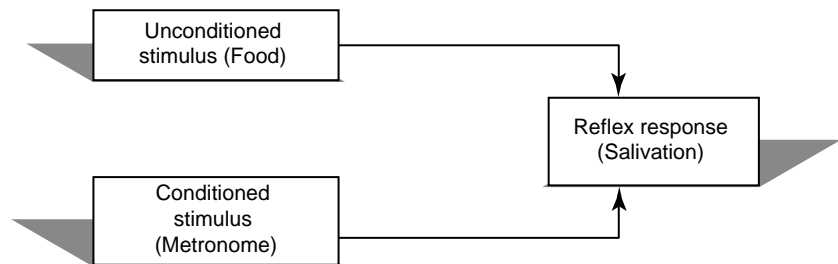
Operant Conditioning:

It refers to a process by which individuals learn voluntary behaviour.

Operant Conditioning

The person most closely linked with operant conditioning learning is B. F. Skinner (Skinner 1974). He coined the term *operant conditioning* to refer to a process by which individuals learn voluntary behaviour. Voluntary behaviours are operant because they operate, or have some influence, on the environment. Learning occurs because of the consequences that follow the behaviour. In fact, most behaviour in everyday life (such as talking, walking, riding or working) is a form of operant behaviour. Table 4.2 shows some examples of operant behaviour and their consequences.

Operant behaviours are of interest to managers because they can influence or manage such behaviour by changing the results of these behaviours. The crucial aspect of operant conditioning is what happens as a consequence of the behaviour. That is, consequences largely determine the strength and frequency of operant conditioned behaviours. Thus, managers must understand the effects of different consequences on the task behaviour of employees. Let's take the example of an executive asked to speak at a board meeting. The stimulus is the request to speak, and the executive responds by giving certain views on matters within her area of responsibility. The executive's response may be reinforced by nods and smiles from a prominent person, and the effect of the reinforcement increases the likelihood that the executive will respond with the same or similar views at future meetings.

**Figure 4.1** Classical Conditioning**Table 4.2** Examples of Operant Behaviour and Its Consequences

Behaviour	Consequences
The individual: works and	is paid
is late to work and	is docked pay
enters a restaurant and	eats
enters a football stadium and	watches a football game
enters a grocery store and	buys food

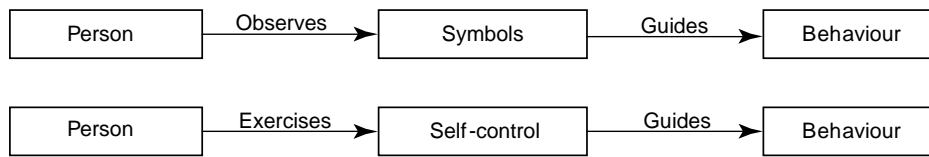


Figure 4.2
A Model of Social Learning

In another situation, a safety practitioner on an inspection in a factory is disturbed by the system of control relating to potential hazards. He provides negative reinforcement by ridiculing or criticizing those responsible and writing in unfavourable terms about this experience in the company's newsletter.

Social Learning

Albert Bandura and others have extended and expanded Skinner's work by demonstrating that people can learn new behaviour by watching others in a social situation, and then imitating or modelling their behaviour after that of the other person (Bandura 1977). This type of learning is called *social learning*. Social learning refers to the behaviours we learn from observing and imitating others. People first watch others, then develop a mental picture of the behaviour and its results, and finally try the behaviour themselves. If the results are positive, they repeat the behaviour; if the results are negative, they don't repeat the behaviour. Bandura has suggested that observers often learn faster than others because they don't have to unlearn behaviour, thereby avoiding needless and costly errors.

Social learning theory integrates modelling, symbolism and self-control, as Figure 4.2 shows. People imitate parents, friends, teachers, heroes and others because they can identify with them. The symbolic process yields guidelines for behaviour. In social situations, when those at the head of the table at a formal dinner begin to eat, their actions let the other diners know (serve as a model) that starting to eat now is an appropriate behaviour. People also invoke self-control to avoid engaging in observed behaviours that harm them. Many people, for example, have stopped smoking because of its link to cancer. They have seen or read how smoking has adversely affected the health of others.

Applications of social learning theory for improving behaviour in organizations have been identified (Bigge 1964). Researchers have suggested that managers

- identify the behaviours that will lead to improved performance;
- select the appropriate model for employees to observe;
- make sure that employees are capable of meeting the technical skills required;
- create a positive learning situation to increase the likelihood that employees will learn the new behaviours and act properly;
- provide positive feedback (praises or bonuses) for employees who have learned behaviours and those who have served as models; and
- develop organizational practices that maintain those newly learned behaviours.

Cognitive Learning

The perceptual–cognitive view of learning focuses on what happens within the individual: motives, feelings, attitudes, memory, and cognition (thought). Sensory mechanisms are of primary importance in the key cognitive activity, which is observation based. Through speech and knowledge of language, humans form abstract concepts for organizing perceptions and manipulating ideas. Thus, cognitive learning involves selective interpretation of perceptual data organized into new patterns of thoughts and relationships.

Human beings are capable of rearranging thought patterns into new configurations or *gestalts*. *Gestalt* is a German word meaning “shape, configuration or the arrangement of relationship in a total situation.” Patterns of concepts and relationships may occur suddenly through insight, or they may evolve gradually as elements are linked together with new data.

Social Learning: As part of social learning, people learn new behaviour by watching others in a social situation and then imitating or modelling their behaviour after that of the other person.

Cognitive Learning: It involves selective interpretation of perceptual data organized into new patterns of thoughts and relationships.

Insight: It is best described as the sudden discovery of the answer to a problem.

Insight

Often known as the Eureka! (“I’ve found it!”) or Aha! experience, insight is best described as the sudden discovery of the answer to a problem. We achieve insight into a situation, relationship or problem when we suddenly grasp an idea or see a relationship that helps us to understand the situation better or solve the problem. Insight often comes while doing something and observing what happens.

Wolfgang Kohler presented the first experimental evidence on insight in the 1920s when he demonstrated the results of his work with a chimpanzee named Sultan (Kohler 1925). Kohler enclosed Sultan inside a barred cage with a short stick. He placed a longer stick and a banana outside the cage—both too far away from Sultan to reach. Sultan first picked up the short stick in the cage and attempted to rake in the banana. However, the elusive banana remained beyond the reach of the chimp. Unable to obtain results, Sultan sat cowering in the cage, gazing at the objects around him. Suddenly, he jumped up and reached for the short stick, with it he raked in the long stick, and then he used the long stick to rake in the banana. Eureka! The chimp had discovered a solution! Two of the learning processes involved in the phenomenon of insight are discrimination and generalization. This turned out to be a turning point in Kohler’s research.

Discrimination: It is the process by which universal or previously structured elements are placed into more specific structures.

Discrimination

Sometimes called differentiation, discrimination is the process by which universal or previously structured elements are placed into more specific structures (Blaker 1976). People learn to read by discriminating among symbols—first individual letters, then grouping of letters (words) and finally meaningful grouping of letters separated by spaces and punctuations. Discrimination also occurs when three cars are identified as a Zen, an Indica, and a Santro or considered in terms of their components; tires, engines, doors, and seats. Managers discriminate a general concept such as “organization” into people, positions, structures, policies, power, and leadership.

Generalization: It is the means through which we transfer learning from one situation to another as well as categorize information.

Generalization

When concepts, functions, objects, and events are grouped into categories, generalization is at work. Generalization is the means through which we transfer learning from one situation to another as well as categorize information. Whereas discrimination breaks down the general into specific, generalization unites previously separate elements into meaningful universal themes or clusters.

Managers generalize when they categorize an organizational behaviour problem as one of communication, for example, or of conflict, motivation, job design, or leadership. They then differentiate its possible causes and think of probable solutions. They remember the consequences of attempted actions and apply that learning when diagnosing current problems and deciding on the future course of action. The ability to discriminate, generalize, and develop insight is vital to conceptual skills, which are critical for successful managers, accountants, analysts, scientists, and other knowledge workers.

Programmed Learning: It is a process of increasing learning efficiency by emphasizing the learner’s active role, use of small successive steps, providing immediate feedback to learner response and allowing the learner to proceed at his own pace.

Programmed Learning

Programmed learning is a process of increasing learning efficiency by emphasizing the learner’s active role, use of small successive steps, providing immediate feedback to learner response, and allowing the learner to proceed at his own pace. Programmed learning is a planned sequence of experiences leading to the student’s mastery of a topic of study (Hefzallah 1990). Programmed learning involves the identification of precise behavioural learning objectives, the step-by-step sequencing of tasks in order to achieve these objectives with each step being measured by appropriate tests of attainment. Such an approach emphasizes teacher control over the objectives, tasks and sequence of learning, and a tight structuring of these. Programmed learning is based on behaviourist theories of learning which aims to shape behaviour into predetermined patterns by strengthening stimulus–response bonds (Entwistle 1994).

The principles of programmed learning have been applied to a form of learning known as computer-assisted instruction (CAI). In this, a computer is used to help the learners learn through a variety of techniques such as quizzes, simulations, explorations, and tests. CAI is effective, in part, because of the availability of immediate feedback (Pridemore and Klein 1995). Computer and Internet sites provide the opportunity for students to actively participate in research (Brothen 1998). Programmed learning is an effective way of implementing some of the basic principles of operant conditioning in the classroom. There are specific advantages and disadvantages of programmed learning.

The advantages of programmed learning are:

- Learning tasks are broken down into manageable chunks of small portions.
- The learner receives valuable feedback about his performance.
- Learners can proceed at their own pace since there is no external pressure.

The disadvantages of programmed learning are:

- The learner has no control over tasks to be undertaken or the sequencing of them as it is predetermined.
- It is based on a view of learning which sees knowledge as comprising aggregates of discrete elements. As a result of this, sometimes integration of entire knowledge becomes difficult.

Linear programming is one of the methods in which programmed learning is implemented in organizations.

Linear Programming

Linear programming is a process of presenting very little information to the learner in a step-by-step manner on the basis of his level of competence and understanding. During the process, the learner goes through a sequence of frames and makes a response. The essential requirement is that there should be continuous reinforcement during the learning stage in quick succession to retain the interest level of the learner; otherwise monotony is likely to set in. When the learner is given reinforcement for giving the correct response, it motivates him to do better. If the question is repeated negatively, there are chances of obtaining an incorrect response. Linear programming is governed by the following principles:

- The matter to be taught, whether it is a skill, process, or content, needs to be broken down into specific elements.
- The matter is then presented in a step-by-step manner so that there is no scope for any error.
- At each step, only the requisite amount of information is to be given which would aid the learner to move on to the next step.
- Learners are in a position to work at their own pace and check their own progress as a result of immediate confirmation of results emanating from their response.

The disadvantage of this process of learning is that once written, the programmes become inflexible and impersonal. They tend to also become boring once the initial novelty wears off. The personal intervention of the teacher in maintaining the interest levels of students by motivating them, which is critical for their learning, is also missing in programmed learning.

Sensemaking: Core Assumptions and Statements

Sensemaking is a process of designing communication-based research and practice and implementing communication-based systems and activities. It involves making a set of assumptions, a few propositions, and an effective method. There are three assumptions regarding the communication practice on which sensemaking is based:

- Communication systems and practices can be designed and implemented in response to the human needs.

Linear Programming:

Linear programming is a process of presenting very little information to the learner in a step-by-step manner on the basis of his level of competence and understanding.

- To pursue their vision, human beings can enhance their store of communication.
- To achieve this, communication-based approaches need to be developed.

According to Weick (1995), sensemaking consists of seven aspects:

Identity: An individual needs to have an identity to be a sensemaker. Every person has a number of roles to play and a number of identities. Therefore, no individual ever acts like a single sensemaker.

Retrospective: It's a process of reflecting on something that has happened earlier. The process of retrospection makes the past clearer but not transparent.

Enactment: On the basis of the degree of clarity, people take action. Action is important for sensemaking. Since everything is a part of the larger environment, people cannot expect to achieve what they seek for. Moreover, no one can predict something that will happen exactly the same way.

Social: Sensemaking is a social process; human thinking and social functioning are essential aspects of one another. What a person does depends on others, so the direct influence is not clear. In order to understand sensemaking, it is necessary to pay more attention to sufficient cues for coordination such as generalized prototypes, stereotypes, and roles.

Continuous process: Sensemaking is a continuous process. It never stops.

Extracted cues: Since it is impossible to notice all the signals in the environment, people have a tendency to filter and notice only the few relevant ones based on their interest and consciousness.

Plausibility: People are driven by plausibility as they are basically lazy. The moment an answer to a question is found, they stop exploring the other alternatives which might be able to provide a better solution.

Sensemaking: Sensemaking is a process of designing communication-based research and practice and implementing communication-based systems and activities.

Sensemaking in Organizations

In dealing with organizational issues, sensemaking requires us to look for explanations and answers in terms of how people see things rather than structures or systems. Sensemaking suggests that organizational issues—"strategies," "breakdowns," "change," "goals," "plans," "tasks," "teams," etc.—are not things that one can find out in the world or those that exist in the organization. Rather, their source is people's way of thinking (TCW 2004).

How Do People Differ in How They Learn?

One of the most important abilities an individual can possess is the ability to learn. A manager's long-term success depends more on the ability to learn than on the mastery of specific skills or technical knowledge. People learn differently on the basis of their behavioural style and brain dominance.

Experiential Learning Styles

David Kolb's research indicates that managers favour a style of learning that differs from that of many other professionals (Kolb 1976). Managers learn mostly from direct experiences and by actively testing the implications of concepts to new situations. Kolb's findings are based on a model of learning that involves four different abilities; they combine to form four different styles.

Kolb's experiential learning mode distinguishes two primary dimensions of the learning process. If we visualize this model in the form of a compass, one dimension ranges from concrete experiencing of events to abstract conceptualization of ideas. The other dimension extends from active experimentation or testing to reflection observation.

CASELET

Utilizing Principles of Learning in Real Life

Read the following situations. On the basis of your understanding of the principles of learning, answer the questions that follow:

Jagan is 22 years old and has been living with various friends for a year or so after leaving his home following an argument with his parents. He has a job at a local mall. He absents himself from work regularly and has been pulled up many times for coming in late. Whenever there is an avenue for promotion or further training, Jagan is ignored as he is considered to be unreliable. Frustrated by the fact that his life seems to be going nowhere, he has also taken up smoking and drinking. He has always dreamed of a luxurious life but is now convinced that the chances of him fulfilling his dreams are very bleak.

- 1) What are the barriers facing Jagan?
- 2) What approaches to learning can help Jagan restart his life?

- 3) What kind of reinforcement strategies would stimulate Jagan to learn further?

Manish is 26 and has a younger sister Rajshree who is 18 years old. They had to shift to a new city for some personal reasons. Manish is a law graduate and is not very sure whether he will be able to use his knowledge and skills effectively in the new place. He is comfortable with spoken English but is not very skilled at writing good English. He is interested in going in for further education. However, financial constraints stop him from updating his information technology skills.

1. What are the barriers facing Manish?
2. What approaches to learning can help Manish restart his life?
3. What kind of reinforcement strategies would stimulate Manish to learn further?

These two dimensions are combined to suggest four key learning abilities or processes. As shown in Figure 4.3, a complete pattern of learning flows in a circular direction. Beginning at the top, (1) the learner becomes actively involved in gaining new experiences and (2) through reflection examines these experiences from different perspectives (3) so that he is able to formulate theories and models on the basis of these experiences (4) so that they can be practically applied in real-life situations, which can further lead to a new set of experiences. Most people become highly skilled at one or two processes rather than all four. When two adjacent processes are emphasized, a dominant learning style emerges. The four characteristics identified in Figure 4.3—diverger, assimilator, converger, and accommodator—represent distinct personal learning styles.

The diverger: Divergers learn best by reflecting on specific experiences and drawing new inferences. They tend to be highly imaginative, excel at brainstorming, and like involvement in generating creative ideas. They have an uncanny ability to view concrete situations from many perspectives. Academically, such learners often are interested in the liberal arts, humanities, and fine arts. Human resource managers are often divergers.

Divergers: They learn best by reflecting on specific experiences and drawing new inferences.

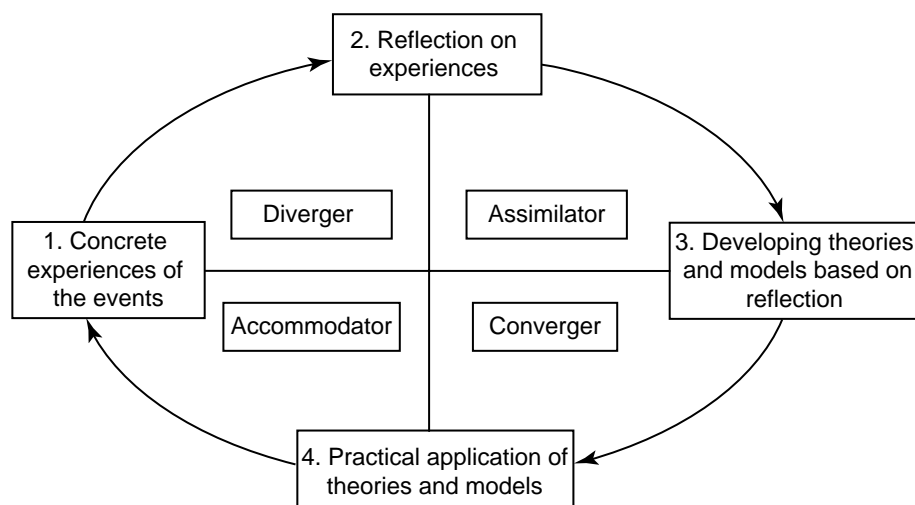


Figure 4.3
Model of Experimental Learning Styles

Assimilators: Assimilators are good at creating theoretical models with their capability to combine reflective observation and abstract conceptualization.

Convergers: Convergers use abstract concepts as a basis for active experimentation.

Accommodator: Accommodator's domain is active experimentation and the carrying-out of plans that lead to real experiences.

The assimilator: With their capability to combine reflective observation and abstract conceptualization, assimilators are good at creating theoretical models. Inductive reasoning is the forte that permits integrating diverse observation into a coherent explanation. Dealing with abstract ideas is the assimilator's domain, more so than seeking practical applications or working with people. Individuals who adopt this learning style are attracted to basic research; in business, you may find them staffing corporate research and planning departments.

The converger: Convergers use abstract concepts as a basis for active experimentation. They focus on specific problems and look for answers and solutions. Like assimilators, convergers prefer working with ideas and specific tasks to working with people. Convergers tend to do well in physical sciences or engineering.

The accommodator: Their style focuses on doing. The accommodator's domain is active experimentation and the carrying-out of plans that lead to real experiences. Such people are risk takers and are able to adapt quickly to new situations. If a theory does not fit the situation, the accommodator discards the concepts and works from the facts. Although at ease with people, they tend to be impatient and assertive. Accommodation is, often, the dominant style of individuals trained for the business world, especially those who gravitate towards action-oriented management or sales jobs.

The Need to Combine Skills and Styles

As per Kolb's research, managers tend to be oriented towards learning by active experimentation and concrete experiences. Many managers are accommodators. In contrast, many business school professors tend to be strong on reflective observation and abstract conceptualization. This makes them assimilators. Because accommodator managers tend to make fewer inferences from data and are less consistent in their actions than assimilators, both learning styles need to blend within an organization. To blend styles within an organization, David Kolb offers two recommendations (Kolb 1976).

First, managers and the organization should value and consciously seek learning from experience by budgeting time for the learning process. Second, managers and organizations should value and include those with different learning styles and perspectives. Action-oriented people should be combined with those who are reflective, and those involved in concrete experience should be joined with those who are analytical. Learning can be enhanced when style differences are valued, just as it can by integrating people from different cultures and ethnic backgrounds.

Two Hemispheres of Learning

Another explanation for differences in learning is based on brain-hemisphere dominance. Neurologists and psychologists have long known that the left hemisphere of the brain controls movement on the right-hand side of the body and vice versa. Some applied researchers have carried this further by suggesting that our dominant brain hemisphere may play a significant role in how we learn (Ornstein 1973).

The Linear/Systematic Left

The brain's left hemisphere assimilates information in an ordered, systematic way. The process of analysis and planning is linear in structure. Accounting systems and management-science quantitative models are based on rational logic. Their underlying assumption is that if data are channelled into a formula or a model, a working solution can be found.

Qualification and written languages are handled by the left hemisphere of the brain. Many organizational activities are well served by predictability and logic. In stable environments, structured and planned behaviour is likely to be effective. However, organizations do not survive and grow without creativity and change.

The Holistic/Relational Right

Professor Henry Mintzberg suggests that when it comes to running the organization, planning occurs on the left side, managing on the right. He writes, “It may be that management researchers have been looking to the key to management in the lightness of logical analysis whereas perhaps it has always been lost in the darkness of intuition” (Mintzberg 1976). In drawing insights from observing manager’s behaviours, Mintzberg adds, “Effective managers seem to revel in ambiguity; in complex, mysterious systems with relatively little order.”

The world of the right-hemisphere-dominant managers involves holistic, simultaneous, creative learning. In addition, it emphasizes learning from face-to-face verbal exchanges rather than from written reports. Through verbal communications, managers can interpret non-verbal cues and act simultaneously on real-time data. Synthesis of soft data—impressions, feelings, and intuition—provides the basis for acting more than hard-data analysis does.

Hunches and judgements are mental processes from which insights and new possibilities spring forth. In an article on why and how to develop right-hemisphere intuitive powers, another researcher cited the experience of a number of executives who relied heavily on intuitive decisions. One of these executives, Paul Cook, founder and former president of Raychem Corporation “replied that nearly all of his decisions were based on intuition, and the only major decisions he regrets were ones not based on it” (Agar 1984). Be cautioned, however, that the intuition of which Cook speaks builds on years of experience and learning. It’s not impulsive.

Contingencies of Reinforcement

A contingency of reinforcement is the relationship between behaviour and the preceding and following events that influence that behaviour. A contingency of reinforcement consists of an antecedent, behaviour, and a consequence (Thorndike 1913). An antecedent precedes and is a stimulus to behaviour. The probability that a particular behaviour will occur can be increased by presenting or withdrawing a particular antecedent. A consequence is the result of the behaviour. A consequence of behaviour can be either positive or negative in terms of goal or task accomplishment. A manager’s response to an employee is contingent on the consequence of the behaviour.

Figure 4.4 shows an example of a contingency of reinforcement. First, the employees and managers jointly set a goal (say, selling Rs 2.5 million worth of equipment next month). Next, the employees perform tasks to achieve this goal (such as calling on four new customers a week, having regular lunches with current buyers, and attending a two-day management training programme on new methods of selling). If an employee reaches the sales goals, the manager praises the employee—an action contingent on achievement of the goal. If the employee does not reach the goal, the manager says nothing or reprimands the employee.

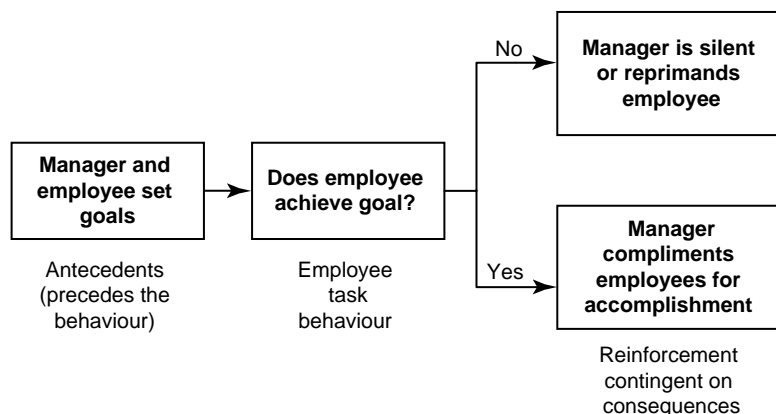
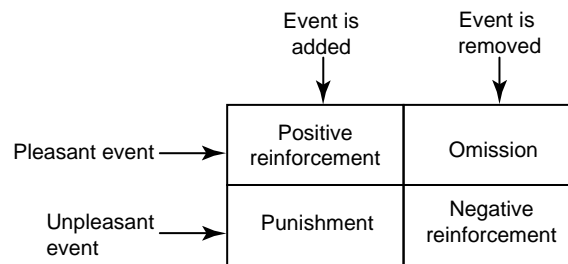


Figure 4.4
Example of Contingent Reinforcement

Figure 4.5
Types of Contingencies
of Reinforcement



To explore the contingency of reinforcement concept further, we have to identify the principal types of contingencies. First, an event can be presented (applied) or withdrawn (removed) contingent on employee behaviour. The event may also be positive or aversive. Positive events are desired by or pleasing to employees. Aversive events are undesired by or displeasing to the employees. Figure 4.5 shows how these events can be combined to produce four primary types of contingencies of reinforcement. It also shows whether a particular type of contingency leads to more or less frequent use of employee behaviour.

Reinforcement is a behavioural contingency that follows and increases the frequency of a particular behaviour. Reinforcement, whether positive or negative, always increases the frequency of the employee behaviour. Omission and punishment always decrease the frequency of the employee behaviour.

Positive Reinforcement:
Positive reinforcement presents a pleasant consequence for performing a desired behaviour.

Positive Reinforcement

Positive reinforcement presents a pleasant consequence for performing a desired behaviour. That is, a manager recognizes in some way an employee's desirable behaviour in completing a task or leading towards achievement of organizational goals.

Reinforcement Versus Reward: The terms reinforcement and reward are often confused in everyday usage. A reward is an event that a person finds desirable or pleasing. Thus, whether a reward acts as a reinforcer is subjective to the individual. A team leader who singles out and praises a member in front of other team members for finding an error in the group's report believed that the desired behaviour is being reinforced. Later, however, the team leader learnt that the co-workers gave the person the silent treatment and that the employee stopped looking for errors. To qualify as a reinforcer, a reward must increase the frequency of the behaviour it follows. A reward doesn't act as a reinforcer if the frequency of the behaviour decreases or remains unchanged.

Primary and Secondary Reinforcers: A primary reinforcer is an event that has a value already known to the individual. Food, shelter, and water are primary reinforcers for most people. However, primary reinforcers do not always reinforce. For example, food may not be a reinforcer to someone who has just completed a five-course meal.

Most behaviour in organizations is influenced by secondary reinforcers. A secondary reinforcer is an event that once had neutral value but has taken on some value (positive or negative) for an individual because of past experience. Money is an obvious example of a secondary reinforcer. Although it cannot directly satisfy a basic human need, money has value because an individual can use it to purchase both necessities and non-essentials.

Principles of Positive Reinforcement

Several factors can influence the intensity of positive reinforcement. These factors may loosely be thought of as principles because they help to explain optimum reinforcement conditions (Luthans and Kreitner 1985).

Principle of contingent reinforcement states that the reinforcers must be administered only if the desired behaviour is performed. According to this principle, a reinforcer loses its effectiveness if it is administered when the desired behaviour has not been performed.

Principle of immediate reinforcement states that the reinforcer will have more effect if it is administered immediately after the desired behaviour has occurred than sometime later.

The more time that passes, the less effective the reinforcer will be. Thus, the reinforcer should be delivered as soon as possible following completion of the desired behaviour.

Principle of reinforcement size states that the larger the reinforcer is, the more effect it will have on the rate of the desired behaviour. The size of the reinforcer is relative. A reinforcer that may be large to one person may be small to someone else. Thus, the size of the reinforcer should relate to both the behaviour and the individual.

Principle of reinforcement deprivation states that more a person is deprived of the reinforcer; the more it affects the future occurrence of the desired behaviour. However, if an employee recently has had enough of a reinforcer, and is satisfied, the reinforcer will have less effect.

Negative Reinforcement

In negative reinforcement, an unpleasant event is presented before the employee behaviour occurs and then removed when the behaviour does occur. This procedure increases the likelihood of the desired behaviour. Negative reinforcement, sometimes, is confused with punishment because both use unpleasant events to influence behaviour. Negative reinforcement is used to increase the frequency of a desired behaviour. Punishment is used to decrease the frequency of an undesired behaviour.

Managers frequently use negative reinforcement when an employee hasn't done something that is desired. For example, air traffic controllers activate a blinking light and a loud buzzer in cockpits when airplanes come too close together. They do not shut off the devices until the planes moved further apart. This type of procedure is called *escape learning* because the pilots begin to move their planes away from each other to escape the light and buzzer. In escape learning, an unpleasant event occurs until an employee performs the expected action.

Avoidance is closely related to escape. In *avoidance learning*, a person prevents an unpleasant event from occurring by completing the proper behaviour before the unpleasant event is presented. For example, after several unpleasant encounters with a computer software package, one learns the program's commands in order to avoid error messages. Escape and avoidance are two types of negative reinforcement that increase desired behaviour and remove unpleasant ones.

Omission/Extinction

Omission means that all reinforcing events are stopped. Whereas reinforcement increases the frequency of desired behaviour, omission decreases the frequency of an undesirable behaviour and finally extinguishes it. Omission reduces the occurrence of employee behaviours that do not lead to the achievement of organizational goals. The omission procedure consists of

1. Identifying the behaviour to be reduced or eliminated.
2. Identifying the reinforcer that maintains the behaviour.
3. Stopping the reinforcer.

Omission is a useful technique for reducing undesirable behaviour that disrupts normal workflow. For example, a group reinforces the disruptive behaviour by laughing at the behaviour. When the group stops laughing (the reinforcer), the disruptive behaviour will diminish and eventually stop.

Omission can also be regarded as a failure to reinforce behaviour positively. In this regard, the omission of behaviour can be quite accidental. If an individual fails to reinforce desirable behaviour, they may be using omission without recognising it. As a result, the frequency of desirable behaviour may inadvertently decrease. For example, if an employee in an organization who had been consistently reprimanded for being late to the office changes his behaviour and reports on time but is not reinforced positively, he will have a tendency to revert back to his original behaviour. In this case, the manager or the boss is using omission without even being aware of it by ignoring the positive behaviour.

Although omission may effectively decrease undesirable employee behaviour, it doesn't automatically replace undesirable behaviour with the desirable one. An undesirable behaviour

Negative Reinforcement:

In negative reinforcement, an unpleasant event is presented before the employee behaviour occurs and then removed when the behaviour does occur.

Omission: Omission decreases the frequency of an undesirable behaviour and finally extinguishes it.

is likely to return if desirable behaviours haven't replaced it. Therefore, when omission is used, it should be combined with other methods of reinforcement to develop the desired behaviours.

Punishment: Punishment is an unpleasant event that follows behaviour and decreases its frequency.

Punishment

Punishment is an unpleasant event that follows behaviour and decreases its frequency. As in positive reinforcement, a punishment may include a specific antecedent that lets the employee know that a consequence (punishment) will follow a specific behaviour. A positive reinforcement contingency increases the frequency of a desired behaviour. A punishment contingency decreases the frequency of an undesired behaviour.

To qualify as a punishment, an event must actually reduce or stop the undesirable behaviour. Just because an event may be unpleasant, it isn't necessarily a punishment. Organizations typically use several types of unpleasant events to punish individuals. Material consequences for failure to perform adequately include a pay-cut, a disciplinary lay off without pay, a demotion, or a transfer to a dead-end job. The ultimate punishment is the firing of an employee for failure to perform. In general, organizations use unpleasant material events only in cases of serious behavioural issues.

Interpersonal punishment is used extensively on a day-to-day basis. Examples include a manager's oral reprimand of an employee or non-verbal expressions, such as frowns, grunts and aggressive body language, for unacceptable behaviour. The principles of positive reinforcement discussed earlier have equivalents in punishment. For maximum effectiveness, punishment should be linked directly to the undesirable behaviour (principle of contingent punishment); the punishment should be administered immediately (principle of immediate punishment); and in general, the more serious the punishment, the stronger its effect will be on the undesirable behaviour (principle of punishment size).

Negative Effects

An argument against the use of punishment is the chance of its negative effects, especially over a long or sustained period of time. Even though punishment may stop undesirable employee behaviour, the potential negative consequences may be greater than the original undesirable behaviour. Figure 4.6 illustrates some of the potential negative effects of punishment.

Punishment may cause undesirable emotional reactions. For example, a worker who has been reprimanded for staying on a break too long may react angrily. This reaction may lead to behaviour detrimental to the organization. For example, sabotage is, often, a result of a punishment-oriented behavioural management system (Trevino and Ball 1992). In sabotage, the punished employees of an organization collectively plan to damage the machinery or infrastructure without the knowledge of the authorities. The authorities are generally taken by shock and surprise. The level of punishment inflicted on employees is so high that it tends to brew discontentment and hard feelings among them. An accumulated store of negative feelings finally results in such disruptive behaviour.

Punishment frequently leads only to short-term suppression of the undesirable behaviour, rather than to its elimination. Continuous suppression of an undesirable behaviour over a long period of time usually requires continued punishment. Another problem is that control of the undesirable behaviour becomes contingent on the manager's presence. When the manager is not present, the undesirable behaviour is likely to recur.

In addition, the punished individual may try to avoid or escape the situation. High absenteeism is a form of avoidance and is likely to occur in situations where punishment is used frequently. Quitting the job is the employee's final form of escape.

Punishment suppresses employee initiative and flexibility. Such behaviours are undesirable because organizations depend on the initiative and creativity that employees bring to their jobs. Overusing punishment procedures produces apathetic employees, who are not an asset to an organization. Sustained punishment can also lead to negative employee self-esteem. Low self-esteem, in turn, undermines employee's self-confidence, which is necessary for performing most jobs.

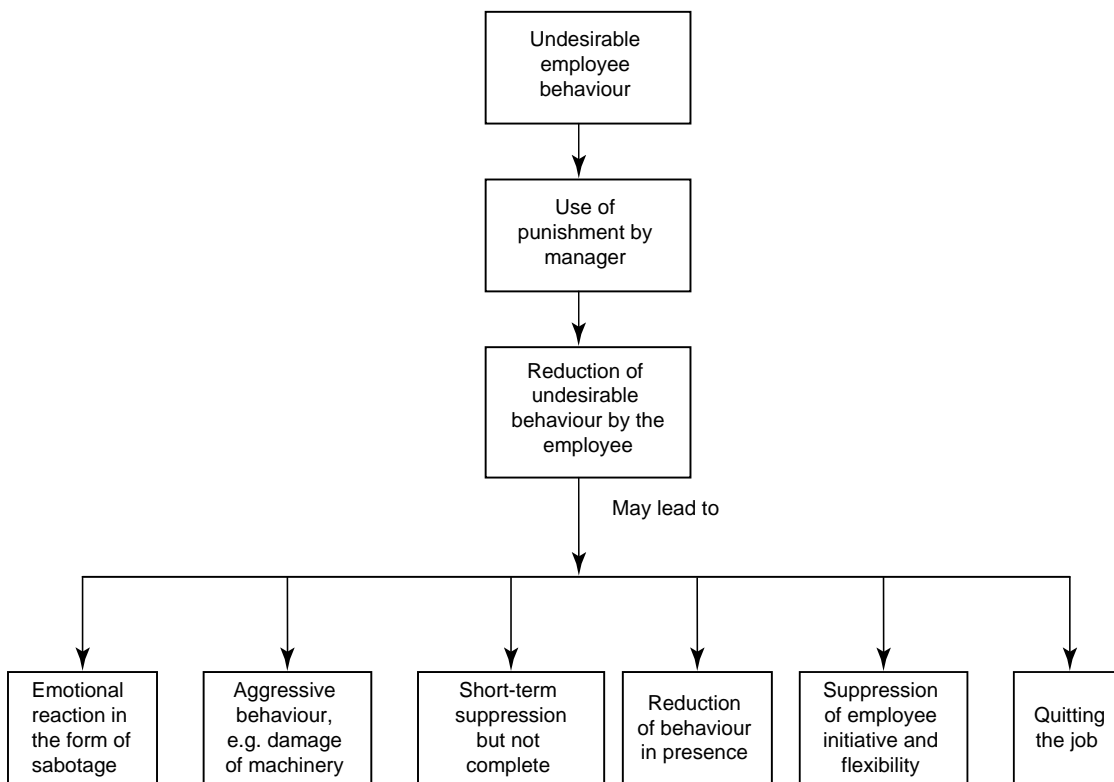


Figure 4.6 Potential Negative Effects of Punishment

Punishment produces a conditioned fear; that is, employees develop a general fear of a punishment-oriented manager. This type of problem is especially serious when tasks require normal, positive interaction between employees and the manager. Responses to fear, such as “hiding” or reluctance to communicate with the manager, may well hinder employee performance.

Effective Use of Punishment

Positive reinforcement is more effective than punishment over the long run. Effectively used, however, punishment does have a place in an organization.

The most common form of punishment in organizations is oral reprimand. It is intended to diminish or stop undesirable employee behaviour. An old rule of thumb is, “Praise in public, punish in private.” Private punishment establishes a different type of contingency of reinforcement than public punishment does. In general, a private reprimand can be constructive and instructive in nature, while a public reprimand is likely to have negative effects.

Punishment should be connected to the undesirable behaviour as immediately, directly, and obviously as possible. An unnecessarily long interval between the behaviour and the punishment makes the punishment less effective. Reprimand should not be given in general. An effective reprimand pinpoints and specifically describes the undesirable behaviour to be avoided in future.

Punishment (by definition) trains a person in what not to do, not in what to do. Therefore, for punishment to be effective, a manager must specify an alternative, desired behaviour for the employee.

Finally, a manager must balance the use of pleasant and unpleasant events. The frequent use of positive reinforcement makes an occasional deserved punishment quite effective. However, never using positive reinforcement and relying entirely on punishment is likely to produce long-run negative effects that counteract many short-term benefits. Positive management procedures should dominate in any well-run organization. Box 4.1 describes the process of bringing about discipline with punishment at the Vermont plant of General Electric (GE).

BOX 4.1 DISCIPLINE WITHOUT PUNISHMENT

The Vermont plant of General Electric operates in the following manner. An employee who does not follow the company's disciplinary norms such as being on time for work or who misbehaves with another colleague gets an oral reprimand rather than a written reminder. If the employee continues with the same behaviour, he is issued a written reminder. If the behaviour still persists, then he is suspended with pay for a day. This day is referred to as the "decision-making day." The objective is to convey to the employee that the company cares for him and it is up to him to decide his future course of action. Paying the employee helps in two ways: First, it gives GE the opportunity to convey to the employee that the company is serious about the problem and wants the employee to rethink whether GE is the right place for him or not; and secondly, paying the employee helps to take care of the anger that might result if he is terminated. The purpose of the day off with pay is to give the employee a wake-up call.

This process helps to achieve a number of objectives. First, it communicates to employees that the company is serious about the employee. It also reminds the employee about the responsibility that he has towards the company and gains his commitment to the company. Second, it sends a clear message to all employees that GE's standards will not be compromised at any cost. And finally, the suspension provides tangible evidence that the employee's job is at risk.

General Electric's approach has been very effective. More than 85% of the employees going through the programme have changed their behaviour and stayed with the organization. Since the programme started, reported written warnings and reminders dropped from 39 to 23 to 12 during the 2-year period. Employees who do not change their behaviour are fired.

Source: Adapted from www.ge.com. Accessed September 2008.

Using Contingencies of Reinforcement

For positive reinforcement to cause a desired behaviour to be repeated, it must have value for the employee. If the employee is consistently on time, the manager may positively reinforce this behaviour by complimenting the employee. But if the employee has been reprimanded in the past for coming to work late and then reports to work on time, the manager uses negative reinforcement and refrains from saying anything to embarrass the employee. The manager hopes that the employee will learn to avoid unpleasant comments by coming to work on time.

If the employee continues to come to work late, the manager may use either omission or punishment to try to stop this undesirable behaviour. The manager who chooses punishment may reprimand, fine, suspend, and ultimately fire the employee if the behaviour persists. The following guidelines are recommended for using contingencies of reinforcement in the work setting:

- Do not reward all employees the same.
- The failure to respond to behaviour has reinforcing consequences; suspensions are bound to shape the behaviour of subordinates by their use or non-use of rewards. Carefully examine the consequences of non-actions as well as actions.
- Let employees know which behaviour got reinforced.
- Let employees know what they are doing wrong.
- Do not punish the employees in front of others.
- Make the response equal to the behaviour by not cheating workers of their just rewards (Hamner and Hamner 1976).

Schedules of Reinforcement

Schedules of reinforcement determine when reinforcement is applied. Reinforcement is always delivered according to some schedule (Bandura 1969).

Continuous and Intermittent Reinforcement

In continuous reinforcement, the behaviour is reinforced each time it occurs, which is the simplest schedule of reinforcement. An example of continuous reinforcement is when you drop coins in a soft-drink vending machine. Your behaviour is reinforced (on a continuous schedule) by the consequence of the machine delivering a can of soda. Verbal recognition and material rewards, generally, are not delivered on a continuous schedule in an organization.

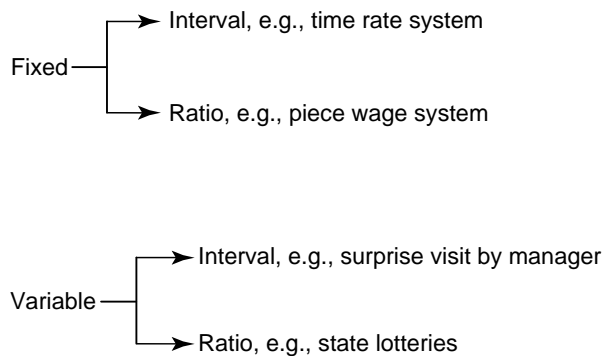


Figure 4.7
Categories of
Reinforcement
Schedules

In intermittent reinforcement, a reinforcer is delivered after some, but not every, occurrence of the desired behaviour. Intermittent reinforcement can be subdivided into “interval and ratio” and “fixed and variable” schedule, as show in Figure 4.7.

An interval schedule means that reinforcement is delivered after a certain amount of time has passed. A ratio schedule means that reinforcement is delivered after a certain number of behaviours have been performed. These two main schedules can be further subdivided into fixed (not changing) or variable (constantly changing) schedules. Thus, there are four major types of intermittent schedules of reinforcement.

Fixed interval schedule In a fixed interval schedule, a constant amount of time must pass before reinforcement is provided. The first desired behaviour to occur after the interval has elapsed is reinforced. For example, in a fixed interval, one-hour schedule, the first desired behaviour that occurs after an hour has elapsed is reinforced.

Such reinforcement tends to foster uneven behaviour. Before the reinforcement, the behaviour is frequent and energetic. Immediately following the reinforcement, the behaviour is less frequent and energetic. The reason is that the individual rather quickly figures out that another reward will not immediately follow the last one. A common example of administering rewards on a fixed interval schedule is paying employees weekly, bi-weekly or monthly. That is, monetary reinforcement comes regularly at the end of a specific period of time. Such time intervals, unfortunately, are generally too long to be an effective form of reinforcement for newly learned work-related behaviour.

Variable interval schedule In a variable interval schedule, the amount of time between reinforcement varies. For example, a manager may make it a point to walk though the office, on average, once a day. However, he varies the time, going perhaps twice on Monday, once on Tuesday, not on Wednesday, not on Thursday, and twice on Friday. During his walks, he reinforces any desirable behaviour he observes.

Fixed ratio schedule In a fixed ratio schedule, the desired behaviour must occur a certain number of times before it is reinforced. The exact number is specified. Administering rewards under a fixed ratio schedule tends to produce a high response rate and steady behaviour. The employee soon determines that reinforcement is based on the number of responses and performs them as quickly as possible to recover the reinforcement. The individual piece-rate system used in a manufacturing plant is an example of such a schedule. The production worker’s pay is based on the number of acceptable pieces produced (number of responses). Other things being equal, employee performance should be steady. In reality, other things are never equal and a piece-rate system may not lead to the desired behaviour. For example, peer pressure can influence employee behaviour regardless of the reinforcement system offered by the organization.

Variable ratio schedule In variable ratio schedule, a certain number of desired behaviour must occur before reinforcement is delivered, but the number of behaviours varies around an average. Managers frequently use a variable ratio schedule for praise and recognition. Team leaders of a department use this schedule of reinforcement when they give

Fixed Interval Schedule:
A constant amount of time must pass before reinforcement is provided.

Variable Interval Schedule: The amount of time between reinforcement varies.

Fixed Ratio Schedule:
The desired behaviour must occur a certain number of times before it is reinforced.

Variable Ratio Schedule: A certain number of desired behaviours must occur before reinforcement is delivered, but the number of behaviours varies around an average.

employees verbal approval from time to time. The interval of time varies. Gambling casinos and state lotteries use this schedule of reinforcement to encourage people to play roulette and buy lottery tickets. Patrons win, but not on a regular basis.

Comparison of Intermittent Reinforcement Schedules

Table 4.3 summarizes the four types of intermittent reinforcement schedules. The ratio schedules—fixed or variable—appear to improve performance more than the interval schedules do. The reason is that ratio schedules are more closely related to the occurrence of desired behaviour than the interval schedules, which are based on the passage of time.

Behaviour Modification

Behaviour modification refers to procedures and principles that are based on operant conditioning. Figure 4.8 illustrates the procedures used in behaviour modification (Luthans and Schweitzer 1979).

Identifying Relevant Behaviours

Not all employees' behaviours are either desirable or undesirable from a managerial viewpoint. Most behaviour is neutral; they neither add to, nor detract from, the achievement of organizational goals. Thus, the first and the most important step in applying the behaviour modification principle is to identify behaviours that have a major impact on an employee's overall performance. The manager should concentrate on them, trying to increase desirable behaviour and decrease undesirable behaviours. Identifying relevant behaviour consists of:

1. Observing the behaviour.
2. Measuring the behaviour.
3. Describing the situation in which the behaviours occur.

Training, often, is necessary to enable managers to identify behaviours. Frequently, the untrained manager confuses employee attitudes, feelings, and values with behaviours.

Charting Behaviours

One way to keep track of employee behaviour is by charting or measuring them over time. Typically, an employee behaviour chart is divided into at least three periods. The first is the baseline period, during which behaviour is measured before any attempt is made to change it.

Table 4.3 Comparison of Schedules of Reinforcement

Schedules	Forms of Reward and Example	Influence on Performance	Effects on Behaviour
Fixed Interval	Reward on fixed time basis: weekly or monthly pay cheque	Leads to average and irregular performance	Fast extinction of behaviour
Fixed Ratio	Reward tied to specific number of responses: piece-rate pay system	Leads quickly to very high and stable performance	Moderately fast extinction of behaviour
Variable Interval	Reward given after varying periods of time: unannounced inspections, appraisals and rewards given randomly each month	Leads to moderately high and stable performance	Slow extinction of behaviour
Variable Ratio	Rewards given for some behaviour: Sales bonus tied to selling x accounts but x constantly changing around some mean.	Leads to very high performance	Very slow extinction of behaviour

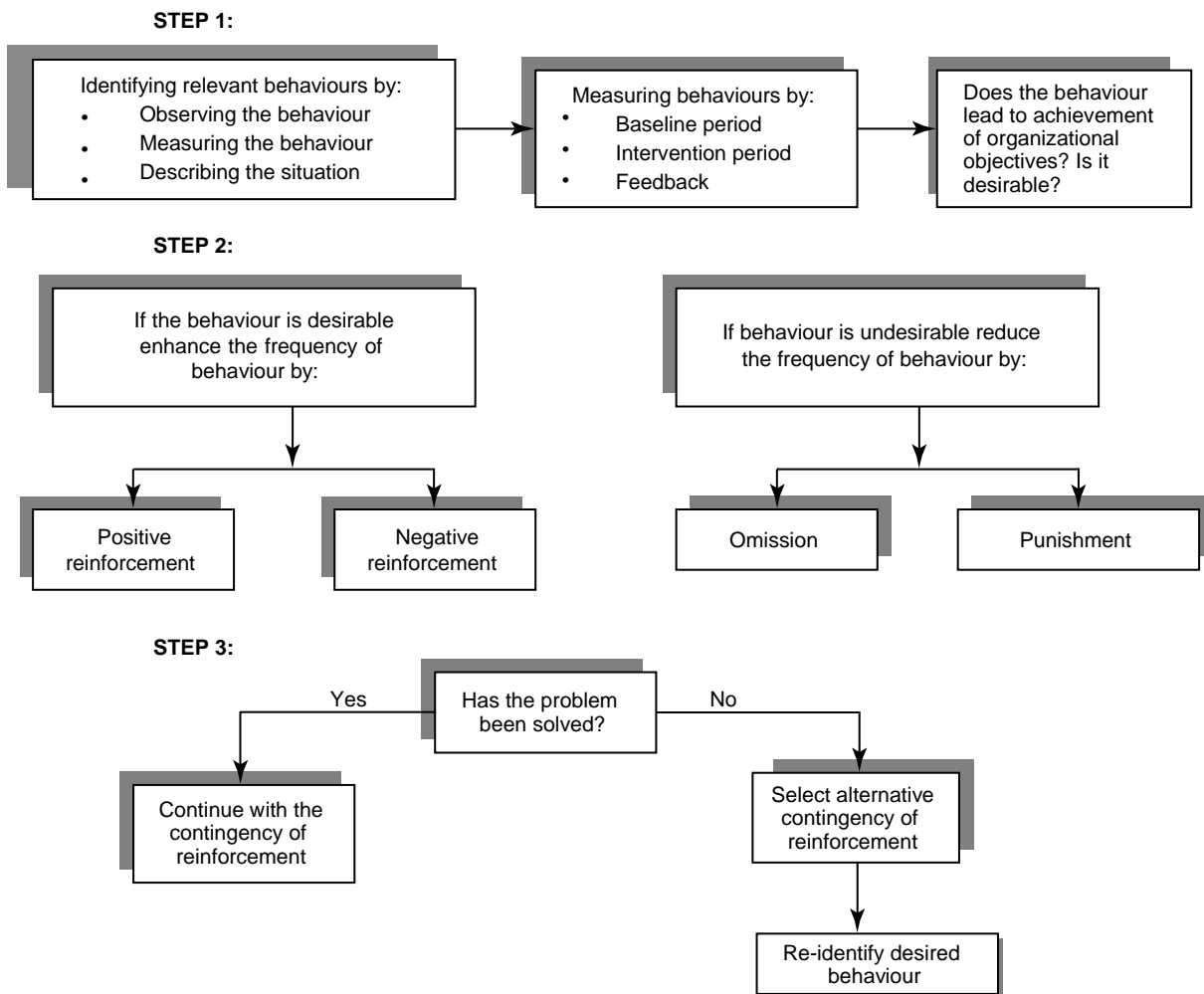


Figure 4.8 Behaviour Modification Procedures and Principles

Usually, the manager makes observations during the baseline period without the employee's knowledge, in order to get an accurate measurement.

The second is the intervention period. During this time, the manager measures the employee's behaviour after applying one or more contingencies of reinforcement. During the intervention period, the employee might be given feedback, the third period, which may be enough to cause a change in behaviour. However, a reward or penalty frequently accompanies feedback and may affect behaviour.

Charting has two objectives. First, observations during the baseline period show the frequency of certain behaviours. Sometimes charting behaviour reveals that the behaviour isn't as much of a problem as the manager originally thought. Second, by charting through the intervention period, the manager can determine whether the intervention strategy is working. Charting, then, becomes an evaluation method. Sometimes, a chart reveals no change in behaviour, which means that the intervention was not successful.

Choosing a Contingency of Reinforcement

After behaviour has been identified and charted for a baseline period, the manager needs to select a contingency of reinforcement and apply it to change the behaviour. For desirable behaviours, techniques to increase or maintain them should be used. Obviously, positive reinforcement is the first alternative to consider. In doing so, the manager must decide which type of reward is likely to have the desired effect on an employee's behaviour. The other alternative, of course, is to apply negative reinforcement.

However, if the behaviour is undesirable, the manager's objectives will be to decrease or stop it. Either punishment or omission would be appropriate. The manager might also decide to use a combination of reinforcement contingencies to extinguish undesirable behaviours while reinforcing desirable behaviours.

Problem Solved?

Experience gives the effective manager a valuable tool in choosing contingencies of reinforcement for modifying employee behaviour. The ability to generalize from similar past situations or from similar incidents with the same employee is essential. If the manager has, indeed, successfully affected the target behaviour, the contingency of reinforcement must be maintained for lasting results.

There is no guarantee that a chosen contingency of reinforcement will be effective. Every manager encounters situations in which the first intervention fails. The manager should, then, either try a different contingency of reinforcement or re-identify the desired behaviour. In either case, the manager must again consider the various steps of the procedure. In addition, the manager can simplify the procedure by evaluating the previous effort.

Limitations to Behaviour Modification

There are two general limitations to behaviour modification procedures and principles: individual differences and group norms.

Individual Differences

Behaviour modification often ignores individual differences in needs, values, abilities, and desires (Locke 1977). These individual differences can be recognized in two ways. First, organizations can try to select and hire employees who value the rewards offered. Proper selection can lead to hiring employees whose needs most closely match the reinforcers provided by the organization. Although not easy to do, it can be an effective way for organizations to minimize individual differences.

Second, employees can be allowed to participate in determining their rewards. Thus, if the present contingencies of reinforcement are ineffective, managers can ask employees what they would do to correct the situation. This method allows employees to have a greater voice in designing their work environment and should lead to greater employee involvement. However, if this method is used simply to exploit employees, they will look for ways to get around it.

Group Norms

When workers feel that management is trying to exploit them, group norms emerge that aim to control the degree of cooperation with management. This control typically takes the form of restricting output. When this situation exists, the implementation of a programme (particularly the one that relies on praise and other nonmaterial rewards) is likely to meet with staff resistance. Worker feels that they have little reason to cooperate with management because cooperation may lead to increase in productivity, without a corresponding increase in pay.

The power of group norms can reduce the effectiveness of most organizational reward systems. When employees and managers have a history of distrust, the principles covered here will not help. In that case, building an atmosphere of trust between employees and manager is a necessary first step. Once that has been done, these principles have a better chance of working.

CASELET

Modifying an Employee's Behaviour

HiLine India Pvt. Ltd ordered an enquiry into the conduct of a driver named Dinesh who had been in its employment for the past 11 years. Dinesh was charged with insubordination. In the interest of administrative convenience, HiLine India Pvt. Ltd had been organized into several territorial divisions. Each division was given a staff car. Dinesh was the company's driver for the staff car stationed at Indore.

Dinesh's service record for the past 10 years was commendable. According to an employee in administration, "He was counted among the best-behaved chauffeurs the company had. Obedient, punctual, with a ready smile on his face, he became a favourite of almost every officer he worked with." A sudden change came over Dinesh just after he completed 11 years with HiLine India. His work became unsatisfactory. He turned into a peevish, ill-mannered, and rude employee from being a pleasant, soft-spoken person. A stage came when he cared neither for the car nor for the boss.

On a tour with the manager of the Indore division, one of the wheels of the car broke down on the way. The practice was to check the car before taking it on a long journey. Dinesh, however, had not examined the car. The manager sent a warning to Dinesh: "I am pained to find that you are not paying any attention to the car. I don't have to remind you that keeping the car in a running condition is one of your major duties. This is a warning to you not to be negligent in future."

Dinesh had already received three warnings. His negligence on one particular occasion, however, brought things to a head. The manager had an important meeting with a government official at 11 a.m. and Dinesh turned up for work at 12 a.m. The manager was furious and pulled up Dinesh for his callousness while on his way to the appointment.

Instead of feeling sorry for what he had done, Dinesh got the following letter written to the manager asking him to apologize for misbehaviour in the car. The letter read, "You were very rude to me this morning because I was late. I might have been late, but you have no right to use abusive language. You treated me harshly. You have no right to be rude and arrogant to your subordinates. I would like to have an apology for this misbehaviour within 24 hours."

Everyone was surprised at how a man could change so suddenly. The manager, therefore, got certain unofficial enquiries made. These enquiries revealed that Dinesh had made some new friends in the past year. A teetotalter, he had started drinking and smoking heavily. Neighbours complained of being disturbed by loud fights between Dinesh and his wife late into the night. It was also found that he was actively involved in the activities of a trade union, and it was thought that this had made him complacent.

How will behaviour modification model help us understand this situation? Can Dinesh's behaviour be checked now? If so, how?

Transfer of Learning: Employee Training

Employee training has been defined as the systematic acquisition of skills, rules, concepts, or attitudes that result in improved performance at the job (Goldstein 1986). It can be concrete such as training a person to work on a computer or abstract such as training employees to work together in a team. A number of factors affect the process of transfer of learning. These factors are based on simulated learning processes rather than real-life situations.

Employee training: The systematic acquisition of skills, rules, concepts or attitudes that result in improved performance at the job.

Knowledge of Results or Feedback

The process of feedback is very important for the learner in a task where continuous assessment is being done. For example, an executive may want to know how his work is progressing so that remedial actions can be taken if necessary or the objectives be modified. Feedback should be precise and the learner should be given ample amount of time to assimilate it (Rogers 1974). Feedback should be task focused and directed at actions that are modifiable and are important for good task performance.

Feedback: The process of feedback is very important for the learner in a task where continuous assessment is being done.

Part or Whole Methods

A part method of learning consists of breaking down the task into sections or compartmentalizing it so that it can be learnt in phases. As a result, components of the task, which are more difficult than the rest, can be given more practice and time. As learning takes place, the learner feels more motivated but in the process may lose the touch with the overall and also the learning sequence may get mixed up. On the whole, learning total task is practised till it is mastered. Tasks which require integration and continuation have to be learnt by this

Part or Whole Methods: A part method of learning consists of breaking down the task into sections or compartmentalizing it so that it can be learnt in phases.

method. It is more practical when the task is small and when the learner is quick to learn and is intelligent.

Massed or Distributed Practice: Massed practice consists of amassing the elements of learning together or spacing or distributing them over a period of time. Distributed or paced practice consists of providing gaps in the practice sessions.

Massed or Distributed Practice

Massed practice consists of amassing the elements of learning together or spacing or distributing them over a period of time. Massed practice can result in boredom and fatigue, and impair performance. This problem could be alleviated by the use of rest pauses. A problem-solving activity would require a massed practice till the problem has been solved. Distributed or paced practice consists of providing gaps in the practice sessions. It is more relevant in cases of motor skill learning than for any complex learning. It serves a useful purpose when the material to be learnt is high in quantity and is difficult (Bass and Vaughan 1996).

Training Methods

Organizations need individuals with relevant abilities, skills, and attitudes in order to perform well. They have to place a high premium on nurturing employees through an adequate system of training and development. Training as a technique for the development of human resources is preoccupied with improving the skills of the employees and enhancing their capacity to cope with the ever-changing demands of the work environment. It leads to improvement in the quality of operations and output, greater safety awareness, higher level of satisfaction, motivation, and commitment (Armstrong 1992).

Training in Corporate India

Companies in India are investing heavily in training their most valuable resource—their employees. Employees of software companies are required to participate in a wide range of certification and training programmes. Soft skills training, including training in six-sigma/quality processes; communication; and cultural, behavioural, foreign-language and personal-effectiveness skills have become the norm.

The Infosys Global Education Centre (IGEC) at Mysore is the largest IT training centre in the world. Spread over 270 acres, the centre was built to accommodate 5,000 trainees at any given time. Young recruits are put through a gruelling 14-week training programme that hones their problem-solving skills as well as abilities to work in multi-cultural teams. The centre also houses India's largest gymnasium, a world-class cricket ground as well as a well-stocked library that is the envy of many companies.

The Infosys Global Education Centre (Photo courtesy Infosys Technologies Ltd. Reproduced with permission.)



Infosys Technologies has committed to spending \$65 million on its global training centre in Mysore. The company realized that it needed to ensure the quality of people to man its global operations. The objective of having a residential training programme is to foster an environment focused only on learning. In a residential programme, trainees also can clarify their doubts whatever be the hour. They also get to interact with other trainees from foreign countries.

Wipro has eight employee training centres spread across the country. These centres impart training in HR, leadership skills, behavioural skills, and cross-cultural training. Reliance Energy Ltd has established two state-of-the-art training centres in Mumbai with the objective of becoming a learning organization.

A variety of training techniques and methods are available to help employees learn effective ways of performing in organizations. These include lectures, films, videotapes, CAIs or online training, case studies, conferences, simulations, behavioural modelling, soft skills training, and mentoring. A few of these are discussed here.

Online Training

Online training, or virtual training, includes instructions given in a learning environment where the trainer and the trainee are separated by time and/or space and the trainer provides the content of the training via multimedia resources, the Internet, and videoconferencing. The trainees also communicate with the trainer via the same media. “Virtual” is used here to characterize the fact that the concepts are not taught in a classroom face-to-face but through some substitute mode that can be associated with classroom training.

The use of multimedia technologies has made the entire process of learning different from what it was earlier. Online training and learning happens in a number of ways in the training setting. A few of these include virtual classroom, hypertext courses, video-based courses, audio-based courses, animated courses, and peer-to-peer courses. Trainees in online training programmes typically acquire knowledge in a unidirectional manner first. The subsequent discussions on problem-solving exercises, case studies, review questions, etc. help trainees reinforce the learning that they acquired earlier. Electronic media like a discussion forum, chat room, voice mail, e-mail are often employed for communication. Box 4.2 describes online training methods used by some prominent Indian companies.

Training: A technique for the development of human resources to enhance their capacity to cope with the ever-changing demands of the work environment.

Online Training: Online training, or virtual training, includes the instructions given in a learning environment where the trainer and the trainee are separated by time and/or space and the trainer provides the content of the training via multimedia resources, the Internet, and videoconferencing.

BOX 4.2 CORPORATE TRAINING IN INDIA GOES ONLINE

Indian companies have increasingly started using technology as part of their training programmes. Some of the technology-driven teaching methodologies used are videoconferencing, online learning modules, and collaborative Web-casting techniques. Technology-driven training modules provide high flexibility as well as help in cutting costs.

Companies that offer corporate training products, such as New Horizon India, have reported a 100% increase in business over previous years. New Horizon India offers a proprietary corporate training product called Mentored Learning, which is designed to help people acquire new skills in their free time, without disrupting their daily schedule. Each workstation at the centre contains two computer monitors, one of which allows access to the course content: video, text, and audio. The other monitor provides access to the production environment so that skills can be put to practice. Instructors are also present to provide ongoing coaching, support, and guidance.

Cisco offers an online learning system called the Education Management System (EMS) that provides employees extensive technical as well as management education. Employees are given the freedom to decide the pace of training. The techniques used in training programmes include on-demand videos, Web-based training, online virtual lab programmes, and virtual classrooms. Companies like Infosys and TCS have invested heavily in setting up their training campuses. ICICI Bank entered into a partnership with IT education services provider NIIT, to set up the Institute of Finance, Banking and Insurance, which provides training in banking, insurance, and allied services. These are some of the efforts taken by some Indian organizations to keep pace with the growing demand for skilled and learned employees in the corporate sector.

Source: Adapted from Prasad, Swati (2008). “Corporate Training in India Goes High-tech”, *ZDNet Asia*, 25 September. Available at www.zdnetasia.com (accessed November 2008).

Simulation: In the process of simulation, an approximation of real-life events and situations is created. The purpose is to create or reproduce an actual work situation under the control of a trainer.

Simulation

An approximation of a real-life situation is created in the process of simulation. The purpose is to create or reproduce an actual work situation under the control of a trainer so that he is able to provide useful and quick feedback to the trainee and influence his motivational dispositions. In addition to developing technical skills, simulations can also be used in training programmes designed to enhance the soft skills of employees. Simulation is much cheaper than real-life situation training. The more realistic the simulation, the greater is its impact.

One form of simulation is vestibule training in which the trainees learn how to operate a piece of machinery away from the disrupting influence of the factory floor. Role playing is an example of interpersonal simulation. In an environment of moderate levels of motivation and good representation of reality, there are high chances of effective transfer of learning via role playing (Saal and Knight 1988). Another variation of simulation is in the form of experiential games used by organizations to train their employees with respect to certain attitudes and aptitudes.

On-the-job Training: In organizations, on-the-job training methods include induction courses, coaching, and mentoring.

On-the-Job Training

Another method of transfer of learning is through on-the-job training. In organizations, on-the-job training methods include induction courses, coaching, and mentoring. Induction courses are generally held during the first week of employment where employees are informed about the company policies, procedures, rules, regulations, organizational culture, role in the organization, and are introduced to their colleagues. Coaching is normally provided by the immediate supervisor or colleagues and involves giving feedback and advice to the employee regarding their performance. The aim is to help people understand the application of the knowledge that they have gained prior to joining the organization. Coaches set challenging goals, help employees achieve them by careful guidance, monitor their performance, evaluate them, and prepare them for the future. Mentoring is the responsibility taken by the senior member of the organization to help and develop a selected employee. A mentor can play the roles of a teacher, sponsor, coach, and also the devil's advocate to enhance the capabilities of the employee. Mentor has an open-ended relation with the mentee, is knowledgeable, has a strong power base, is a good listener, has high empathy, is willing to share his expertise, and is capable of giving constructive criticism when required.

Soft Skills Training: Soft skills training include training to develop the ability to communicate, to be able to work in teams, and improve interpersonal skills.

Soft Skills Training

Indian companies can dominate the global corporate world by providing soft skills training to employees. There is no doubt about the fact that Indian employees have sound technical skills, but the more important issue is, "Will this suffice for them to be globally competitive?" The wide rivers of culture, language, and environment can only be crossed with proficiency in soft skills. The intense competition from multinational companies also makes this training essential.

It has been found that technical skills are required at the entry level, but as you rise higher in the organization, soft skills such as the ability to communicate, to be able to work in teams, and effective interpersonal skills are in demand. These are the skills which help the person move up in the organizational ladder. According to a NASSCOM-McKinsey study, the Indian software industry is expected to cross US\$50 billion in exports in 2008. This is based on an average annual growth rate of 35%. This has, in turn, created the need for technically sound professionals who have people management skills to be effective managers. Further, it is also important to understand customers not only from the formal perspective but also from an informal perspective in order to relate with them. Hence, there is an immediate need to have well-designed learning and training modules for managers of corporations.

Summary

Learning is a relatively permanent change in the frequency of occurrence of a specific individual behaviour. In a scenario of continuous change, if we are not constantly updating ourselves with a new set of knowledge and techniques, we are likely to stagnate and become obsolete over a period of time. This makes it mandatory for us to move into the process of “continuous learning.” Learning is an important source of motivation and job satisfaction. But it is also important for us to examine the blocks or the barriers that stand in the way towards learning which occur at the level of individuals, groups, and teams.

Different theories of learning emphasize different processes. Classical conditioning began with the work of Pavlov, who studied reflex behaviours. Operant conditioning focuses on the effects of reinforcement on desirable and undesirable behaviours. Change in behaviour results from the consequence of previous behaviour. When behaviour is reinforced, it is repeated; when it is punished or not reinforced, it is not repeated. Social learning theory focuses on people learning new behaviours by observing others and then modelling their own behaviour on that person's. Some people learn by using their cognitive skills to observe, reason, and choose an appropriate course of action. Linear programming is a process of presenting very little information to the learner in a step-by-step manner on the basis of his level of competence and understanding. The disadvantage of this process of learning is that once written, the programmes become inflexible and impersonal. Sensemaking is a process of designing communication-based research and practice and implementing communication-based systems and activities. Sensemaking consists of seven aspects: identity, retrospective, enactment, social, continuous process, extracted cues, and plausibility.

People develop different styles of learning. Some learn by experiencing and others learn by observing and reflecting. Learning is a life-long activity made even more important in today's fast-changing world.

There are two types of reinforcement: (1) positive reinforcement which increases a desirable behaviour because the person is

provided with a pleasurable outcome after the behaviour has occurred, and (2) negative reinforcement, which also maintains the desirable behaviour by presenting an unpleasant event before the behaviour occurs and stopping the event when the behaviour occurs. Both positive and negative reinforcements increase the frequency of a desirable behaviour. Conversely, omission and punishment reduce the frequency of an undesirable behaviour. Omission involves stopping everything that reinforces the behaviour. Punishment is an unpleasant event that follows behaviour and reduces the probability that the behaviour will be repeated.

There are four schedules of reinforcement. The fixed interval schedule gives rewards at regular intervals (e.g. weekly or monthly pay cheque). In the variable interval schedule, the amount of time between reinforcement varies. The fixed ratio schedule ties reward to certain outputs (e.g. piece-rate system). In the variable ratio schedule, a certain number of desired behaviours must occur before reinforcement is delivered, but the number of behaviours varies around an average.

The procedure that can be used for applying principles of behaviour modification include identifiable behaviours, charting these behaviours, and choosing a contingency of reinforcement to obtain desirable behaviour and stop undesirable behaviours.

Employee training has been defined as the systematic acquisition of skills, rules, concepts, or attitudes that result in the improved performance at the job. The factors affecting the process of transfer of learning include knowledge of results or feedback, part or whole method, and massed or distributed practice

Training as a technique for human resource development is preoccupied with improving the skills of the employees and enhancing their capacity to cope with the ever-changing demands of the work environment. A variety of training techniques and methods are available to help employees learn effective ways of performing in organizations, including lectures, films, videotapes, CAIs or online training, case studies, conferences, simulations, behavioural modelling, soft skills training, and mentoring.

Key Terms

Accommodator: An accommodator's domain is active experimentation and the carrying-out of plans that lead to real experiences.

Antecedent: An antecedent precedes and is a stimulus to behaviour.

Assimilators: Assimilators are good at creating theoretical models with their capability to combine reflective observation and abstract conceptualization.

Avoidance learning: In avoidance learning, a person prevents an unpleasant event from occurring by completing the proper behaviour before the unpleasant event is presented.

Behaviour modification: Behaviour modification refers to procedures and principles that are based on operant conditioning.

Classical conditioning: Classical conditioning is a process by which individuals learn reflex behaviours.

Cognitive learning: Cognitive learning involves selective interpretation of perceptual data organized into new patterns of thoughts and relationships.

Consequence: A consequence is the result of behaviour.

Convergers: Convergers use abstract concepts as a basis for active experimentation.

Discrimination: Discrimination is the process by which universal or previously structured elements are placed into more specific structures.

Divergers: Divergers learn best by reflecting on specific experiences and drawing new inferences.

Employee training: Employee training has been defined as the systematic acquisition of skills, rules, concepts or attitudes that result in improved performance at the job.

Feedback: The process of feedback is very important for the learner in a task where continuous assessment is being done.

Fixed interval schedule: In a fixed interval schedule, a constant amount of time must pass before reinforcement is provided.

Fixed ratio schedule: In a fixed ratio schedule, the desired behaviour must occur a certain number of times before it is reinforced.

Generalization: Generalization is the means through which we transfer learning from one situation to another as well as categorize information.

Insight: Insight is best described as the sudden discovery of the answer to a problem.

Learning: Learning is a relatively permanent change in the frequency of occurrence of a specific individual behaviour.

Linear programming: Linear programming is a process of presenting very little information to the learner in a step-by-step manner on the basis of his level of competence and understanding.

Massed or distributed practice: Mass practice consists of amassing the elements of learning together or spacing or distributing them over a period of time. Distributed or paced practice consists of providing gaps in the practice sessions.

Negative reinforcement: In negative reinforcement, an unpleasant event is presented before the employee behaviour occurs and is then removed when the behaviour does occur.

Omission: Omission decreases the frequency of an undesirable behaviour and finally extinguishes it.

Online training: Online training, or virtual training, includes the instructions given in a learning environment where the trainer and the trainee are separated by time or space and the trainer provides the content of the training via multimedia resources, the Internet, and videoconferencing.

Operant conditioning: Operant conditioning refers to a process by which individuals learn voluntary behaviour.

Part or whole methods: A part method of learning consists of breaking down the task into sections or compartmentalizing it so that it can be learnt in phases.

Positive reinforcement: Positive reinforcement presents a pleasant consequence for the performance of a desired behaviour.

Primary reinforcer: A primary reinforcer is an event that has a value already known to the individual.

Programmed learning: Programmed learning is a process of increasing learning efficiency by emphasizing the learner's active role, use of small successive steps, immediate feedback to learner response, and allowing the learner to proceed at his own pace.

Punishment: Punishment is an unpleasant event that follows behaviour and decreases its frequency.

Reflex: Reflex is an involuntary or automatic response that is not under an individual's conscious control.

Reward: A reward is an event that a person finds desirable or pleasing.

Secondary reinforcer: A secondary reinforcer is an event that once had neutral value but has taken on some value (positive or negative) for an individual because of past experience.

Sensemaking: Sensemaking is a process of designing communication-based research and practice and implementing communication-based systems and activities.

Simulation: In the process of simulation, an approximation of the real-life event or situation is created and the purpose is to create or reproduce an actual work situation under the control of a trainer.

Social learning: In social learning, people can learn new behaviour by watching others in a social situation and then imitating or modelling their behaviour after that of the other person.

Soft skills training: Soft skills training include the training to develop the ability to communicate, to be able to work in teams, and improve interpersonal skills.

Training: Training is a technique for the development of human resources and enhancing their capacity to cope with the ever-changing demands of the work environment.

Variable interval schedule: In a variable interval schedule, the amount of time between reinforcement varies.

Variable ratio schedule: In a variable ratio schedule, a certain number of desired behaviours must occur before reinforcement is delivered, but the number of behaviour varies around an average.

Discussion Questions

1. Identify behaviours that you have learned through operant conditioning. What sort of classical conditioning occurs at the job? Cite examples.
2. How can managers use the social learning model as a powerful management tool to enhance learning capabilities of the employees in an organization?
3. Given your personality type, how do you learn best? Do you have difficulty in the understanding and learning of some concepts because of the way they are taught?
4. What is programmed learning? What are the ways to conduct programmed learning in organizations?
5. Do monetary rewards always act as reinforcers in business organizations? Why or why not? If not, then identify other types of rewards which can be used by managers to motivate their subordinates?
6. What steps can be taken by the organization to reinforce positive behaviour patterns for achieving high performance and productivity?
7. What schedule(s) of reinforcements can be used to avoid conflicts among the employees in an organization?
8. Identify the major steps in behaviour modification. Briefly summarize the critical components of each step that will help improve employee performance.
9. What are the limitations of behaviour modification? What can organizations do to enhance the effectiveness of behaviour modification?
10. With the help of suitable examples from your own learning, exemplify the factors which affect the process of transfer of training.
11. How have the techniques of online training and experiential exercises changed training programmes in Indian organizations? What are the benefits and pitfalls of the same?

Exercise

Reflections on Learning Styles

Continuous learning is fundamental to functioning successfully in organizations. Therefore, those who aspire for careers in organizations should be aware of how they prefer to learn. They should work to develop complementary learning skills where those abilities are low. To think more personally about the learning processes, begin by answering the following questions. Circle the number that best describes you for the eight questions below. (This entire activity can be completed in about 5–7 minutes.)

1. I enjoy venturing into new experiences and relationships to see what I can learn.

This describes me	1	2	3	4	5	This does not describe me
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2. I actively participate in here-and-now experiences that enable me to become aware of how I affect my environment and others.

This describes me	1	2	3	4	5	This does not describe me
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3. I am a careful observer of events and people, and find myself reflecting on what I see and hear from what goes on about me.

This describes me	1	2	3	4	5	This does not describe me
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4. I find myself talking with others about our recent experiences so that I can make sense of what people say and do and why events turn out as they do.

This describes me	1	2	3	4	5	This does not describe me
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5. I like to manipulate abstract ideas and symbols to visualize how concepts and things are related.

This describes me	1	2	3	4	5	This does not describe me
-------------------	---	---	---	---	---	---------------------------

6. I find myself engaging in “what-if” forms of reasoning and synthesizing ideas into hypotheses for future testing.

This describes me	1	2	3	4	5	This does not describe me
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7. I enjoy taking risks by testing my ideas on others to see if they work.

This describes me	1	2	3	4	5	This does not describe me
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8. I am decisive; a practical problem solver who enjoys putting plans into action.

This describes me	1	2	3	4	5	This does not describe me
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Field Projects

1. Compare and contrast the learning styles of your classmates or colleagues who come from different educational backgrounds and comment on their effectiveness.
2. In groups of three or four, visit an organization and through a survey find out the reinforcement strategies

used by the organization to make their employees learn. What are the schedules of reinforcement used? Prepare a report and present it to the class. Suggest ways of improving employees' desire to learn.

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CHAPTER 5

Attitudes and Values

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concepts of attitude and values.
2. Identify the processes by which attitude change occurs in organizations.
3. Diagnose the relationship between attitude and behaviours with the help of the behavioural intention model.
4. Outline the major attitudes displayed by employees at the workplace.
5. Understand the concepts of emotional intelligence and appreciative intelligence as they apply to the workplace.
6. Define values and classify them.
7. Understand the value conflicts that exist in work organizations.

Phoenix Electronics

Phoenix Electronics, established in 1970, is a medium-sized company that produces household electronic gadgets. In September 1991, its managing director, Ramesh Patel, died and his son Kiran Patel, a 25-year-old with a degree in business administration from the United States, took charge of the company. He made his presence felt within days of joining the company. The new managing director felt that General Manager Ramesh Dewan was elderly with old-fashioned ideas and hence not a very effective manager. He, therefore, asked Ramesh Dewan to retire and offered him 12 months' salary as compensation. Ramesh Dewan retired in October 1991, after having served the company for 20 years.

Kiran, then, appointed Mayank Tiwari as the general manager of the company on the recommendation of a friend who said that he was efficient and honest. Mayank Tiwari was technically qualified and had been working as a production manager in a leading electronics firm. In November, the marketing manager of the company resigned and left the company. A new marketing manager, Akhilesh Tandon, was appointed in his place. In January 1992, the IT officer also quit and a new IT officer, Suresh Joshi, was appointed.

Mehta, secretary at Phoenix Electronics, was responsible for all matters relating to the administration of the company, such as assisting the management in conducting meetings and attending to correspondence. He was also the company's legal representative.

He had been working at Phoenix for the past 4 years and had a great relationship with the previous general manager who had been instrumental in getting his pay hiked by Rs 2,000. However, he often had trouble with the new general manager. Mehta felt that the new general manager lacked administrative experience and he distrusted everybody except the new marketing manager and the new IT officer because they were his personal friends. He mixed only with them and believed that others in the company might somehow trap or betray him.

An incident that had happened the previous day really upset Mehta. An experienced salesman, Rajiv, had come to his room with a damaged gadget and complained that the quality of the company's products had really come down and that it was difficult to sell products in the market. While Rajiv was talking to Mehta, the general manager called Mehta to his room. The conversation between them was as follows.

Tiwari: "Take your seat, Mr Mehta."

Mehta sat down.

Tiwari: "Mr Mehta, I find that a number of thefts are going on in this company. I don't know what Mr Ramesh Dewan was doing all these days. Just now we have caught Jinesh Gupta, a clerk in the sales office. The security personnel at the reception told me that he was caught with a gadget in his bag. However, Rajiv did not allow them to take any action and took away the gadget from him. I hate it when our officers shield thieves like



this. If things go on this way, how can we ensure discipline in our company? Anyway, Mr Mehta, please take action against Jinesh Gupta and discharge him."

Mehta: "Rajiv brought the gadget into my office and he was talking to me about the poor quality of our products."

Tiwari: "Don't try to protect people unnecessarily. I want to teach a lesson to the people here. Please go and take immediate action against Jinesh Gupta."

Mehta: "I don't know what has actually happened but if he had been caught at the gate, we could have taken disciplinary action against him. But since he has not been caught at the gate, our case is weak, and if he goes to a court of law, he may be reinstated with or without compensation and that would unnecessarily put us into all sorts of trouble."

Tiwari: "You are talking almost like a defence lawyer. Don't try to teach me law. I have been in this business for the past so many years and I know what's best for the company."

Mehta: "It may inconvenience you too. I just want to save you and the company from any embarrassment."

Tiwari: "You say that you want to help the company as well as me. Now, I don't want your help. The best way to help the company is to catch culprits and take them to task. Instead of doing that, you people seem to be protecting thieves. Even when a thief is caught, you don't want to take action against him and Rajiv actually helped that thief. This way you people think that you can make me helpless. However, I know my job and if you want to work here, you better cooperate with me and do what I want you to do. You may go now. I have many other important things to attend to."

Mehta came back to his room and told Rajiv what had transpired. Rajiv advised him to go and report the matter to the managing director.

Mehta was reluctant to go to the managing director because he found him to be another novice. The old man

(his father) knew how to talk to people. He used to take a personal interest in all his employees, and anyone could go and discuss their problems with him and he always helped them. Mehta felt that the managing director had transferred all powers to Mayank Tiwari and he spent most of his time attending lectures, parties and reading books. However, seeing no other alternative, he went to the managing director's office and reported about the allegations of theft in the company. The conversation then went on like this:

The managing director: "Don't bother me with these things, Mr Mehta. Do whatever is legally right and necessary. Why have I appointed Mr Mayank Tiwari as your general manager if I have to decide everything? I don't like people coming to me directly instead of going to their immediate bosses."

Mehta: "I have talked to him."

The managing director: "Why has Mayank Tiwari sent you to me?"

Mehta: "Sir, he has not sent me."

The managing director: "Then, I don't want to listen to you. Come to me only through the proper channel. You may go now."

For Discussion

1. Evaluate Mr Mehta in terms of his attitudinal dispositions? Does he carry any bias in him or is he genuine in his remarks?
2. How would you compare the value systems of Mr Ramesh Patel and Mr Kiran Patel? What might have led to this variation in their value system?
3. If you were caught in a similar situation as Mr Mehta, what would you do?
4. Comment on the prevailing situation at Phoenix Electronics and the future of the company?

Introduction

Although we often refer to attitudes in our daily life, such casual use of the concept fails to capture the richness of the concept as it has been applied by social scientists. To help appreciate more precisely what an attitude is, we need to formally define the term and describe its role in the study of the organization. We also need to identify some of the key considerations involved in changing attitudes, both others' and our own.

Attitude: Attitudes are relatively stable clusters of feelings, beliefs, and behavioural dispositions (or intentions) towards some specific objects.

Attitude: A Definition

Different people may have different views about their jobs. Some people may find their jobs highly interesting, while others may complain about boredom. Views held are also complex. Some like some things about their jobs (e.g. “My boss is great”) and dislike others (e.g. “The pay is terrible”). Regardless of how one might feel, the attitude expressed may be recognized as consisting of three major components: an evaluative component, a cognitive component, and a behavioural component (McGuire 1985). Since these represent the basic building blocks of our definition of attitudes, we shall take a close look at them.

So far, it has been suggested that attitudes have a great deal to do with how we feel about something. The evaluative component of an attitude refers to our feelings of like or dislike towards a particular person, item or event (what might be called an attitude object, the focus of our attitude). You may, for example, feel positively or negatively towards your boss, the sculpture in the lobby or the fact that your company just landed a large contract. However, attitudes involve more than feelings; they also involve knowledge, that is, what you feel about an attitude object. For example, you might believe that one of your co-workers gets paid much more than you or that your supervisor does not know too much about the job. These beliefs, whether completely accurate or false, comprise the cognitive component of the attitudes.

As you might imagine, the things you believe about something (e.g. “My boss is embezzling company funds”) and the way you feel about it (e.g. “I can’t stand working for him”) may have some effect on the way you are predisposed to behave (e.g. “I think I am going to look for a new job”). In other words, attitudes also have a behavioural component—a predisposition to act in a certain way. It is important to note that such a predisposition may not actually be predictive of one’s behaviour. For example, you may be interested in taking a new job; you might not actually take one if a better position is not available or if there are other aspects of your job you like enough to compensate for the negative feelings. In other words, your intention to behave a certain way may or may not dictate how you will actually behave.

Combining these various components, we can define attitude as relatively stable clusters of feelings, beliefs, and behavioural dispositions (or intentions) towards some specific objects. By including the phrase “relatively stable” in the definition, the reference is being made to something that is not fleeting and that, once formed, tends to persist. In fact, changing attitudes may require considerable effort. When we speak about work-related attitudes, we are talking about these lasting feelings, beliefs, and behavioural tendencies towards various aspects of the job itself, the setting in which the work is conducted and/or the people involved. Work-related attitudes are associated with many important aspects of organizational behaviour, including job performance, absence from work, and voluntary turnover. Such relationships are often very complex, varying across different situations and different people, and cannot be understood without a great deal of carefully conducted systematic research.

Changing Our Own Attitudes: The Process of Cognitive Dissonance

Cognitive Dissonance:

It is a process in which inconsistency between the attitudes leads to dissonance and in the process of overcoming dissonance, there is a change in the attitude of the person.

Suppose, as your college graduation approaches, you receive two job offers. After much agonizing, you finally select one. If you are like most people, you will probably find that your attitude towards the two companies will change. Specifically, your attitude towards the job you accepted will become more positive (“It’s a great place, I am fortunate to be working here”) and your attitude towards the job you did not take will become more negative (“It’s really not such a good company, I am glad I decided against it”). The same process might occur after you select a car to purchase, a school to attend or any course of action that you take. What is ultimately being stressed is that in their most general forms, people’s attitudes towards selected alternatives become positive and the attitude towards rejected alternative becomes more negative. Why does this occur? The answer lies in the process called *cognitive dissonance* (Festinger 1957).

In most cases, people dislike inconsistencies. When we say one thing and do another (e.g. claim we like job A but take job B) or when we discover that one attitude we hold is inconsistent

with another (e.g. we cherish our health but also enjoy smoking), the unpleasant state known as cognitive dissonance arises. We feel uneasy about the inconsistencies, believe our various attitudes, and are motivated to change our attitude to resolve this dissonance. In the example, the fact that you selected one job may disorient with the fact that you once considered the advantages of the other. Therefore, to justify your decision and to avoid cognitive dissonance, you simply change the way you feel, bringing your attitude in line with your feelings. Specifically, you adopt a more positive attitude towards the job you accepted and a less positive attitude towards the job you rejected. Derogating the characteristics of a position you did not take and touting the benefits of the position you took may be understood as attempts to avoid cognitive dissonance.

To show how attempts to avoid cognitive dissonance may be involved in changing our own attitude, let's consider an example. Suppose you believe strongly in protecting the physical environment from pollution. At the same time, you also strongly believe in being a loyal employee, doing what your boss asks for the good of the company. No problems arise until one day you are required to do something by your company that you believe pollutes the environment—packing shipments in non-biodegradable materials. Confronted with this situation, you experience cognitive dissonance: Your positive attitude towards protecting the environment is inconsistent with the fact that you contributed to polluting it (which you did because you are such a loyal employee). As a result, your behaviour is dissonant with your attitude, prompting you to change your attitude towards protecting the environment—perhaps by rationalizing that protecting the environment really isn't that important after all. By shifting your attitude in this fashion, your behaviour is no longer inconsistent with your attitude, thereby resolving the cognitive dissonance.

Changing Others' Attitudes: The Determinants of Persuasiveness

As discussed in the previous section, people sometimes change their own attitude so as to make it consistent with others. There are situations in which we purposely attempt to change others' attitudes. In particular, we may be interested in improving people's work-related attitudes, because their negative attitude may be associated with undesirable behaviour. (e.g. high rate of absenteeism and turnover). Of course, we may also be interested in changing attitude for its own sake—that is, creating a more positive attitude towards the job just because of the positive feeling that results—helping people enjoy a higher quality of life at work.

Suppose your boss asks you to work late to complete a vital report in time for an important meeting tomorrow morning. Now imagine a TV commercial touting the health benefits of a new breakfast cereal. Although these two situations appear to be quite dissimilar, they show an important common element. Both are appeals to change your attitude—to be more willing to work late in the first case and to become interested in the cereal in the second case. Although you are not probably aware of it, much of the time it's likely that you are constantly bombarded by attempts to change your attitude—a process known as *persuasion*. In the persuasion process, a target person (the individual whose attitude is to be changed) is given a message (either written or spoken) in which the information presented is designed to change her attitude (see Figure 5.1). This process

Persuasion: In the persuasion process, a target person is given a message in which the information presented is designed to change attitude

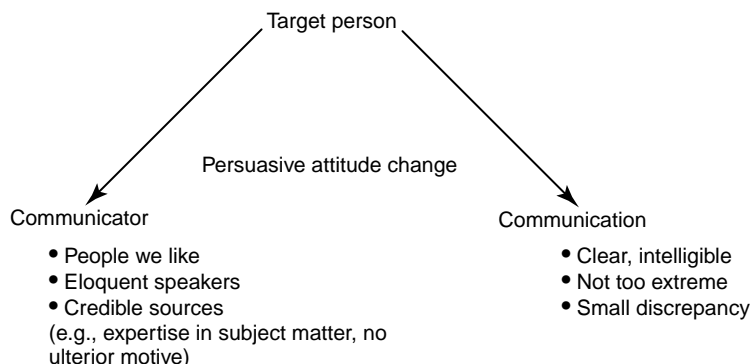


Figure 5.1
The Persuasive Process

involves two basic elements—the communicator (the person doing the communicating) and the communication (the specific content of the message itself) (Petty and Cacioppo 1984).

Communicators: what makes them persuasive? Research has shown that several factors enhance the persuasiveness of communicators. First, in general, we are highly persuaded by individuals we like. Because we tend to ignore those we dislike, such individuals are unlikely to be effective agents of attitude change. Second, people who are smooth, eloquent speakers tend to be highly effective at persuading others. By speaking rapidly and without hesitation, eloquent speakers project the image that they know what they are talking about (Miller et al. 1976). Fast-talkers are generally very convincing and, therefore, highly persuasive.

Probably, the single most important determinant of persuasiveness is a person's credibility, the extent to which an individual appears to be trustworthy or believable. The more credible an individual is believed to be, the more effective he or she will be in changing attitudes. What, then, makes someone appear to be credible? One key factor is expertise (Cote 1999). Generally speaking, the more someone appears to possess a high level of knowledge about a topic, the more persuasive that individual will be in persuading people on issues relevant to that topic. The persuasive power of expertise appears to be precisely what advertisers of pain medication rely on when they cite the opinions of experts—doctors, in this case, as the basis for their appeals to use their product. But advertisers know as well that credibility also depends on the communicator's apparent motives. In particular, someone's credibility is likely to be challenged if he is expected to derive some gain by changing our attitudes. For this reason, many commercials rely on "hidden camera" scenes in which people who are unaware that their remarks are being recorded give product testimonials. The idea is that someone who does not stand to benefit from your behaviour would be unlikely to misrepresent themselves for the purpose of changing your attitude. Without any reason to discount what they say, individuals lacking ulterior motives may be highly credible and, therefore, highly effective in getting people to change their attitudes.

Communication: what makes a message persuasive? Persuasiveness depends not only on the characteristics of the communicator, but also on the message being communicated. Two important characteristics have been identified which makes the message more persuasive.

First, it is essential for the message to be clear and intelligible. Obviously, unless messages are understood accurately, they have little or no chance of changing attitudes. Still, people in business settings often fail to keep this in mind. Consider, for example, a supervisor of a chemical analysis research unit attempting to convince company officials that her division needs a large budget. If she makes the mistake of talking over the heads of her less-technologically-oriented colleagues, she will not stand much chance of persuading them to part with their funds.

A second determinant of the message is how different it is from the views already held by the target person; that is, the size of the attitude discrepancy. Sometimes, people are asked to make drastic changes in their attitude (e.g. from being pro-life to pro-choice on the issue of abortion), whereas other times they are asked to change them only a little (e.g. from being in favour of a Rs 1 million budget for your department to accepting Rs 950,000). It's easier to get people to change their attitude when the position you advocate is only slightly different from their own than when it is extremely different. This occurs, largely, because people tend to dismiss highly discrepant views as unreasonable and unworthy of their consideration, whereas slightly discrepant views are believed to be more reasonable and acceptable. On this basis, it would appear that attitudes may be more effectively changed by "clipping away" at them a little bit at a time than by attempting to persuade someone to change his views more drastically all at once. Although we have been describing ways of changing the attitudes of people individually, it is possible to use the mass media to change the attitudes of large numbers of people towards companies, or even business in general.

Links to Behaviour

To what extent do attitudes predict or cause behaviour? Behavioural scientists used to contend that individual behaviours were consistent with their attitudes. However, they now accept the notion that a simple direct link between attitude and behaviour doesn't frequently exist. For example, if an individual has negative feelings, opinions, and behavioural dispositions towards his boss, he may still choose not to behave negatively towards her because (1) he cannot offend his senior, (2) the norms of courteous behaviour outweigh his desire to express his negative attitude, (3) he may decide that the boss is an inappropriate target for negative behaviour, and/or (4) he acknowledges the possibility of having incomplete information.

Pollsters and others often measure attitude and attempt to predict subsequent behaviour. Doing so often is difficult; however, observing three principles can improve the accuracy of predicting behaviour from attitudes:

- General attitudes best predict general behaviours.
- Specific attitudes best predict specific behaviours.
- The less time that elapses between attitude measurement and behaviour, the more consistent will be the relationship between attitude and behaviour (Cote 1999).

For example, attitude towards women in management, in general, isn't as good a predictor of whether someone will work well for a female manager as are specific attitudes

CASELET

New Attitudes at Alpha

Alpha Document Technologies was not your typical high-tech firm. It had a conservative dress code, and even supposedly "fun" activities didn't materialize. Older managers did not appreciate the younger ones trying to fix up weekend parties at a nearby pub. Young engineers ignored the company in favour of the flashier and more liberal Silicon Valley firms.

Attitudes have changed at the company, however, due to an unusual partnership. Sumeet Anand, Alpha's chairman, is 58 and belongs to Punjab. His bearing and aloofness lead most employees to address him as "sir". Nikhil Jain is 27 and graduated from a reputed management school in the country. He had joined Alpha recently as an engineer after a four-year stint with a technology major. His usual attire at work is baggy pants, oversized T-shirts, earrings and lots of hair gel. Last winter, Anand invited Jain to his customary open-door session and said, "So, Nikhil, tell me what's wrong with Alpha?"

Jain took advantage of the moment, telling Anand that the company lacked vision and innovation, and spent the next hour describing new markets, the Internet, and ways to make Alpha's culture more entrepreneurial. Anand was energized by Jain's honesty. Jain was "prepared to speak what was right, not what he thought I wanted to hear". Since that meeting, Jain has been a key player in the company's journey to change. He is the junior member of a group that meets twice a month to discuss strategy. His days often end in Anand's office, with discussions of new personnel, products, and the competition. The bond between Anand and

Jain can be described as a partnership, a friendship, and a mentor-protégé relationship. It is unique, however, in that in most similar relationships, CEOs seek out employees just like themselves. Attitudes didn't prevent the two from forging a dynamic partnership.

In their first discussion during the open-door session, Jain thought Anand would grill him on the dress and attire issue—that did not happen. "The fact that he was a funky dresser suggested that he would have ideas that were younger," said Anand. "I wanted to see if we could connect." That connection has been a crucial one in the drive to turn Alpha around. Jain has been assigned to an elite team to develop an easy-to-use device that gives users access to their televisions, DVD players, stereos, and computers, so that they can send and receive music and computer files. He also oversees testing of the company's new computer chip, which is a "make it or break it" product. The going has not always been easy. Some older and more-experienced engineers have expressed discomfort working with a team leader who is 10 years younger. At one high level meeting, Jain had to face a patronising verbal attack from a senior executive. However, another executive pulled him aside and told him to stick to his guns and prophesized that his enthusiasm would win everyone over.

Alpha is trying to change its culture. Dress codes have been relaxed. Managers have been told to stop hiring in their own images. Attitudes are changing, thanks to a duo that did not let their own attitudes get in the way.

Discuss the process of attitude change with respect to this case.

towards a particular manager. General attitude towards religion isn't a good predictor of specific behaviours, such as going to a certain temple, related charity or observing a specific religious holiday. However, these general attitudes may accurately predict general religious behaviour, such as overall involvement in the religious activities. Moreover, attitudes may change over time. Generally, the longer the elapsed time between the measurement of an attitude and behaviour, the less likely is that the relationship between them will be strong. The third principle is well known to political pollsters (after some earlier embarrassments), and they typically are careful not to predict voting behaviour too far ahead of an election (or they may be careful to add certain qualifiers to published polls, such as "if the elections were held today".)

The Behavioural Intention Model: The behavioural intention model suggests that focusing on a person's specific intention to behave in a certain way makes behaviour more predictable and the relationship between the attitude and behaviour more understandable than if intention is not considered.

The Behavioural Intention Model

The behavioural intention model is an attempt to explain the relationship between attitudes and behaviours. The model suggests that focusing on a person's specific intention to behave in a certain way makes behaviour more predictable. The relationship between the attitude and behaviour also becomes more understandable than if the intention is not considered (Ajzen and Fishbein 1980). Figure 5.2 illustrates how this model operates and shows that propensity to behave depends on both attitudes and norms regarding the behaviour. Norms are rules of behaviour, or proper ways of acting, that members of a group or a society have accepted as appropriate. Norms, thus, impose social pressures to behave or not to behave in certain ways. If both attitudes and norms are positive with regard to behaviour, an individual's intention to behave in a certain way will be strong. If attitudes and norms conflict, their relative strengths may determine an individual's intention and actual behaviour.

According to the behavioural intention model, an individual's belief regarding specific behaviours affects both attitude and norms. In the case of attitude, beliefs concern the relationship between the behaviour and its consequences (outcomes). Beliefs regarding norms reflect an individual's perception of how others expect that person to act. This model helps explain why the relationship between attitudes and behaviours is sometimes strong and other time weak.

The behavioural intention model also indicates another possible explanation of behaviour: Real or perceived situational or internal obstacles may prevent a person from behaving in an unintended manner. For example, someone might fully intend to perform a task quickly and efficiently but lack the competency to do so. Moreover, perception or belief that the person lacks the necessary competencies might prevent her from performing the task (having the same effect as the actual lack of skills).

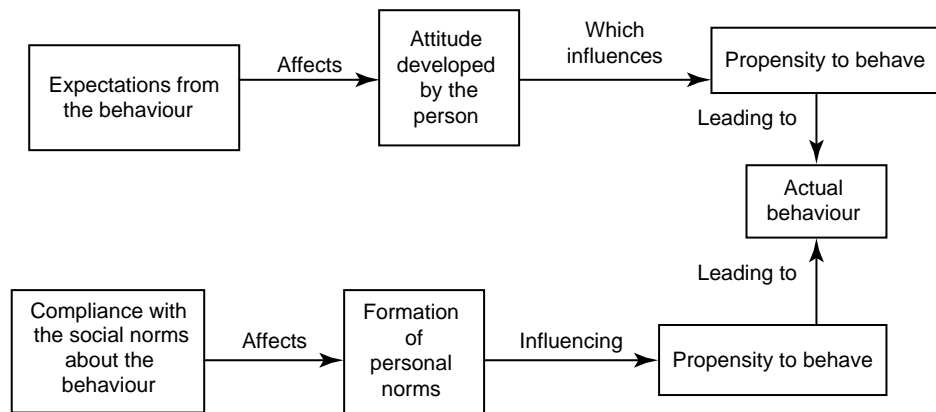


Figure 5.2
Behavioural Intention Model

CASELET

Is Being Modern a Disqualification?

Sanket Chauhan faces a dilemma. Timsy Joseph has just asked him to recommend her for the advance-training programme for top-management secretaries. Being accepted in the program would give Timsy both experience and visibility that would help her gain a promotion to executive secretary position.

Sanket is 42 and the human resource manager with a multinational bank, which employs 9,500 people. He values employee development and is a strong advocate of affirmative action and equal employment opportunity.

Timsy is 28 and has worked for 5 years in the current job. She started as a clerk and was promoted to the word-processing department 6 months later and then promoted as

secretary within 2 years. Sanket rates her performance as outstanding. She is highly skilled, works hard, and can be trusted to produce top-quality work.

Proud of her socialization and upbringing, Timsy enjoys wearing bold prints, head wraps, and jewellery to work. Sanket knows the senior bank executives, who are all men are ultraconservative. They wear dark suits, white shirts, and club ties and care about presenting the right image to clients and employees. Their executive secretaries all wear tailored dresses and suits. Sanket wonders if Timsy will be accepted on the executive floor. He has no doubt about her competence and potential but wonders if her expression of ethnic identification might lead to rejection. If others must conform, why not Timsy?

Work Attitudes

The importance of the attitude-behaviour relationship can best be demonstrated by examining two key work attitudes—job satisfaction and organizational commitment. Of interest, also, are the complex relationships between job satisfaction and job performance.

Job Satisfaction

In organizational behaviour, the attitude of great interest is the general attitude of employees towards work or a job, often called *job satisfaction* (Robie et al. 1998). The sources of job satisfaction are of particular interest because they often suggest corrective actions that can be taken for improvement.

Sources of job satisfaction Job satisfaction is sometimes regarded as a single concept; that is, a person is satisfied or dissatisfied with the job. However, it actually is a collection of specific job attitudes that can be related to various aspects of the job. For example, a popular measure of job satisfaction—the job descriptive index—measures satisfaction in terms of five specific aspects of a person's job: pay, promotion, supervision, the work itself, and co-workers (Hanisch 1992). Obviously, an employee may be satisfied with some aspects of the job and, at the same time, be dissatisfied with the other.

The sources of job satisfaction and dissatisfaction vary from person to person. Sources important for many employees include the challenge of the job, the degree of interest that the work holds for the person, the extent of required physical activity, the characteristics of working conditions (e.g. temperature, humidity, proximity to others), the type of rewards available from the organization (e.g. the level of pay), the nature of co-workers, etc. Table 5.1 lists work factors that often are related to levels of job satisfaction. An important implication of the relationship suggested is that job satisfaction perhaps should be considered primarily as an outcome of the individual's job experience. Thus, high level of dissatisfying factors might indicate to the manager that the problems exist, say, with working conditions, the reward system or the employee's role in the organization (Landy 1989).

Job Satisfaction:

The general attitude of employees towards their work or a job is often called job satisfaction.

Table 5.1 Effects of Various Work Factors on Job Satisfaction

	Work Factors	Effects
1.	Work itself	
	a. Challenge	Mentally challenging work that the individual can successfully accomplish is satisfying.
	b. Physical demands	Tiring work is dissatisfying.
	c. Personal interest	Personally interesting work is satisfying.
2.	Reward structure	Rewards that are equitable and that provide accurate feedback for performance are satisfying
3.	Working conditions	
	a. Physical	Satisfaction depends on the match between working conditions and physical needs.
	b. Goal attainment	Working conditions that promote goal attainment are satisfying.
4.	Self	High self-esteem is conducive to job satisfaction.
5.	Others in the organization	Individuals will be satisfied with supervisor, co-workers, and subordinates who help them attain rewards. Also, individuals will be more satisfied with colleagues who see the things the same way as they do.
6.	Organization and management	Individuals will be satisfied with organizations that have policies and procedures designed to help them attain rewards. Individuals will be dissatisfied with conflicting roles and/or ambiguous roles imposed by the organization.
7.	Fringe benefits	Benefits do not show a strong influence on job satisfaction for most workers.

Relation to job behaviour Of special interest to managers and employees are the possible relationships between job satisfaction and various job behaviours and other outcomes in the workplace. A commonsense notion is that job satisfaction leads directly to effective job performance (A happy worker is a productive worker!). Yet, studies have shown that simple, direct linkage between job satisfaction and job performance does not exist (Cote 1999). The difficulty of relating attitude to behaviour is pertinent here. Earlier, we noted that general attitudes best predict general behaviours and specific attitudes are related most strongly to specific behaviours. These principles explain, at least in part, why the expected relationship often doesn't exist. Overall job satisfaction, as a collection of numerous attitudes towards various aspects of the job, represents a general attitude. Performance of a specific task, such as preparing a particular monthly report, can't necessarily be predicted on the basis of a general attitude. Even though tight linkage between satisfaction and specific task performance cannot always be drawn, job satisfaction is often important in terms of organizational effectiveness. For example, studies have shown that the level of job satisfaction among the workforce and organizational performance are linked. That is, organizations with satisfied employees tend to be more effective than organizations with employees who are dissatisfied (Ostroff 1992). Further, many organizations appreciate the linkage between customer satisfaction and satisfaction of employees who interact with customers.

Job satisfaction is important for many reasons in addition to those mentioned. Because it represents an outcome of the work experience; high levels of dissatisfaction help to identify organizational problems that need attention. In addition, job dissatisfaction is strongly linked to absenteeism, turnover, physical and mental health problems (Duffy et al. 1998). For example, research clearly shows that highly dissatisfied employees are more likely to be absent from work than highly satisfied employees. Further, dissatisfied employees are more likely to leave a job for other employment. Box 5.1 describes measures put in place to enhance job satisfaction at HCL Technologies.

BOX 5.1 EMPLOYEE SATISFACTION AT HCL TECHNOLOGIES



An HCL Technologies employee at work in the corporate office, Delhi (Photo courtesy HCL Technologies. Reproduced with permission.)

When HCL Technologies began its transformation journey in 2005, its CEO Vineet Nayar, along with others in the senior leadership, realized that for HCL to get into a state of readiness to change in an environment of constant flux—both from a business and a people standpoint—things needed to be thought and done differently. A quantum shift in the way the organization functioned was the need of the hour. This gave birth to a unique, path-breaking philosophy called “Employee First, Customer Second.”

This approach puts the employees on top of the organizational pyramid with the belief that real value gets created in the interface between customer and employees. It is, therefore, important to create a culture of transparency, invert the pyramid, reverse accountability by making the management accountable to employees, and decentralize decision making to enable an environment that is focused on delivering higher value to the customer. If the employees are delighted, they will, in turn, delight the customers.

Here are some of the initiatives implemented at HCL to build an innovative and democratic workplace.

360-degree feedback: As part of the 360-degree review process at HCL, employees rate their managers, manager’s manager and even the CEO on 20 aspects of their performance such as strategic vision, ability to communicate, and problem-solving skills. Unlike other companies where such results go into the HR files of a manager or leader, HCL publishes these results online so that every employee has access to

it. The fact that the feedback is accessible to every employee has contributed to changing the behaviour at work. Encouraged by the response to the public feedback, the company expanded the process in 2007. Now, employees can see the ratings of their peers as well as their managers.

Direct Q&A/U&I portal: U&I is a micro-site on HCL Intranet that empowers employees to pose questions and raise concerns directly with the CEO, who spends about 7 hours every week replying to those questions. Over 90% of the questions raised are answered by the CEO himself. This tool ensures constant interaction between the employees and the CEO and also helps employee concerns to be speedily addressed.

Online complaint system/Smart Service Desk: If employees have complaints about any issue, whether it is the freezing air-conditioning in the office or the size of the annual bonus, they can raise a “ticket” at the online Smart Service Desk. The ticket automatically charts its journey to the authority concerned for the issue to be addressed. Every employee, right from the junior programmer to a senior manager, is encouraged to use the service. An open ticket can be closed only by the employee who raised it after the issue is resolved. On an average, 31,000 tickets are raised every month.

Reward and recognition/XtraMiles and O2: XtraMiles and O2 League of the Extraordinary have given employee recognition a new meaning at HCL. The league constitutes those extraordinary individuals who have been rated “Outstanding” for two consecutive years. These individuals are appreciated and rewarded, along with their family members, at a special event. XtraMiles, on the other hand, is an empowerment tool in the hands of HCLites to recognize extraordinary efforts and encourage a “Thank You” culture. Its uniqueness lies in the fact that it lets a person applaud anyone in the organization at the click of a button, be it the team members, cross-functional colleagues or even the bosses. Depending on the number of miles an individual collects, he is entitled to join the different clubs like Silver, Gold, Platinum and CEO’s club, and enjoy privileges entitled as part of the club.

The “Employee First” strategies have provoked a sea change at the company and fostered greater customer loyalty, better engagements, higher revenues, and helped create a workforce that is committed to creating value. Employee turnover has also come down with every quarter (from 17.7 in December 2006 to 14.2 as on September 2008).

Source: “Employees Are Pivotal in the Employee–Customer Encounter: Just Ask HCL”, *Employee Factor*, 3 April 2008. Available at www.employeefactor.com/?p=235 and www.hcltech.com/employee-first/ (accessed November 2008).

Locke (1976) captured the affective, or emotional, aspect of job satisfaction when he defined job satisfaction as “a pleasurable positive emotional state resulting from the appraisal of one’s job or job experiences.” There is a strong reason to believe that we react to different states in different ways depending upon our moods or emotional state and these determine the satisfaction experienced. It also depends a great deal on our abilities to handle or manage our emotions in a balanced way. Emotional intelligence is one such approach by which we recognize, understand, and manage our emotions effectively.

Emotional Intelligence: Emotional intelligence is a form of social intelligence that 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 action.

Emotional intelligence Salovey and Mayer (1990) coined the term *emotional intelligence* in 1990. They described emotional intelligence as “a form of social intelligence that 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 action.” In the early 1990s, Daniel Goleman became aware of Salovey and Mayer’s work, and this eventually led to his book *Emotional Intelligence: Why It Can Matter More than IQ* (1995).

Mayer and Salovey (1999) have defined emotional intelligence more narrowly than Goleman (1995). According to them, emotional intelligence is the ability to understand one’s and other’s emotions and control one’s own emotions to achieve desired goals. In comparison, Goleman defines emotional intelligence more broadly, also including such competencies as optimism, conscientiousness, motivation, empathy, and social competence (Murray 1998).

The impact of emotional intelligence on workplace effectiveness: Emotional intelligence plays an important role in workplace effectiveness. Organizations need to retain employees with high skill sets. A study conducted by Gallup after surveying 2 million employees at 700 companies found that productivity and duration of employment was determined by the employees’ relationship with the immediate supervisor (Zipkin 2000). As per the results of another study conducted by Spherion, a staffing and consulting firm in Fort Lauderdale, Florida, and Lou Harris Associates, 11% of employees who ranked their bosses as excellent were likely to look for another job. However, 40% of those who ranked their bosses as poor wanted to leave. Thus, people who have a good relationship with their bosses are four times less likely to leave than those who have a poor relationship (Zipkin 2000). Therefore, certain skills and characteristics of bosses become factors that affect the satisfaction of employees. Bosses who are empathetic towards the feelings of employees and who are able to intervene at the appropriate time stand to induce a feeling of trust and attachment among employees. Therefore, bosses who are able to retain employees for a longer time can be considered bosses with high emotional intelligence.

According to Cherniss and Goleman (2001), some of the greatest challenges that organizations face today are as follows:

- Organizations need to cope with massive, rapid change.
- Employees need to be more creative in order to drive innovation.
- Organizations have to manage huge amounts of information.
- Organizations have to enhance customer loyalty.
- Employees need to be more motivated and committed.
- There is a need for collaborative effort.
- Organizations need to make better use of the special talents available in a diverse workforce.
- Organizations need to identify potential leaders in its ranks and prepare them to move up.

- Organizations need to identify and recruit top talent.
- Organizations need to make good decisions about new markets, products, and strategic alliances.
- Organizations need to prepare employees for overseas assignments.

These and many more concerns today confront work organizations, both public and private. Since majority of these concerns involve people in different roles, emotional intelligence must become a determining factor in their effective management. And in virtually every case, emotional intelligence must play an important role in addressing the concern. For instance, while dealing with the process of change in an organization, a lot of emotions get generated which may range from the very positive to the very negative (Singh 2005). This requires ability on the part of both the employer and the employees to perceive and understand the emotional impact of change on self and others. To be effective in helping their organizations manage change, leaders should be aware of and manage the feelings of anxiety and uncertainty of their employees (Bunker 1997). They also should be able to appreciate the emotional reactions of other employees and help them to cope with change. Besides the leader, the other members of the organization should also be able to monitor and manage their own emotional reactions as well as that of their colleagues. Box 5.2 presents seven techniques that can be used by individuals to enhance their emotional competence.

Social intelligence Social intelligence is a concept connected to emotional intelligence. Social intelligence has been defined as the ability to perceive and interpret social situations along with behavioural flexibility or adaptability (Riggio et al. 2002). The concept of social intelligence provides a link between success and effective leadership and other skills. It has been found that the importance of social intelligence for effective leadership increases as one moves up in the hierarchy of the organization. Emotional intelligence with social intelligence allows the leader to understand the environment, find solutions to the problems, and manage diversity (Gilbert 1995). In addition to these two types of intelligence, there is another kind of intelligence that links effective leaders with success and that is appreciative intelligence.

Social Intelligence: Social intelligence has been defined as the ability to perceive and interpret social situations along with behavioural flexibility or adaptability.

BOX 5.2 SEVEN TECHNIQUES FOR INCREASING EMOTIONAL COMPETENCE

- 1. Take time every day to appreciate what's right in the world and in your life:** Research scientists at the Institute of Heart Math have discovered that generating feelings of gratitude, on purpose, reduces the amount of damaging stress hormones in your body.
- 2. Increase your feeling-word vocabulary:** Most people have a very limited vocabulary for emotion, for example, love, hate, and fear. Being more expressive about feelings helps you connect better to others.
- 3. Be your own best friend:** Eat well, exercise, relax, play, and avoid smoking and alcohol. These practices set up the conditions in your life that will make it easier to be emotionally competent.
- 4. Listen with your heart:** Sincere listening has positive physical, mental, and emotional benefits for both the speaker and the listener. Blood pressure drops when you are completely attentive to what someone else is saying.
- 5. Talk back to yourself:** Try to create a more optimistic viewpoint by pushing out all negative thoughts from the mind.
- 6. Tune in to your body:** pay attention to your emotions. Emotions are a source of information, and paying attention to your feelings is a good way to access that information.
- 7. Smile often:** Scientists have identified that different facial expressions have corresponding feelings associated with them. Smile often if you want to feel better!

Source: Adapted from Hutber, Adrian (2007). "Goooaallll!", [online document]. Available at www.issatrainee.com (accessed November 2008).

Appreciative Intelligence: Appreciative intelligence is the ability to perceive the positive inherent generative potential within the present.

Appreciative intelligence Success is defined in terms of financial well-being, healthy personal and professional relationships, effective leadership, ability to follow goals, ability to help others to develop social status, recognition, and personal fulfilment (Thatchenkery and Metzker 2005). The concept of appreciative intelligence helps people understand the reason behind success, innovation, and effective leadership. This helps us to see possibilities for today and tomorrow, an attitude which helps us to be more effective in our personal and professional life.

Appreciative intelligence is the ability to perceive the positive inherent generative potential within the present. It encompasses the capacity to appreciate people, to see and reveal the hidden value in others, and to look past stereotypes. Appreciative intelligence relies less on the extent of abilities or resources available and more on how abilities and resources available can be utilized.

Appreciative Intelligence has three components:

Reframing: The first component of appreciative intelligence is the ability to perceive—to see, to interpret, to frame or reframe. People endowed with high appreciative intelligence have a capacity to endow everyday activity with a sense of purpose. They are flexible and actively and spontaneously adaptive.

Appreciating the positive: Psychologist Mitchel Adler (2002) defines appreciation as “acknowledging the value and meaning of something—an event, a person, behaviour or an object—and feeling a positive emotional connection to it.” People with a high level of appreciative intelligence are able to frame everyday events (using positive value judgements) into great possibilities (action judgements). Such individuals, over a period of time, see more opportunities in everyday encounters.

Seeing how the future unfolds from the present: People with high appreciative intelligence are aware of the complexities of the environment and are more likely to see that active interaction can have an impact on their future. They are persistent, resilient, and have a great tolerance for uncertainty.

Appreciative intelligence and organizational work life Though appreciative intelligence is an individual ability, it has a significant impact on the organization. Individuals with high appreciative intelligence create self-fulfilling prophecies that result in personal success. They set high expectations for other individuals and for their organizations, thus contributing towards organizational success (Thatchenkery and Metzker 2005).

Organizational Commitment: Organizational commitment refers to the strength of an employee’s involvement in the organization and identification with it.

Organizational Commitment

Another important work attitude that has bearing on organizational behaviour is commitment to the organization. Organizational commitment as per Mowday et al. (1982) refers to the strength of an employee’s involvement in the organization and identification with it. Strong organizational commitment is characterized by:

- a belief in and acceptance of organizational goals and values;
- a willingness to exert considerable effort on behalf of the organization; and
- a desire to remain with the organization.

Sources of commitment As with job satisfaction, the sources of organizational commitment may vary from person to person. Employees’ initial commitment to an organization is determined largely by their individual characteristics (e.g. personality and values) and how well their early job experiences match their expectations. Later, organizational commitment continue to be influenced by job experiences, with many of the same factors that lead to job satisfaction also contributing to organizational commitment: pay, relationship with co-workers, supervisions, working conditions, opportunities for advancement, etc. Over time,

organizational commitment tends to become stronger because (1) individuals develop deeper ties to the organization and their co-workers as they spend more time with them, (2) seniority often brings advantages that tend to develop more positive work attitude, and (3) opportunities in the job market may decrease with age, causing workers to become more strongly attached to their current job (Miner 1992).

Relation to job behaviour Managers are very interested in the relationship between organizational commitment and job behaviour (Becker et al. 1998). The relationship between organizational commitment and turnover is one of the most important relationships (Cohen 1993). Simply stated, the stronger an employee's commitment is to the organization, the less likely the person is to quit. Strong commitment is also often correlated with low absenteeism and relatively high productivity. Attendance at work (being on time and taking little time off) is usually higher for employees with strong organizational commitment. Further, committed individuals tend to be more goal-directed and waste less time while at work, which has positive scores on typical productivity measures. Effective management can foster increased commitment and loyalty to the organization.

Beliefs

Beliefs are the assumptions that we make about ourselves, about others in the world, and about how we expect things to be. Beliefs are about what we think is really true and what we, therefore, expect as the likely consequences of our behaviour.

Beliefs: Beliefs are the assumptions that we make about ourselves, about others in the world, and about how we expect things to be.

A Belief System

A belief system consists of a core set of values on which everything we say, do, or behave depends. Our values are classified as a set of rules which determine the ways in which information is processed and stored in our conscious mind. After continuous analysis by the conscious mind, the information gets transferred to the subconscious mind and stored there. This becomes the basis for understanding the new information and assimilating it for future reference. If there are no rules to act as a benchmark, the new information does not get its due recognition.

A Belief System: A belief system consists of a core set of values on which everything we say, do or behave depends.

In these circumstances, the conscious mind raises certain questions to be answered. We become anxious when answers to these questions are not available. This may lead to extended confusion, ultimately resulting in overwhelming depression, as life gets out of control. In order to identify one's belief system, one has to define the things that are closer to one's life like family, friends, career, material possessions, or anything that seems important. The core of a belief system contains things that mean something to you and provide you with your values.

Trust

Trust is described as the amount of confidence and the belief that an individual has in specific individuals or groups. Therefore, it becomes one of the binding forces in interpersonal relationships. The absence of trust in situations leads to confusion, anxiety, worry, fear, and inaction. In the workplace, trust is a prerequisite for effective interpersonal communication. Without trust, employees may experience uncertainty, may be worried, and may feel a sense of insecurity. Personal or business relationships will be strained if the element of trust is missing. An essential element of an effective leader is his ability to generate trust among employees, and help them develop a good, effective working partnership.

Trust: Trust is described as the amount of confidence and the belief that an individual has in specific individuals or groups.

Identifying Trust in Organizations

It is important to observe the behaviour of individuals to identify the amount of trust in the workplace. If the behaviour is consistent over a reasonable period of time and if it can be

predicted, trust is possible. On the other hand, if the behaviour is inconsistent and unpredictable, it is difficult to trust a person. Faith is a variable related to trust. Managers who have difficulty demonstrating faith in their employees, typically, will have difficulty in trusting them as well.

Trust building as an exercise can lead to long-lasting, satisfying, rewarding, and successful relationships. Managers who are able to promote and build trusting relationships get the benefit of high-trust employee relations. The benefits include higher morale, improved honesty, enhanced initiatives, and better productivity.

Symptoms of Lack of Trust in Individuals or Organizations

Some of the warning signs that trust is an issue in the organization are:

- an active, inaccurate grapevine
- elaborate approval processes
- low initiative
- high turnover
- high fear factor among employees
- turf wars
- defensiveness

Trust is a critical factor that affects the commitment of employees towards management. Though it is difficult to create an atmosphere of mutual trust and cooperation among individuals in an organization, it is worth the effort.

Leadership guru, management consultant, and successful author Tom Peters (1993) captures the predicament this way:

Maybe the boss can force a person to show up for work, especially in trying times, but one cannot, by definition, force a person to contribute his or her passion and imagination on a regular basis.

According to Jack R. Gibb (1991), the reasons for lack of trust and defensiveness among individuals are the fear of top management, intolerable pressures on employees, crisis situations, lack of clarity of vision among employees, employee pressure on management, and basic unrest in organizations. As a result of this fear and distrust, a culture of dependence, passivity, and excessive conformity is likely to develop in organizations resulting in a climate of low initiative.

Steps for Building Trust in Organizations

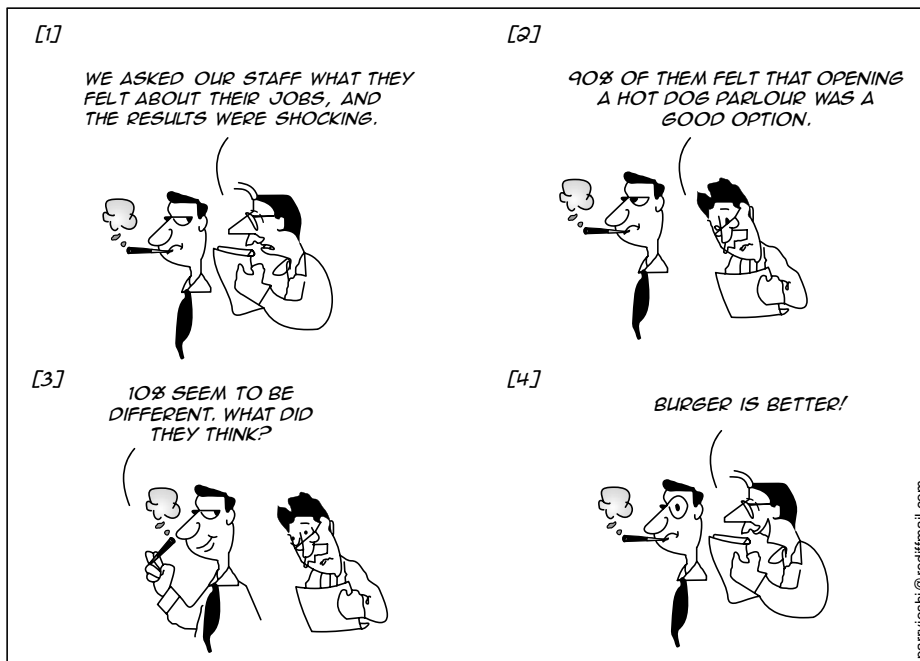
There are four steps involved in building trust:

Effective communication The process of communication plays a vital role in determining our relationship with other people. If the communication is open and genuine and does not involve hidden agendas, it does not leave any space for confusion and doubt.

Real understanding If the first step has been followed, it leads to real understanding between people as a result of the honest and deep sharing of thoughts and ideas.

Development of relationship of mutual respect A relationship of respect demands reciprocity of respect from each other. If the respect is unilateral, it leads to a very superficial and temporary relationship. A state of mutual respect comes from effective understanding. A feeling of mutual respect binds people together and facilitates long-term commitment.

Maintaining the integrity of the relationship Integrity involves adhering to a code of ethics or a set of values. It is a vital aspect of every personal and professional endeavour.



Courtesy Parimal Joshi. Reproduced with permission.

Relationship Between Attitudes and Values

Having an attitude implies the existence of an object towards which an attitude is required. A value, however, is an ideal to which the individual subscribes; it represents a basic conviction that a specific mode of conduct is preferable (in a personal or social sense) to any other, and it is relatively stable and enduring (Rokeach and Ball-Rokeach 1989). Attitude and behaviours are the consequences of adhering to certain values. For example, if a person places high value on gender equality in society, he would exhibit a positive attitude towards both the sexes and behave accordingly. The relationship between attitude and behaviour is sometimes moderated by values. For example, if a person is dissatisfied with both his job and work colleagues (negative attitude), he may not be expected help others in times of need. But if the person possesses a high value for cooperative behaviour, he would go ahead and help others.

An attitude can emerge from a value. A person who places a high premium on honesty is likely to develop a negative attitude towards a person who is dishonest. A person who places high value on justice is likely to have a positive attitude towards a person or a system which takes just and fair decisions. However, sometimes attitudes may bring about a change in values. For example, low job satisfaction (attitude) may, in the long run, change the person's perspectives towards the importance of quality of work life (value). Therefore, it is imperative to understand what values are and how they affect a person's orientation towards work and the organization.

Values

Values are stable enduring beliefs, about what is worthwhile, that influence thoughts and behaviour. Values are learned, beginning soon after birth, as parents and others indicate that certain behaviours are good and certain others are bad. Children in many cultures learn quickly that it is good to be obedient and bad to disobey. They may learn that honesty, cleanliness, politeness, and similar traits, are good and thus valued.

Values are relatively stable and deep-seated, and they influence an individual's perception of what is good or bad, important or unimportant. For example, if an individual values being on time, she will be motivated to behave so as to be on time. The thought of being late may

Values: Values are stable enduring beliefs about what is worthwhile, that influence thoughts and behaviour.

BOX 5.3 VALUES AT INFOSYS

Infosys Technologies Ltd is respected globally as a company that places utmost importance on creating relationships based on trust with all its important stakeholders—employees, investors, clients, and society. The company strongly believes that it needs to gain the confidence of the communities that it operates in order to achieve longevity as a corporation. It set up the Infosys Foundation in 1996 as a means to achieve this end.

Since its inception in 1996, the Infosys Foundation has worked to support the underprivileged in society and enrich their lives. The foundation began its work in Karnataka, India, gradually extending its activities to the states

of Tamil Nadu, Andhra Pradesh, Maharashtra, Orissa, and Punjab. It has successfully implemented projects in health care, social rehabilitation, learning and education as well as contributed to the promotion of art and culture. The foundation's activities touch the lives of a large number of individuals and institutions. Over the years, it has proved to be a catalyst, improving lives, and helping thousands realize their potential. It has been the recipient of several national and international awards for outstanding philanthropic work.

Source: Available at www.infosys.com/infosys_foundation/about.htm (accessed November 2008).

stimulate feelings of stress and a subsequent adrenalin rush to hurry to the appointment. Conversely, if punctuality is not valued, there is no need to be stressed about being late.

Values are beliefs or convictions that guide behaviour and support the overall organizational vision. Typical values in today's organizations include exceeding customer needs, engagement, innovation, bias for action, quality of life for associates, integrity, safety, development of people, and cost containment. Successful organizations develop values that guide behaviour and help achieve organizational vision. Box 5.3 discusses the importance given to values at IT giant Infosys.

Values help define or describe the desired culture; further, they communicate what is important to the organization as well as what key practices and behaviours will be recognized and rewarded.

The values of the larger culture and society greatly influence what individuals learn. Parents, teachers, peers, heroes and heroines, the media, art, music, and personal experience also play a role. The country and the culture in which one is born, its economic and political system, and the level of its technology are some of the important variables that influence values. For example, young people in the United States are taught the value of independence, whereas in India young people learn the value of dependence and interdependence. In the United States, people learn to value individualism, and in India, they learn to value groups. People in both the countries learn to value ambition.

Different cultural values often create dissonance for those entering a new culture, especially for expatriates who are expected to work and live in another country. One model of cross-cultural sense making (for interpreting cultural clues) looks at the interplay between specific contexts and cultural values (Joyce and Bird 2000). The natural tendency for an expatriate manager is to cross-reference her own cultural values with her stereotypes of the new culture. However, gender stereotypes which do not hold true in specific business contexts (such as decision making at meetings or evaluating a subordinate) can cause a manager to behave inappropriately.

Two simple recommendations may prevent cross-cultural mistakes. One, when assigned to another culture, seek out a cultural mentor, and two, approach learning another culture much like a scientist who treats cultural stereotypes like hypotheses to be reality tested against a specific work-situational context.

Types of Values

An early classification of values was developed by Allport and his associates (Allport et al. 1951). Their categories included the following:

1. **Theoretical:** Values the discovery of truth and emphasizes a critical and rational approach to a problem.
2. **Economic:** Values utility and practicality and emphasizes standard of living.

BOX 5.4 INSTRUMENTAL AND TERMINAL VALUES AS PER ROKEACH

Instrumental Values

Ambition	Intelligence	Politeness
Affection/Love	Imagination	Rationality
Cleanliness	Honesty	Responsibility
Competence	Helpfulness	Self-control
Cheerfulness	Independence	Forgiveness

Terminal Values

Achievement	Beauty in art	World peace
Happiness	Exciting life	Social respect
Inner peace	Prosperity	Wisdom
Freedom	Pleasure	Salvation
Mature love	Equality	Friendship

3. **Aesthetic:** Values form, grace, and harmony and emphasizes the artistic aspects of life.
4. **Social:** Values love of people and altruism, and emphasizes concern for others.
5. **Political:** Values power, position, and influence and emphasizes competition and winning.
6. **Religious:** Values unity of people's relationship to the universe and emphasizes high ideals and the search for the purpose of being on earth.

Researchers have found that the values people emphasize vary with their occupations. For example, scientists of all kinds are often theoretically inclined; business people emphasize economic value; artists have a high aesthetic value; psychologists, social workers, and many teachers are inclined towards social values; executives in all fields often have a high political value; and philosophers and the clergy often hold high religious values.

Milton Rokeach developed a second way of classifying values (Rokeach 1973). He distinguished between two sets of values. Instrumental values describe desirable beliefs about behaviours that are appropriate in reaching desired goals and ends. Examples include being loving, honest, and ambitious. Terminal values describe desirable ends that are worth striving for. Examples include a comfortable, prosperous life; world peace; and salvation. A list of instrumental and terminal values is presented in Box 5.4. These two sets of values work in coherence to help individuals set goals for themselves and also aspire to achieve these goals.

Merging Personal and Organizational Values

People enter the workforce with a personal value system in place. A personal value system is a relatively permanent perceptual framework—an enduring organization of beliefs—that shapes and influences the general nature of the individual's behaviour (England 1967). However, because organizations incorporate selected values into their culture, there can at times be a tug-of-war between personal and organizational values.

What researchers have found is that managers carry with them a set of intended values that are socially or culturally induced. These are ideals that are important personally to the managers. However, to be successful in an organization, managers may learn adopted values, a set of values that are part of the organization's culture. When personal values (intended) and organizational values (adopted) are congruent, these become highly pragmatic operative

values. That is, they provide a frame of reference for consistency in making decisions and in relationships with others. Research has shown that the fundamental values within these three systems have remained remarkably stable over 30 years, with the exception of “money”, which has moved up in strength to become an operative value (Oliver 1999).

Where the organization reinforces personal values, consistency makes it highly probable that core values such as productivity, ability, skill, organizational efficiency, industrial leadership, ambition, achievement, and success will guide behaviour. In the adopted value category—associated with organizational success but not personally important—are power and aggressiveness. Intended values that are personally important but not related to success within organizations include employee welfare, trust, loyalty, and honour.

Moral dilemmas, internal conflicts, and ethical compromises occur when personally intended and organizationally induced values clash. Ironically, this calls into question the all-embracing value of integrity. Integrity defines a loyalty in demonstrated action to rational principles and one’s values. “That is, integrity is the principle of being principled, practicing what one preaches regardless of emotional or social pressure, and not allowing any irrational consideration to overwhelm one’s rational convictions” (Becker 1998). This does imply acting in accordance with a morally justifiable value system, although it does not mean that a

BOX 5.5 EXAMPLES OF ORGANIZATIONAL VALUES

Leading Indian business houses are witnessing a resurgence of values and ethics. They have realized that it is not possible to create value without cherishing a strong sense of values. Leaders who attach importance to values create organizations that are committed to doing the right thing. Chairman of Eicher Goodearth, Vikram Lal, once allowed a protracted strike in one of his factories on account of a worker’s dismissal. The worker was sacked because he had fudged a bill by overwriting an amount of Rs 13 to Rs 18. A stickler for ethics, he was willing to suffer losses because of loss of production in order to be true to his personal values. A strong believer in professional management, his immediate family members do not have a representation in the board of directors.

The Chief Mentor of Infosys Technologies, N. R. Narayana Murthy, highly respected in India and abroad, is known for the importance that he gives to values in personal and professional life. His office in Bangalore does not have an air-conditioner. He does not know how to drive. On Saturdays, when his driver takes his weekly off, his wife drives him to the bus stop from where he takes the Infosys bus to work.

A famous international example of regaining employee and customer trust was the challenge faced by Bridgestone/Firestone CEO John Lampe in 2000 when the company had to recall millions of defective tyres. He had to re-establish integrity in the manufacturing quality-control processes while also regaining the trust of both employees and customers. Lampe’s integrity, sincerity, and the importance he placed on stringent quality control processes were a critical factor in the company’s turnaround.

Employees of 3M firmly believe in the company’s driving value of innovation. Johnson & Johnson’s credo of

values drives decisions that have fostered a high-trust environment and established the company as one of the best employers worldwide. At the Timberland Company, a community involvement value has resulted in employees amassing more than 200,000 hours of community service. At Alcoa, employees trusted the integrity of Paul O’Neill and his senior leadership team, who deflected any attempts to use risky accounting schemes to manage earnings. Wal-Mart and Nordstrom are exceptional examples of retail firms that employ the customer service value in all aspects of their business. In these corporations, employees have a high degree of trust that their company’s values are “real.”

Perhaps, Tom Watson Sr showed the best example of behaviour consistent with values, even under difficult circumstances, when he ran IBM. One day, a junior executive who had made a \$10-million mistake was asked to meet Watson. Because of his costly blunder, the employee assumed he was about to be fired. But Watson believed then, as many of his followers believe now, that one of the most critical values at IBM is the development of people. So, when the junior executive asked if he was being fired, Watson quickly responded with an emphatic “No!” Then, Watson added, “I just spent \$10 million educating you—why would I want to fire you now?” Such exemplary consistency in instilling a set of values could not fail to create an enormously high level of employee trust and set a model for all other leaders and associates.

Source: Adapted from Venkatramani, S. H. (1999). “Morals in Management”, *Life Positive*, June. Available at www.lifepositive.com/Mind/work/corporate-management/business-ethics.asp (accessed November 2008).

person cannot change his mind as knowledge increases. People can change their values and goals, but only for good reasons. Box 5.5 gives examples of organizational values in Indian and international companies.

Changes in Values with Time

Although values are relatively enduring with the possible exception of those adopted as a result of organizational membership—they can and do shift over time (Hirey 1993). Important local, national, and world events lead to changing attitudes, needs, and values.

An awareness of values can help managers understand and predict the behaviour of others. For example, they may assume that workers in their fifties and sixties are more likely to be accepting of authority than workers in their thirties and forties. They might reasonably predict that older workers are more likely to be loyal to the organization than those who are younger, although this may be changing.

Research on Male–Female Value Differences

Given women’s increasing role in the workplace, managers should be aware of and sensitive to all relevant gender differences. A study of 50 female and 50 male technical school students in Israel, who ranged in age from 20 to 26, demonstrated that values vary systematically by gender. The researcher concluded:

For man the following seven values were more important than for a woman: intellectual, ambitious, broad-minded, imaginative, nature-love, a comfortable life, and inner harmony. For women the following six values were more important than for men: logical, independent, clean, polite, forgiving, and emotional security (Rim 1984).

These value profiles might be different in other cultures. Nonetheless, the statistically significant gender differences underscore the need for managers to carefully consider each individual’s unique value system when making judgements and decisions about people at work.

Value Conflict

Managers need to be aware of three types of value conflicts. These are intrapersonal, interpersonal, and individual–organizational conflicts.

Intrapersonal value conflict Inner conflict and resultant stress are typically experienced when highly ranked instrumental or terminal values pull the individual in different directions. For example, in the category of instrumental values, “honest” can be pushed aside by “ambitious”, and “obedient” in hard-driving managers. Similarly, intrapersonal conflict between terminal values such as “pleasure” and “a sense of accomplishment” can be a problem. Serious students who have been tempted away from their homework by partying friends are well aware of this conflict between terminal values.

Yet another type of interpersonal value conflict occurs when highly ranked instrumental and terminal values clash. For example, someone who assigns a high ranking to the instrumental value “independent” may be too aloof to achieve the terminal value “true friendship.”

Interpersonal value conflict This problem generally is at the core of the so-called personality clashes common at work and elsewhere. According to Rokeach, interpersonal value conflicts usually exist with whomever a person is encountering difficulties in interpersonal relations with, say, spouse, parent, boss, employee or the group with which he identifies (Rokeach and Regan 1980). Rokeach and other value scholars believe

Value Conflict: There are three types of value conflicts: intrapersonal, interpersonal, and individual–organizational conflicts.

Intrapersonal Value Conflict: Intrapersonal value conflict is experienced when highly ranked instrumental or terminal values pull the individual in different directions.

Interpersonal Value Conflict: Interpersonal value conflict exists when a person encounters difficulties in interpersonal relations.

that managers must consider value differences when attempting to resolve interpersonal conflicts.

Individual–Organization Conflict: Conflict that arises when individual employees find themselves at odds with their employing organization’s value system.

Individual–organization conflict Every organization has a distinct culture complete with its own prevailing value system. Not surprisingly, individual employees often find themselves at odds with their employing organization’s value system. Generally, the individual’s only option is to join the system, leave the system, or fight the system.

One widely publicized and controversial way of fighting the organization’s value system is whistle-blowing; that is, reporting questionable practices to the media or outside agencies. In a survey of 8,587 federal employees in the United States, whistle-blowers, compared with non-whistle-blowers, tended to be non-supervisors with greater seniority and higher pay but less education (Miceli and Janet 1984).

Summary

Attitude can be defined as relatively stable clusters of feelings, beliefs, and behavioural dispositions (or intentions) towards some specific objects. Work-related attitudes are associated with many important aspects of organizational behaviour, including job performance, absence from work, and voluntary turnover. Changing attitudes may require considerable effort. The methods of changing attitudes can be classified into cognitive dissonance and persuasive communication. When one attitude is inconsistent with another, the unpleasant state known as cognitive dissonance arises. This state leads to inconsistencies and we are motivated to change our attitude so as to resolve this dissonance. There are situations in which we attempt to change other’s attitudes. In the persuasion process, a target person is given a message in which the information presented is designed to change her attitude.

The behavioural intention model suggests that focusing on a person’s specific intention to behave in a certain way makes behaviour more predictable and the relationship between the attitude and behaviour more understandable, than if the intention is not considered. Two major work attitudes which affect the performance of employees at the workplace are job satisfaction and organizational commitment.

There is a strong reason to believe that we react to different states in different ways depending upon our moods or emotional state, and these determine the satisfaction experienced. Emotional intelligence is one such approach by which we recognize, understand, and manage our emotions effectively. To rise higher at the workplace, it is not just essential that individuals are good at their jobs. They are required to be more positive, approachable, warm, empathetic, and optimistic. To be effective in helping their organizations manage change, leaders should be aware of and manage feelings of anxiety and uncertainty of their employees. They also should be able to appreciate the emotional reactions of other employees and help them to cope with change. Besides the leader, the other members of the organization should also be able to monitor and manage their own emotional reaction as well as of their colleagues. The concept of appreciative intel-

ligence helps people understand the reason behind success, innovation, and effective leadership. This helps us to see possibilities for today and tomorrow, an attitude which helps us to be more effective in our personal and professional life. Appreciative intelligence has three components: reframing, appreciating the positive, and seeing how the future unfolds from the present. Individuals with high appreciative intelligence possess the following qualities: persistence, convictions that one’s actions matter, tolerance for uncertainty, and irrepressible resilience.

A belief system consists of a core set of values on which everything we say, do or behave depends. Our values are a set of rules which determine the ways in which the information is processed and stored in our conscious mind. After continuous analysis by the conscious mind, this information gets transferred to the subconscious mind and stored there. Trust is described as the amount of confidence and the belief that an individual has towards other individuals or groups. It, therefore, becomes one of the binding forces in any interpersonal relationships. The absence of trust in situations leads to confusion, anxiety, worry, fear, and inaction. In the workplace, trust is a prerequisite for effective interpersonal communication. Trust in organizational strategies and top management is the most critical component in creating a commitment towards a common goal. Achieving that trust, however, can be difficult. There are four steps involved in building trust: effective communication, real understanding, development of relationship of mutual respect, and maintaining the integrity of relationship.

Values are stable, enduring beliefs about what is worthwhile that influence thought and behaviour. The values of the larger culture and society greatly influence what individuals learn. An early classification of values was developed by Allport and his associates. Milton Rokeach developed a second way of classifying values. He distinguished between two sets of values, instrumental and terminal. Managers need to be aware of three types of value conflict. These are intrapersonal, interpersonal, and individual–organization conflicts.

Key Terms

Appreciative intelligence: Appreciative intelligence is the ability to perceive the positive inherent generative potential within the present.

Attitude: Attitudes are relatively stable clusters of feelings, beliefs, and behavioural dispositions (or intentions) towards some specific objects.

Behavioural intention model: The behavioural intention model suggests that focusing on a person's specific intention to behave in a certain way makes behaviour more predictable and the relationship between the attitude and behaviour more understandable than if intention is not considered.

Belief system: A belief system consists of a core set of values on which everything we say, do or behave depends.

Beliefs: Beliefs are the assumptions we make about ourselves, about others in the world, and about how we expect things to be.

Cognitive dissonance: Cognitive dissonance is a process in which consistency between attitudes lead to dissonance and there is a change in the attitude of the person in the process of overcoming dissonance.

Emotional intelligence: Emotional intelligence is a form of social intelligence that 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 action.

Individual-organization conflict: Conflicts that arise when individual employees find themselves at odds with their organization's value system.

Interpersonal value conflict: Interpersonal value conflicts exist when a person encounters difficulties in interpersonal relations.

Intrapersonal value conflict: Intrapersonal value conflict is experienced when highly ranked instrumental or terminal values pull the individual in different directions.

Job satisfaction: The general attitude of employees towards work or towards a job is called job satisfaction.

Organizational commitment: Organizational commitment refers to the strength of an employee's involvement in the organization and identification with it.

Persuasion: In the persuasion process, a target person is given a message in which the information presented is designed to change his or her attitude.

Social intelligence: Social intelligence has been defined as the ability to perceive and interpret social situations along with behavioural flexibility or adaptability.

Trust: Trust is described as the amount of confidence and belief that an individual has in groups or other individuals.

Values: Values are stable, enduring beliefs about what is worthwhile that influences thought and behaviour.

Discussion Questions

1. What are attitudes? How do attitudes affect behaviour at work?
2. The process of cognitive dissonance helps an individual to overcome certain inconsistencies in his decision-making process. Discuss the process by which it results in attitude change.
3. How do the characteristics of the communicator and the process of communication help in the process of attitude change? Discuss with examples.
4. Identify and discuss major job-related attitudes in organizations. How do these add up to effective job behaviours at the workplace?
5. How does emotional intelligence differ from appreciative intelligence? According to you, which is more relevant for the success of an enterprise?
6. What are beliefs and what is a belief system? How can a belief system be identified and reorganized? Discuss with examples from the business environment.
7. Define values. Discuss the factors that lead to the formation of values in individuals. How does the value system of a person influence his job satisfaction at work?
8. Identify certain instrumental and terminal values of your life. How have they affected your life and job?
9. List and describe with examples different types of value conflicts in organizations? What are the possible reasons for such conflicts?

Exercise

Know Your Emotional Quotient

How do you feel about yourself and people around you? This psychological test will help you to know more about yourself and about the people around you. This test measures the way

you use your emotional skills in your personal and professional life.

The 22 situations given below will measure your emotional responses to different situations. Answer on the basis of how

you feel and not what you think. There are no right or wrong answers. Answer honestly and do not spend too much time. Usually your first response is the best response. Do not leave any question unanswered. You can also attempt the EQ test available at www.eqindia.com.

1. You have been denied a promotion by the management for which you were eligible. Moreover, one of your juniors has been promoted. You are emotionally upset and feel frustrated. What will you do?
 - a) Talk it over with your boss and ask for reconsideration of the management's decision.
 - b) Start abusing the colleague who superseded you.
 - c) Move the court and obtain a stay order to get justice.
 - d) Identify your shortcomings and try to improve your performance.
2. A freshly recruited professional graduate joins your organization as a management trainee. After a few weeks, she complains to you that she is not being taken seriously by her subordinates. How will you advise her?
 - a) Ask her to handle the situation herself and not bother you with trivial issues.
 - b) Tell her that such behaviour should be ignored.
 - c) Ask her to be bold, face the challenge, and overcome the problem.
 - d) Empathize with her and help her figure out ways to get others to work with her.
3. At the workplace, due to some misunderstanding, your colleagues stop talking to you. You are convinced that you are not at fault. How will you react?
 - a) Wait till they come and start talking to you again.
 - b) Take the initiative, go forward and start talking to them.
 - c) Let things take their own time to improve.
 - d) Ask someone to mediate.
4. You get into an argument with your colleague and end up attacking him personally. Later, you realize that you never intended to tarnish the image of your colleague. How will you handle such an ugly situation?
 - a) Sit calmly and consider what triggered off the arguments and whether it was possible to control your anger at that time.
 - b) Avoid future arguments and leave the room.
 - c) Apologize to your colleague for your behaviour.
 - d) Continue with the argument till you reach some definite conclusion.
5. Imagine you are an insurance salesperson selling insurance policies. You approach a number of prospective clients who slam the door on your face and refuse to buy policies. What will you do?
 - a) Blame yourself and stop work for the day.
 - b) Re-assess your capabilities as an insurance salesperson.
 - c) Come out with fresh strategies to overcome similar situations in the future.
 - d) Contact the clients again some other day.
6. When some one directly criticizes your behaviour, how will you behave?
 - a) Tend to close up and stop listening.
 - b) Carefully listen to their opinion.
 - c) Tend to get upset about it.
 - d) Think of ways to change your behaviour.
7. You are on an aircraft and suddenly the airhostess announces that it has been hijacked by the terrorists. Everyone is in a state of shock. What will be your reaction?
 - a) Blame your self for choosing an inauspicious day for travelling.
 - b) Be in control emotionally and attend to the instructions of the pilot/airhostess.
 - c) Continue to read your magazine and pay little attention to the incident.
 - d) Cry out and vow not to travel by air in future.
8. Imagine that you are a police officer posted in a sensitive area. You get information of violent ethnic clashes between two religious communities in which people have been killed from both sides and property damaged. What action will you take?
 - a) Decide not to visit the spot personally as there may be a danger to your life.
 - b) Relax; this is not the first time riots have taken place.
 - c) Try to handle the situation by taking action according to the law.
 - d) Reach the spot and assuage the feelings of the victims.
9. Your grown-up daughter starts arguing with you every now and then. She tells you that you cannot impose your old-fashioned attitudes and outdated values on her. How will you tackle her?
 - a) Accept her statement helplessly and maintain a low-profile in the family.
 - b) Send her to a psychologist to learn how to adjust with her environment.
 - c) Manage your emotions and explain your point of view as patiently as possible.
 - d) Talk to her and understand her emotions, beliefs, and attitudes.
10. After the merger of two large financial firms, hundreds of employees are expected to lose their jobs. You, being the General Manager (HQ), are told to convey the decision of the management to the employees. How will you convey the message?
 - a) Give a gloomy picture and tell them you have no option but to fire half of them.
 - b) Give a bright picture and tell them that the company will be blessed with talented people from both firms.
 - c) Tell them that you will collect more information to be fair and update them regularly on how things will take shape.

- d) Announce the decision and let the employees take a decision about what they want.
11. You are a professor in a college. While delivering a lecture, a student comments that you have not prepared the topic properly and you are just passing the time. This has hurt your self-esteem. What will your reaction be?
- Report to the principal of the college about the unruly behaviour of the student.
 - Order the student to leave the classroom at once.
 - Ask him to meet you in your chamber after the class to explain what he wants.
 - Judge the emotions of the class and promise to make amendments accordingly.
12. You are the CEO of a company and during a meeting with the union, one of the union leaders levels serious allegations of corruption and favouritism against you. How will you react?
- Continue with the discussion and listen to their demands with a cool head.
 - Ask the union leader to make the allegations in writing and offer an impartial enquiry.
 - Cancel further negotiation and ask the union leader to apologize first.
 - Leave the room after assigning the responsibility to your subordinate to continue with the meeting.
13. You had an argument with your spouse on some trivial family matter and are not on speaking terms for some time. The situation is mentally traumatic for both of you. What will you do?
- Stick to your stand; after all you were never at fault.
 - Try to break the ice by analysing the reasons for the conflict.
 - Make the first move and ease the situation.
 - Wait for your spouse to make the first move to restore normalcy.
14. You hail from a rural area and take admission in a city college. You find your classmates taunting you as you are not smart and are unable to speak good English. How will you manage yourself?
- Ignore them.
 - Shout back and tell them to mind their own business.
 - Leave studies half way and go back to your village.
 - Accept their challenge and prove that you can match them.
15. While speaking to an audience, you feel that:
- It is difficult to convey your speech.
 - You are partially comfortable in conveying your speech.
 - You are comfortable in conveying your speech.
 - You feel that you will do better with some more practice.
16. Your friend's sister, who got married just 1 year back, is heading for a divorce. She is highly educated and economically self-dependent. She comes to you for guidance. What will you advise her?
- Tell her to go ahead with the divorce as she is a first-class MBA and her husband cannot take her for granted.
 - Empathize with her for marrying an academically average person.
 - Advise her to talk to her husband and figure out the reasons behind the maladjustment.
 - Tell her that academic qualifications are important but these are not mandatory for a successful married life.
17. There is a blind girl in your class. She trips on her way out of the class. You see a few of your friends making fun of her and laughing at her. What will you do?
- Laugh along with your friends.
 - Ignore the incident, as they are your friends.
 - Help the blind girl make her way out of the classroom but say nothing to your friends.
 - Help the girl and then confront your friends for being so insensitive.
18. While having an argument with someone, if you lose, you:
- Feel totally beaten.
 - Wait for the next opportunity to beat your opponents.
 - Convince yourself that winning and losing are part of the game.
 - Analyse the reasons for the loss.
19. You are working as the HR General Manager in a large multinational company which recruits dozens of fresh MBAs, engineers, and other professionals in senior positions every year. This requires time, energy, and money. However, you find that 75% of the young recruits are leaving the company after around 2 years of work experience to join more attractive jobs. What will you do?
- Ignore the trend. There is rampant unemployment and you can find more people inclined to join your company.
 - Try to find out the root cause of their leaving the job and take corrective measures to retain them as you have already invested heavily in them.
 - Increase the pay package and lure them to work with you.
 - Change the selection criteria and recruit people on the basis of their need and requirements.
20. You have been involuntarily transferred to a remote project and posted under a new boss. Although you have been given a pay hike and also promised a promotion in the near future, you are not comfortable. Your family cannot shift along with you due to the education of your children. You are in a sensitive area and your security is also under risk. You are under mild stress. How will you diffuse the stress?
- Enjoy. After all there has been a hike in your pay for working in a sensitive area.
 - Wait. It may turn out to be an opportunity for early promotion.

- c) Lament. Why should such terrible things happen only to you?
 d) Act in haste. Think of resigning and find a new job for yourself.
21. You have lived your life for so many years on this earth. How would you like to explain your life at the moment in one sentence?
- a) Successful: Well, I am a contented person who has everything that could make me feel happy.
 b) OK: Well, it's mixed experience for me. It's 50:50.
 c) Comfortable: Well, destiny is in the hands of God. Man is just a puppet.
 d) Uncomfortable: Well, I feel I deserved better but could not get it.
22. As an HR manager, you have to recruit a large number of employees for a multinational firm. After the written test and interview, you find that most of candidates who qualified are women. What will be your reaction?
- a) Hire women employees. They deserve it as they have qualified the selection criteria.
 b) Well, it's a woman's world. Hire them any way.
 c) Hire male and female employees in equal numbers.
 d) Avoid women employees as they are a liability.

Scoring

Q. No.	Response	Score	Q. No.	Response	Score
1	a	15	12	a	20
	b	5		b	15
	c	10		c	10
	d	20		d	5
2	a	5	13	a	5
	b	10		b	15
	c	15		c	20
	d	20		d	10
3	a	15	14	a	10
	b	20		b	15
	c	5		c	5
	d	10		d	20
4	a	20	15	a	10
	b	15		b	15
	c	10		c	20
	d	5		d	5
5	a	5	16	a	5
	b	20		b	10
	c	15		c	15
	d	10		d	20
6	a	10	17	a	5
	b	20		b	10
	c	5		c	15
	d	15		d	20
7	a	5	18	a	5
	b	20		b	10
	c	15		c	15
	d	10		d	20

Q. No.	Response	Score	Q. No.	Response	Score
8	a	10	19	a	5
	b	5		b	20
	c	20		c	15
	d	15		d	10
9	a	5	20	a	15
	b	10		b	20
	c	20		c	10
	d	15		d	5
10	a	5	21	a	20
	b	20		b	15
	c	15		c	10
	d	10		d	5
11	a	5	22	a	20
	b	10		b	15
	c	15		c	10
	d	20		d	5

Quantitative Analysis of Your Scores

EQ Dimensions	Situations	Your Score	Your P (percentile)
Sensitivity	2,8,16,17,22		
Maturity	4,6,9,11,12,18,21		
Competency	1,3,5,7,10,13,14,15,19,20		
Total EQ Score	All Situations		

EQ Dimensions	P-90	P-75	P-50	P-40	P-20
Sensitivity (Range of score: 25–100)	93–100	86–92	66–85	36–65	<35
Maturity (Range of score: 35–140)	133–140	113–132	88–112	53–87	<52
Competency (Range of score: 50–200)	168–200	141–168	97–140	71–96	<70
Total EQ Score	379–440	308–378	261–307	159–260	<158

Source: Singh, Dalip and Chadha, N. K. (2006). Available at http://eqindia.cyberica.in/eqindia/online_test.asp. Reproduced with permission.

Field Projects

1. Visit an organization and discuss the relevance of emotional intelligence in business with a few selected individuals. Prepare a report on the basis of the information collected and present it to the class.
2. In groups of 3–4, conduct a survey in an organization of your choice to find out more about the value system

that prevails there. Focus on the type of value conflicts existing in this organization and find out how these are handled? Prepare a report and present it to the class.

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CHAPTER 6

Work Motivation

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Define the concept of motivation and outline the basic motivational process.
2. Identify the factors influencing the process of motivation among employees.
3. Discuss the content models of motivation including Maslow's need hierarchy theory, Herzberg's two-factor theory, McClelland's theory, and Alderfer's ERG theory.
4. Outline the process models of motivation.
5. Highlight the application of motivational theories through management by objectives, behaviour modification, job design, and empowerment.

Identifying Motivational Problems

Read the following situations and answer the questions that follow:

1. Sarita Dewan is an engineer who has been working with a leading software company for the past 15 years. She is interested in a managerial post. Most engineers in managerial positions in the company have had some administrative experience as project directors before they were promoted. Although Sarita knows that she needs the administrative experience, she is reluctant to take on the responsibility as a project director because of the hassles in coordinating the activities of various functions.
2. The Infogem TV Manufacturing Company has been using a performance-based bonus system to boost employee productivity. Quarterly bonuses are paid to work groups that exceed the quarterly performance goals stipulated by the company. The initial response to the incentive system was highly favourable with more than half the number of work groups exceeding the performance goals. However, as time passed, the human resources department started receiving complaints from a number of supervisors about low morale and motivation among their team members.
3. Last year, Image Motor Company used a sales contest to motivate its sales staff to increase their sales revenue. Two salespersons were selected from each regional sales office for grand prizes. The first prize was an automobile and the second prize was an all-expenses-paid vacation to Manali. The company has decided to continue the programme because of the positive response to the contest in the first year. Yet, regional sales managers indicate that their sales personnel are not as excited about the contest as they were in the first year. Very few are even talking about the contest.
4. Enigma Corporation is an engineering company that designs and constructs industrial facilities. Its main line of business involves oil refinery and coal-gasification facilities. The company's business has increased substantially in recent years because of energy shortages around the world. Enigma recently hired a large number of engineers just out of school and some from other companies in order to meet the increased demand. The main attraction is financial; Enigma offers higher-than-average pay and fringe benefits. However, though it attracts a large number of engineers, very few stay for more than 2 years. The president of the company is concerned about the attrition rate of the company.
5. You have recently become the chief operating officer (COO) of a telecommunications company. You are very keen to improve the diversity of your workforce; however, a master plan has to be developed to pursue this goal so as to have support from other groups in the organization. Until now, your organization has been very selective in terms of employing people. The previous COO was generally reluctant to employ women and people belonging to certain minority groups as



he felt that they would not be able to adjust in the company. As a result, very few women and employees from minority groups occupy top or middle management level positions in the organization.

6. Vikas owns two fast-food shops in a small town in Maharashtra. Each shop sells items such as burgers, pizzas, sandwiches, ice creams, milk shakes, and aerated soft drinks. He employs the local high school and college students to work for him as waiters. He pays his employees on an hourly basis. He has recently observed that they do not process customer orders as fast as they should and customers end up waiting a long time for the food. There is also variation in the quantity offered to customers, with some

employees serving very generous portion while others serve very small portions especially while serving ice creams and drinks. Vikas wants to improve customer service and product consistency by changing the reward structure.

For Discussion

The above situations describe the motivational problems of individual employees and of organizations as a whole.

1. Identify the causes of these problems and after reading the chapter, indicate which theory best describes the problem in each situation.
2. Identify potential solutions for each situation.

Introduction

If managers are asked to list the problems they face, employee motivation is likely to be near the top. Motivation is one of the major concerns of scholars as well, because motivation is closely related to the success of an individual, an organization, and a society. Through motivational efforts, people realize their personal and organizational goals. Effective utilization of human resources is a key to solving many organizational problems in this era of limited availability of resources.

Motivating employees is a complex process. With advances in knowledge and financial independence, this problem has become more severe. In addition to this, the scarcity of resources in organizations acts as a constraint that hinders managers from motivating their employees. In spite of these issues, managers still have the responsibility to motivate their employees to attain organizational goals. To take up this responsibility, they should understand how and why people are motivated to work in organizations and be aware of the principles and practices of motivation. Companies that perform well are able to retain high-performance employees because they have found ways to keep everyone motivated. Motivation refers to the forces within a person that affect his direction, intensity, and persistence of voluntary behaviour (Pinder 1998). Motivated employees are willing to exert a particular level of effort (intensity) for a certain amount of time (persistence), towards a particular goal (direction).

Motivation is at the heart of how innovative and productive things are done within work organizations. This chapter focuses on the basic motivational factors that can energize a person's work and help him decide on the right action based on his requirements, and how motives are learnt through experience. Several theories have evolved to help explain different facets of motivation.

Behaviour, in general, is directed by different needs. These needs can cause people to seek out experiences that enrich their lives or they can trigger behaviour to avoid threatening conditions and feelings of deprivation. Beyond human needs are the acquired tastes for specific motives. A different explanation for motivation focuses on expectancies, or people's expectation about whether they can affect performance outcomes and how closely the expected rewards are linked to performance. People also consider the equity of how they are treated, and their evaluations help determine whether they will be motivated or demotivated.

The foundations of employee motivation can be studied from two perspectives: the content theories of motivation, which focus on "what" motivates employees in organizations,

Employees of Google India at the recreation centre in the Bangalore office of the high-tech multinational company. Companies that employ young professionals, such as Google, take all possible measures to make the workplace interesting and relaxing. They are rewarded with higher employee morale and lower rates of attrition.

(Photo courtesy Google India Pvt. Ltd. Reproduced with permission.)



and the process theories of motivation, which focus on “how” employees in an organization can be motivated. Process theories of motivation help us explain why people behave the way they do. In doing so, they help us understand, predict, and influence employee performance, attendance, work satisfaction, and other outcomes.

Motivation: Motivation refers to the forces within a person that affect his direction, intensity, and persistence of voluntary behaviour.

Basic Motivational Process

The term *motivation* is derived from the Latin word *movere* meaning “to move”. Motivation represents “those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal-oriented” (Mitchell 1982). Managers need to understand these psychological processes if they are to successfully guide employees towards accomplishing organizational objectives.

Need–Performance Cycle

Although a few human activities occur without motivation, nearly all conscious behaviour is motivated or caused. It requires no motivation to grow hair, but getting a haircut requires some motivation. Management’s job is to identify and activate employee motives towards task performance. The relationship between need and performance is illustrated in Figure 6.1 (Mitchell 1982).

The model in Figure 6.1 suggests that needs create tensions that are modified by one’s environment to cause certain wants. These wants propel individuals (drive) to take actions to satisfy the needs and release the tension depending upon the incentives available. Individuals appraise

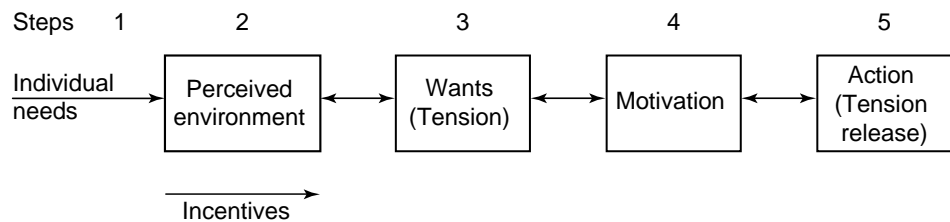


Figure 6.1
Need–Performance Cycle

the total situation and are motivated to take actions to satisfy their needs. For example, the need for food (hunger) creates the want for it, which forces the person to search for food depending upon his choice and availability (perceived environment). Since one's environment affects his appetite for a particular type of food, a south Indian may want *dosa* or *idly*, while a north Indian might want *chole bature* or *rajma chawal*. Both persons will be motivated to take action, but they seek different types of food in different ways.

General Model of Motivation

A general model of the independent variables that are basic to work motivation is presented in Figure 6.2. This model provides a framework for understanding the dynamic nature of the motivational process. As shown in Figure 6.2, the basic components of motivation are (1) needs, desires, and expectations, (2) behaviour, (3) goals and (4) feedback (Dunnette and Kirchner 1965).

Psychological disequilibria arouse behaviour directed towards satisfying a specific incentive or goal thought to restore equilibrium. Moreover, one will persist in trying to attain the relevant incentives or goals until balance is restored. As incentives or goals are achieved, internal feedback decreases both disequilibrium and motivation.

The model of motivational process can be illustrated with the help of the following example. A software engineer in a company desires to (has a need for) write innovative programmes (disequilibrium) and seeks a more challenging assignment from his boss (behaviour) hoping that this would help in his professional growth (goal). When he receives such an assignment, his disequilibrium is reduced and his attention shifts from this need (a challenging assignment) to some other need (linking his performance with effective rewards) which causes further disequilibrium. This cycle of motivation continues to move, enhancing the individual's capacity and capability.

Motivation and Performance

Very often, motivation and performance are assumed to be one and the same. This faulty assumption can lead to poor managerial decisions. The following formula for performance helps put motivation into proper perspective (Campbell and Pritchard 1976):

$$\text{Performance} = \text{Level of ability} \times \text{Level of skill} \times \text{Motivation} \times \text{Knowledge about how to complete the task} \times \text{Facilitating and inhibiting conditions not under the individual's control.}$$

Thus, we see that motivation is a necessary but an insufficient contributor to job performance. The performance of an employee depends on various other factors. Managers who are able to identify such indicators of performance are better able to manage their job and work organizations as compared to the ones who just focus on any one or two of these variables. Box 6.1 discusses certain issues pertaining to motivation and attrition in Indian BPOs.

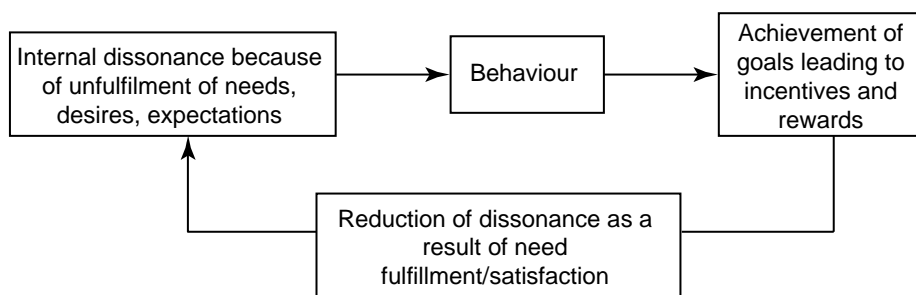


Figure 6.2
A General Model of the Motivation Process

BOX 6.1 ATTRITION IN INDIAN CALL CENTRES

The call centre industry in India has been witness to rising attrition rates over the years. According to the Asian Contact Centre Industry Benchmarking Report for 2008, the Indian call centre industry has taken on the challenge of reducing attrition rates as one of its priorities. The study was conducted in India, Singapore, China, Philippines, Malaysia, and Thailand, and the assessment was based on the following parameters: contact centre strategy, revenue generation, operations, human resource management, technology, customer service, channel management, outsourcing, key performance indicators, and management challenges. The average tenure of an Indian call centre agent is 9 months, which is the lowest in the region. Though agent absenteeism or sick leave in Indian contact centres had reduced on average from 15 days per annum in 2007 to 9 days per annum in 2008, the agent attrition rate is still high.

The high rates of attrition in India has been attributed to the graveyard shifts that most call centres follow on account of the time difference between India and clients in the West. When India is asleep, call centre agents spend their nights talking to customers abroad. Though companies have put in efforts to ensure the comfort of their employees, sleep deprivation and confused biological clocks play havoc on employees' health.

The most effective strategy implemented by call centres to reduce attrition in India in the recent past has been financial

incentives, followed by rewards and recognition, and mapping the career paths of employees. According to strategies guru Oscar Alban, attrition rates in call centres can be reduced by following motivational strategies such as creating good front-line supervisors, balancing quality and quantity of services, managing agent schedules, fostering a strong sense of leadership among those qualified, and putting training initiatives in place with on-going training programmes.

Studies have shown that employees of call centres seek good communication from their superiors for effective motivation, followed by financial benefits. HR practices too have undergone a sea change with most players understanding the importance of incentives to retain employees and their loyalties. To sustain the number one position in the outsourcing arena, these centres have to focus on the career development of their employees. If an organization manages to weed out the chaff from the wheat at the time of recruitment itself, a lot of pain and sweat would be saved later. In addition to charting out career maps, quality monitoring through coaching and training, and performance analytics would go a long way in fighting attrition and retaining a motivated workforce.

Source: Adapted from Verma, Sangeetha Thakur (2008), "Attrition: Slaying the Dragon with HR Strategies", 17 March. Available at www.bpotimes.com/efytimes/fullnewsbpo.asp?edid=25433&magid=25 (accessed October 2008).

Challenges Before the General Model of Motivation

The pictorial presentation of motivation, which appears to be so simple and straightforward, is not so simple to apply in the operational setting. In the real world, the process is not so clear-cut. There are many inherent challenges in the process. Some of the challenges are as follows:

- The first challenge in operating this model is that motives cannot be seen, they can only be inferred. In an organization, employees with the same level of educational qualifications, competence, and compensation package may not work at the same pace and with the same enthusiasm. One may perform exceptionally well and the other may be an underperformer. The real motive of each employee, which propels them to either work or underperform, needs to be investigated.
- A second challenge is the varying and the dynamic nature of needs. At one given point of time, everyone has various needs, desires, and expectations. These factors may keep changing over time. The need for accomplishment may directly be in conflict with the need for affiliation for some employees in the organization.
- A third challenge involves considerable differences in the motivations of people and in the energy with which people respond to them. A lot of this energy also depends on the cultural background of the individual.

These challenges are things that managers can do something about. They can determine what motivates employees and use this energy to channelize employees' energy towards the achievement of organizational goals. The various approaches managers can use to manage employees in organizations can be broadly divided into two categories: content models of motivation and process models of motivation.

Content Models of Motivation

Content models of motivation envisage that motivation begins with individual needs. Need is a state in a person's life that triggers action and activates behaviour. Some theories arrange needs in hierarchical levels, with each level activating a different behaviour aimed at satisfying that need. Some arrange them on a continuum, indicating that they could influence a person's behaviour. In this section, four content theories of motivation that dominate organizational thinking even today have been discussed.

Need: Need is a state in a person's life that triggers action and activates behaviour.

Need Hierarchy Model by Abraham H. Maslow

One name, which is closely associated with the initial work in the area of motivation, is that of Abraham H. Maslow. His theory of hierarchy of needs holds valid even today. Abraham Maslow classified the entire range of needs experienced by individuals into five basic categories and arranged them in a hierarchical order as shown in Figure 6.3.

Abraham Maslow identified these five levels of needs as the source of different motivating behaviours. According to the theory, once a lower-order need has been satisfied, a person can activate the next higher-order need (Maslow 1943)

Physiological or physical needs These have been classified as lower-order needs and include the need for food, air, water, and shelter. These basic needs need to be satisfied before a person is motivated by higher-order needs. Managers and supervisors in organizations have to be aware of the degree to which these needs are being taken care of in the organization. If employees are motivated by physiological needs, the concern for work will not affect them. Managers who focus on physiological needs to motivate subordinates assume that people work primarily for money because money is the resource, which they can utilize to satisfy all their needs at this level.

Physiological or Physical Needs: These have been classified as lower-order needs and include the need for food, air, water, and shelter.

Safety needs Safety needs are the needs for a secure and stable environment and the absence of pain, threat or illness. They are also called security needs. If safety needs are not satisfied, there is a tendency for people to become preoccupied with these needs. Managers who are more concerned with providing their subordinates with safety needs provide them with instruments and gadgets that ensure security and physical safety in the work environment. They are also concerned with the psychological safety of their subordinates and try to satisfy those needs by offering health, disability and life insurance, thereby promoting a sense of security and well-being.

Safety Needs: Safety needs are the needs for a secure and stable environment and the absence of pain, threat or illness.

Belongingness needs These needs include the needs for love, affection, and interaction with other people. They have also been labelled as affiliation needs. Maslow contends that

Belongingness Needs: These needs include the needs for love, affection, and interaction with other people.

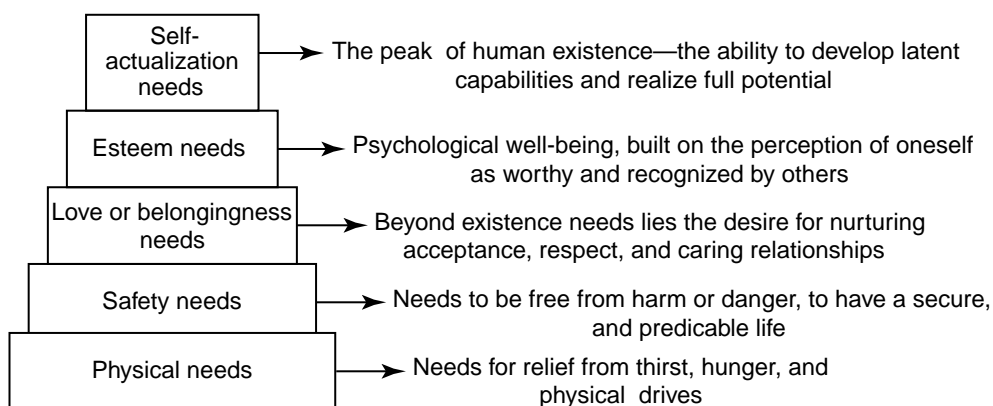


Figure 6.3
Maslow's Hierarchy of Needs

when physical and safety needs have been satisfied, affiliation needs begin to motivate people. The workplace is generally viewed as an area where employees develop effective personal and professional relationships. Managers who believe in satisfying the belongingness needs of their subordinates try to provide a congenial and warm work environment. Employees are encouraged to interact with each other both on the job as well as off the job. There is an emphasis on employee acceptance by co-workers. Such organizations encourage employee bonding by organizing extra-curricular activities such as picnics, cultural events, and other official celebrations.

Esteem Needs: These needs include self-esteem through personal achievement as well as social esteem through recognition and respect from others.

Esteem needs These needs include self-esteem through personal achievement as well as social esteem through recognition and respect from others. People who are motivated by this need want to be accepted by others for whatever they do and whatever they are. Managers try to motivate such employees by giving them recognition in the form of awards, certificates of merit, and other acknowledgement for their achievements. They try to foster employee pride in their achievements at work.

Self-actualization Needs: This represents the need for self-fulfilment—a feeling that a person’s potential has been realized.

Self-actualization needs This represents the need for self-fulfilment—a feeling that a person’s potential has been realized. Employees who are influenced by self-actualization needs want to contribute their knowledge and efficiency to the organization in the best possible manner. Managers working with such employees provide them with opportunities where they can contribute their best to the organization in designing jobs and planning and implementing work.

Applying Maslow’s need hierarchy model Maslow has classified the lower-order needs—physiological, safety, and belongingness—as deficiency needs. If these needs are not satisfied, they create deficiencies in the person and he may fail to develop as a healthy person. The other higher-order needs—esteem and self-actualization needs—are growth needs, and the satisfaction of these needs help a person grow as a human being.

Maslow also proposed that as a person satisfies a lower-order need, the next higher-order need in the hierarchy becomes the primary motivator. This is also known as the satisfaction–progression process. When one level of need is satisfied, it no longer motivates the person. The next higher-order need has to be stimulated for the person to get motivated. However, this principle does not apply to self-actualization needs, as when this need is experienced and fulfilled, the desire for this need increases rather than decreases.

Limitation of the hierarchy of needs Maslow’s model is very popular among managers in work organizations because of its intuitive appeal. However, it has failed to impress researchers. The compartmentalized division of needs is something that baffles all. Further, the principle that lower-order needs have to be gratified in order to motivate

CASELET

What Motivates Neha?

Neha, an assistant sales manager with a leading FMCG company in Gurgaon and a single parent, earns a good salary and benefits that enable her to provide for her family’s physical well-being—ample food, comfortable housing, and good medical care. After her company announces that it is downsizing and will be reducing its workforce by 10%, she fears being laid off (which triggers a safety need). Now she is unlikely to be overly concerned

about higher-level needs to belong to a group or her own self-esteem needs that motivate her to perform technically accurate work. Rather, she is likely to be motivated to do whatever she believes will enable her to keep her job and/or to begin looking discretely for other employment. Once the layoffs are announced and when Neha realizes that she is not on the list, she breathes a sigh of relief and resumes work with a higher-order need energizing her behaviour.

the person with a higher-order need does not appear to be quite convincing (Wahba and Bridewell 1976).

Maslow himself questioned its applicability to organizational behaviour, realizing that he based it on a study of neurosis. He wrote, “But I of all people should know just how shaky this foundation is as a final foundation (of motivation in industry). My work on motivation comes from the clinic, from a study of neurotic people” (Maslow 1965). Few managers are aware of the unusual origin of this popular theory.

Dual-Factor Theory by Frederick Herzberg

Frederick Herzberg and his associates postulated that for workers to be motivated, the content of the job itself must be motivating—simply improving working conditions won’t necessarily energize employees’ behaviour.

During his research, he asked respondents to relate times when they felt exceptionally good or bad about their jobs, and to provide reasons, and a description of the sequence of events giving rise to that positive or negative feeling. As shown in Table 6.1, people identified various positive and negative features about their jobs. The two-factor theory, better known as the *motivation-hygiene* model emerged from this study. This model proposes that there are two sets of needs or factors—motivators and hygiene—which are the primary causes of job satisfaction and dissatisfaction (Herzberg et al. 1959)

Hygiene factors Hygiene factors are those basic factors surrounding the job—therefore, also called *extrinsic factors*, including job security, working conditions, organizational rules and policies, relationship with co-workers, supervisors, salary, and quality of supervision—that if lacking can cause dissatisfaction.

Surprisingly, Herzberg also contends that the presence of these factors in the work environment does not guarantee satisfaction. Since these factors are outside of, or external to, the nature of the job itself, they are also referred to as *job context factors*. If they are adequately provided for, they produce a neutral feeling of being looked after by the company.

Motivator factors Motivator factors are the factors that are internal to the job—therefore, also called *intrinsic factors*, including job challenge, responsibility, autonomy, achievement, advancement, and recognition—that if present provide a feeling of satisfaction. The absence of these factors may not produce total dissatisfaction but may lead to a state of no satisfaction. Since these factors relate to the content of the job, they are also called *job content factors*.

Applying the dual-factor theory This theory proposes that the best way to stimulate motivation among employees is to improve the nature of the job. Herzberg envisaged that the best way to improve the job was to enrich it (Herzberg 1987).

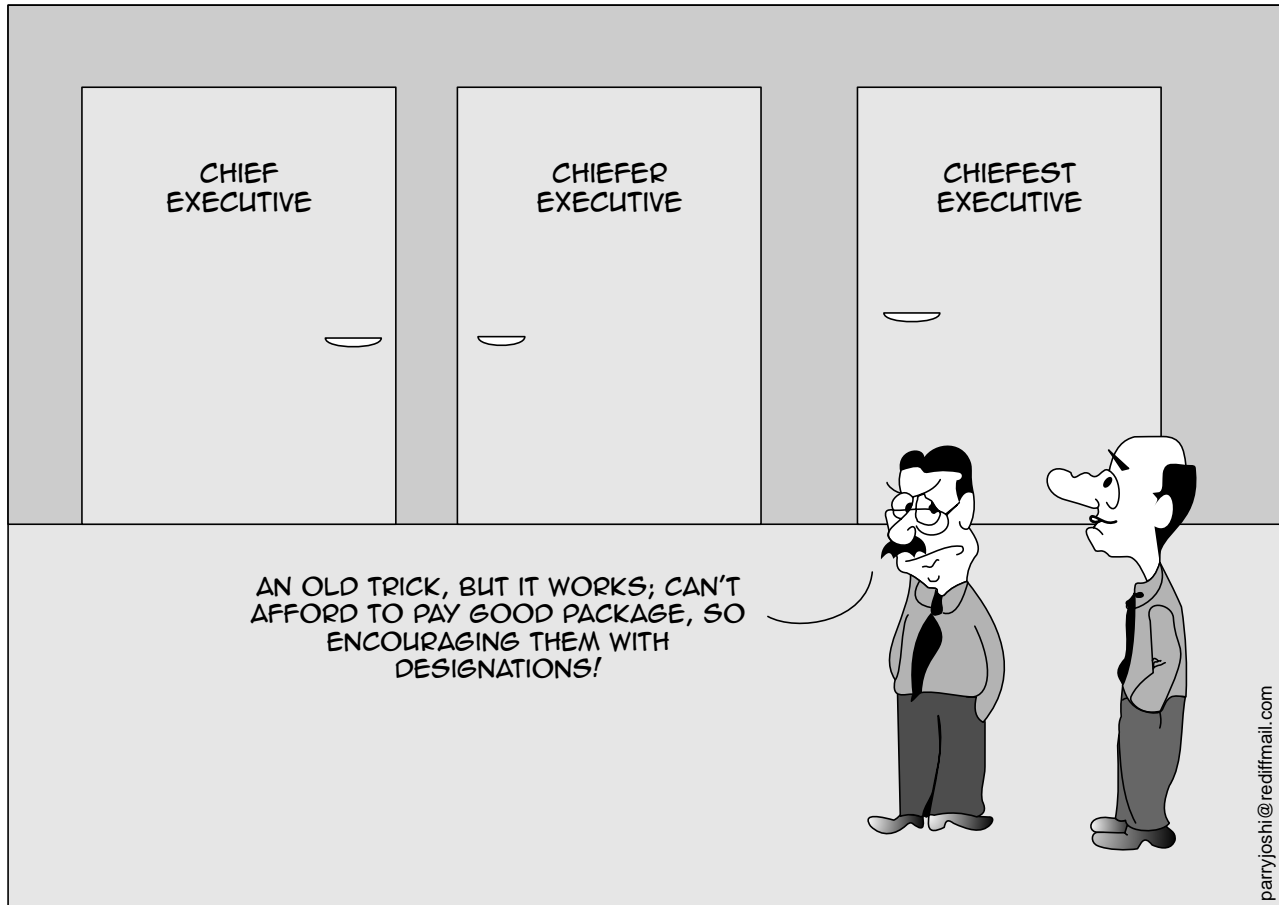
Job enrichment includes giving a job greater scope (variety) and depth (responsibility and control). This has been discussed under applications of motivation, later in the chapter.

Hygiene Factors: Hygiene factors are those basic factors surrounding the job that if lacking can cause dissatisfaction.

Motivator Factors: Motivator factors are the factors that are internal to the job that provide a feeling of satisfaction.

Table 6.1 Factors of Job Satisfaction and Job Dissatisfaction

Motivators that Affect Job Satisfaction	Hygiene Factors that Affect Job Dissatisfaction
<ul style="list-style-type: none"> • Achievement • Advancement • Autonomy • Challenge • Feedback • Responsibility 	<ul style="list-style-type: none"> • Organizational rules and policies • Relationship with co-workers • Relationship with supervisors • Salary • Security • Working conditions



Courtesy Parimal Joshi. Reproduced with permission.

Limitation of the dual-factor theory Herzberg's research has been criticized on the ground that there is a methodological flaw in the study for it to be applied to the organizational setting. Herzberg's respondents mainly comprised of architects and engineers, thereby limiting the response to only one category of professionals. Besides these, some researchers also consider that the questions posed by Herzberg forced respondents to provide socially desirable responses. The factors which were associated with negative feelings in the job were related to external factors (external attribution), while those that brought happiness to the respondent were associated with internal factors (internal attribution).

Some variables such as quality of supervision or pay seem to be more unstable than Herzberg specified. Other research has uncovered a link between pay and increasing level of motivation (Lawler 1981; House and Wigdor 1967). Researchers have found that a specific variable can be a source of either satisfaction or dissatisfaction, depending on the person (Whitsett and Winslow 1967). Further, the theory does not include the impact of external factors (such as health and family tension) on work behaviour.

Achievement Motivation Model by David McClelland

Achievement theories propose that motivation varies according to the strength of one's need for achievement. Henry Murray (1938), the psychologist who proposed the list of needs presented in Table 6.2, was the first to call attention to the need for achievement. He defined this need as the desire

to accomplish something difficult; to master, manipulate or organize physical objects, human beings, or ideas; to do this as rapidly and as independently as possible; to overcome obstacles and attain a high standard; to excel one's self; to rival and surpass others; and to increase self-regard by successful exercise of talent.

David McClelland proposed a learned needs model of motivation, which prescribed that everyone has three important needs: need for achievement (nAch), need for power (nPower), and need for affiliation (nAff) (McClelland 1971). Managers can motivate others if they are sensitive to the learned motives of individual employees. For this, we need to first understand motives mentioned above clearly.

The achievement motive (nAch) People with high need for achievement are self-motivated. They like to get involved in tasks that offer them high accomplishments. They confront challenges head on. David McClelland and John Atkinson conducted research on the achievement motive and identified several behavioural characteristic of people with high nAch.

The Achievement Motive (nAch): People with high need for achievement are self-motivated.

1. Achievers prefer a moderate level of difficulty or challenge. They are not enthusiastic about tasks which are either too simple and, therefore, too easy to achieve or too difficult and, therefore, impossible to achieve. They are realistic and, therefore, know their limitations. They like to be associated with tasks, which have a moderate probability of success.
2. High achievers like to feel that they are in reasonable control of an outcome. They prefer to move out of situations whose outcomes will either be influenced by chance or by a third party. They possess an internal locus of control.

Table 6.2 Murray's Taxonomy of Needs

Needs	Characteristics
Abasement	Complying with and giving in to others.
Achievement	Overcoming obstacles and succeeding at challenging tasks.
Affiliation	Establishing meaningful social relationships, joining groups, and wanting to be loved.
Aggression	Physically or psychologically injuring another person.
Autonomy	Resisting the influence of others and striving for independence.
Counteraction	Defending one's honour and proudly using retaliation to overcome defeat.
Deference	Serving others by following directions and guidance.
Defendance	Defending oneself by offering explanations, causes, and excuses.
Dominance	Directing, leading, and controlling others.
Exhibition	Drawing attention to oneself.
Harm avoidance	Avoiding activities or situation that may be dangerous.
Infavoidance	Attempting to avoid failure, shame, humiliation or ridicule.
Nurturance	Aiding or helping someone in need.
Order	Being tidy, organized, and extremely precise.
Play	Relaxing, joking, being entertained or just having fun.
Rejection	Ignoring or excluding others from activities.
Sentience	Desiring sensuous gratification, particularly by having objects contact the body.
Sex	Desiring an erotic relationship or engaging in sexual intercourse.
Succorance	Seeking help or sympathy from others.
Understanding	Defining relationships, abstract ideas, and concepts.

Source: Adapted from Murray, Henry A. (1938). *Exploration in Personality*, pp. 77–83. New York: John Wiley & Sons.

3. Achievement-motivated people also like to receive frequent and specific feedback about how well they are doing. Their expectation is that the task itself should provide enough feedback to be able to evaluate themselves; self-approval is good feedback for an achiever.

The Power Motive (nPower): Power is the ability to influence others to behave as we want them to.

The power motive (nPower) Power is the ability to influence others to behave as we want them to. People with high need for power feel satisfied in situations where they can influence and control others. These individuals contribute to the organization by their willingness to specify organizational goals and influencing others to achieve them. While high nAch helps a person realize his goals, high nPower enhances his capacity to be a successful manager, especially in large organizations.

McClelland and Burnham (1995) differentiate managers with strong power needs into two kinds—personal power managers and institutional power managers. Managers with high personal power needs exemplify the stereotypical self-serving, exploitative, and dominating boss. Such a need for power reflects the aim of personal gain through manipulation and control of others without exhibiting self-control and inhibition. This kind of person may coerce and even threaten subordinates in a forceful attempt to get them to carry out commands (Kelly 1987).

Managers with high institutional power needs temper their influence over others with inhibition and self-control. They are altruistic and believe that power should be used more for the good of the organization than for personal advantage. Satisfaction is obtained more from the process of influencing others to carry out their work in pursuit of organizational goals than from their own personal success. Research indicates that higher-level managers in large organizations are more likely to be successful if they possess a high need for institutional power combined with low affiliation needs.

The Affiliation Motive (nAff): People with high need for affiliation find satisfaction in the quality of their social and interpersonal relationships.

The affiliation motive (nAff) People with high need for affiliation find satisfaction in the quality of their social and interpersonal relationships. They avoid isolation since interaction with others is very important for them. They show more concern for the feelings of others and are sympathetic to opposing points of view. However, such people generally make weak bosses. McClelland and Burnham (1995) found that only 20% of the “above-average” sales departments in a research sample were supervised by managers whose affiliation needs were more dominant than their power needs. Of the “below-average” departments in their sample, 90% were run by affiliation-motivated managers. By contrast, power-motivated managers ran 80% of the best and only 10% of the worst departments. The researchers concluded that because of their need to be liked, affiliation-motivated managers made wishy-washy decisions. They bent company’s rules to make particular individuals happy and in the process were seen as being unfair.

Measuring the need for achievement McClelland measured the strength of a person’s achievement motivation with the Thematic Apperception Test (TAT). The TAT uses a series of pictures that generate different reactions from the person looking at them. There are no correct answers and neither are alternatives provided to the respondent to react to the picture. A major goal of TAT is to obtain the individual’s own perception of the world. The TAT is called a projective technique, because it enables the respondents to project their own thinking and feeling through the picture. They are asked to look at the pictures and respond by writing a story focusing on the following points.

- What is going on in this picture?
- What has led to this situation?
- What might happen in the future?

Depending upon the responses of the person, he is classified as being a high nAch, nPower or nAff person.

Applying McClelland's model McClelland and his associates conducted extensive research to support the achievement motivation model and have made recommendations as follows:

- Jobs in organizations should be arranged in such a manner that they provide periodic feedback to employees, which enables them to modify their behaviours.
- Employees should have heroes in the organization with a high need for achievement whom they can emulate.
- Employees should be encouraged to modify their self-images as people with nAch seek more challenges and responsibilities in their jobs.
- Organizations should help employees set realistic goals, which are challenging but attainable.

One of the basic problems with achievement motivation is with its measurement, which is open to questions of reliability. Though the process analyses the subconscious motives of individuals, the interpretation of this analysis is open to question. The permanency of the model's three needs has also been questioned. Box 6.2 highlights the characteristics of an achievement motivated leader: N. R. Narayana Murthy.

BOX 6.2 N. R. NARAYANA MURTHY: A MOTIVATIONAL LEADER



N. R. Narayana Murthy, Chairman and CEO, Infosys Technologies. (Photo courtesy Infosys Technologies. Reproduced with permission.)

Infosys Technologies, founded in 1981 with a seed capital of \$250 is today a global leader in IT and consulting with revenues of over \$4 billion. N. R. Narayana Murthy, one of the seven founders, served as the CEO of Infosys for 21 years before handing over the reins to Nandan M. Nilekani.

A visionary, Narayana Murthy has put in efforts to ensure that Infosys follows a culture of meritocracy where anyone could be boss. The following incidents from his life shared by Murthy in a speech during the commencement ceremonies at New York University's Stern School of Business exemplify how Murthy's motivating leadership has steered Infosys through crisis. Infosys, founded in 1981 with capital borrowed from Murthy's wife, struggled in the highly regulated Indian economy prior to liberalization. The resignation of one of the co-founders, Ashok Arora, in 1989 instilled doubts in the minds of the other team members. It was Murthy's conviction and motivation that kept the entire team going. In 1990, Infosys received a sales offer for an enticing sum of \$1 million. The co-founders debated for hours together finally arriving at the decision to accept the offer. However, during his turn to speak, Murthy reminded them of their journey from a small Mumbai apartment and the various challenges they had faced together and how he believed that the best was yet come. Finally, he declared audaciously that if they were bent on selling the company, he would buy out all his colleagues—even though he did not have a cent in his pocket. After a stunned silence, his colleagues wondered aloud about his foolhardiness. In the end, Murthy's conviction, confidence, and motivation persuaded his colleagues to change their minds.

A highly ethical and motivational leader, Narayana Murthy is a recipient of several awards. He was honoured with the Padma Vibhushan, the second highest civilian award by the Government of India, in 2008. In 2004, Time magazine identified him as one of the 10 global leaders who are helping shape the future of technology.

Sources: Adapted from Rediff News, "Life lessons from Narayana Murthy", 28 May 2007. Available at www.rediff.com/money/2007/may/28bspec.htm and www.infosys.com (accessed October 2008).

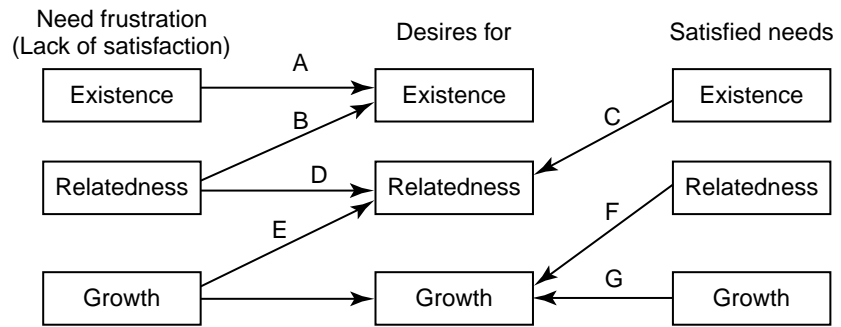


Figure 6.4
The Dynamic Relationship Between ERG Needs

Alderfer's ERG Model of Motivation

Clayton Alderfer developed an alternative theory of human needs in the late 1960s, after being dissatisfied with Maslow's need theory. This theory differs from Maslow's theory with respect to three important parameters (Alderfer 1972).

- A small set of core needs are used to explain behaviour. These are existence needs (E), relatedness needs (R), and growth needs (G). Therefore, the theory is referred to as Alderfer's ERG theory.
- This theory also assumes that needs are not related to each other in a hierarchical order as proposed by Maslow.
- This theory is based on the need–frustration model in addition to being influenced by need–gratification. So, Alderfer's theory has both upward and downward thrusts.

Existence Needs: Basic survival needs that need to be satisfied to maintain life.

Existence needs refer to basic survival needs (similar to Maslow's physiological and safety needs) that need to be satisfied to maintain life. *Relatedness needs* draw people into interpersonal contact for social-emotional acceptance, caring, and status. *Growth needs* involve personal development and a sense of self-worth (akin to Maslow's esteem and self-actualization needs).

Relatedness Needs: Needs that draw people into interpersonal contact for social-emotional acceptance, caring, and status.

Alderfer (1969) also contends that there exists a dynamic relationship between the ERG needs (Figure 6.4). Each of these interactions has been labelled.

Growth Needs: Needs that involve personal development and a sense of self-worth.

The first interaction (A) states that the frustration with existence needs leads to a greater desire for existence needs. For example, money is a resource which is required for existence, and if there is a lack of it, there is more desire for it. In case of frustration with relatedness needs, the desire for existence needs (B) may increase, for example in a situation where our interpersonal interactions are not good, we may continue to work if our existence needs are being taken care of. The third interaction (C) is similar to the Maslowian approach wherein he states that satisfaction with lower-order needs initiates motivation for a higher-order need. When satisfied with existence needs, people desire more relatedness activities. The desire for relatedness needs also increase when there is frustration with current relatedness needs (D) and growth needs (E). Finally, the theory also contends that satisfaction with relatedness needs (F) and growth needs (G) also creates a further desire for growth needs.

Alderfer also believes that humankind is complex, and more than one need may be operating at a time. For example, during the course of a business day, an employee may have lunch (existence needs) as part of the social interaction with two other colleagues (relatedness needs) to discuss a major forthcoming project in the company (growth needs). Research appears to provide better support for ERG theory than for Maslow's original five-level need hierarchy theory (Alderfer 1969).

Process Models of Motivation

As discussed earlier, whereas content models of motivation depict different types of needs at different times, process models describe the processes through which need deficiencies are translated into behaviour; that is, they discuss the how of motivation. Two major ways by which processes of motivation can be explained are by managing expectations and by comparing with others.

Motivation by Managing Expectations

Managers try to motivate employees by trying to satisfy their requirements and needs. In addition to this, they try to boost motivation in the organization by creating a link between the performance of employees and their expectations about how their performance will produce rewards. Two expectancy models of motivation shed more light on this concept:

1. Vroom's expectancy model
2. Porter and Lawler expectancy model

Vroom's expectancy model Expectancy theory is a process motivation theory based on the idea that work effort is directed towards behaviours that people believe will lead to desired outcomes (Vroom 1964). Through experience, individuals develop expectations about whether they can achieve various levels of job performance. They also develop expectations about whether job performance and work behaviour lead to particular outcomes. Finally, they naturally direct their efforts towards outcomes that help them fulfil their needs.

A general model of Vroom's approach is presented in Figure 6.5. It outlines the variables that influence an individual's level of motivation.

Motivation, according to Vroom (1964), boils down to the decision of how much effort to exert in a specific task situation. The choice is based on a two-stage sequence of expectations (effort–performance) and (performance–outcome). First, motivation is affected by an individual's expectation that a given level of effort will produce an expected level of performance. For example, if you feel that any amount of practice will not improve your stamina, you will not expend much effort on practice. Motivation is also influenced by the individual's perceived chances of obtaining various outcomes as a result of accomplishing performance goals. Finally, individuals are also motivated to the extent that they value the outcome that they receive.

Vroom used a mathematical equation to integrate these concepts into a predictive model of motivational force or strength. The equation is:

$$MF = V \times I \times E$$

where MF = Motivational force

V = Valence

I = Instrumentality

E = Expectancy

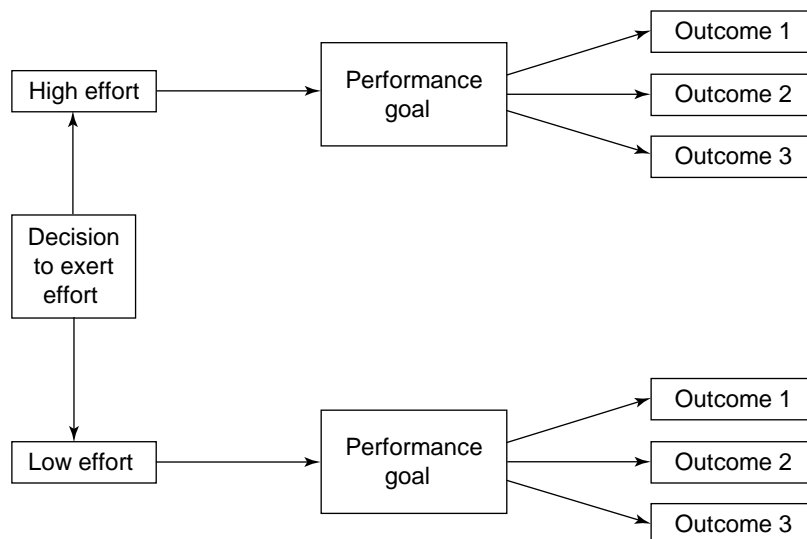


Figure 6.5
A General Model of
Vroom's Expectancy
Theory

Valence: Valence refers to the positive or negative value that people place on outcomes.

Expectancy: Expectancy represents an individual's belief that a particular level of performance will be followed by a particular degree of effort.

Instrumentality: Instrumentality represents a person's belief that a particular outcome is contingent on accomplishing a specific level of performance.

Let us define and understand these three concepts of Vroom's equation:

Valence: Valence refers to the positive or negative value that people place on outcomes. Valence mirrors our personal preference (Pecotich and Churchill Jr 1981). We assign a value to an outcome depending upon our requirement and needs. Mostly, people attach high values to outcomes such as increased salary, promotion or recognition, but low values to stress or layoff. An outcome's valence depends on an individual's needs and is measured for research purposes with scales ranging from a negative value to a positive value. For example, an individual's valence towards more recognition can be assessed on a scale ranging from -2 (very undesirable) to 0 (neutral) to +2 (very desirable).

Expectancy: An expectancy represents an individual's belief that a particular level of performance will be followed by a particular degree of effort. In other words, it is effort-performance expectation. Expectancies take the form of subjective probabilities and may range from 0 to 1. An expectancy of 0 indicates that the effort has no anticipated impact on performance. For example, if you are assured that any given level of effort towards learning to ride a bicycle on the first day will not lead you to do so; your expectancy for this linkage will be 0. However, with little practice and training, you can learn to ride the bicycle and your expectancy will then range from 0 to 1. The factors, which influence an employee's expectancy perception, are as follows (Pinder 1984):

- Self-esteem
- Previous success at task
- Help received from a supervisor or a subordinate
- Information necessary to complete the task
- Good material and equipment to work with

Instrumentality: An instrumentality is a performance-outcome perception. As shown in Figure 6.5, it represents a person's belief that a particular outcome is contingent on accomplishing a specific level of performance. Performance is instrumental when it leads to something else. For example, superior performance is instrumental in getting a promotion. Instrumentality ranges from -1.0 to 1.0. An instrumentality of 1.0 indicates that a particular outcome is totally dependent on task performance. For example, in the case of piece-rate system of payment, getting a particular amount of money is dependent upon the number of units sold by the employee. An instrumentality of 0 indicates that there is no relationship between performance and outcome. For example, if promotion is mainly dependent upon seniority, job performance does not matter. Finally, an instrumentality of -1.0 reveals that high performance reduces the chances of obtaining the outcome while low performance increases the chances. For example, if you spend more time working, you do not get time to enjoy your social life and leisure activities.

Research on expectancy theory From the time Vroom's model was published in 1964 to about 1976, research did not support his theory. Subsequently, however, several organizational behaviour researchers concluded that these discouraging results were due to various methodological difficulties and errors (Landy and Becker 1987). Having corrected these methodological problems, researchers found the following:

- In more than 16 studies with an average sample size of 200, expectancy theory correctly predicted occupational or organizational choices 63.4% of the time. This was significantly better than chance prediction (Wanous et al. 1983).
- In order to accurately predict effort, managers need to compare the individual's motivation to exert both high and low effort (Kennedy et al. 1983).
- Contrary to Vroom's theory, job satisfaction and resilient decision were more strongly related to instrumentalities than to the full model (expectancy, instrumentality, and valence interaction) (Pulakos and Schmitt 1983).

Implications of expectancy theory for managers This theory has important practical implications for individual managers and organizations. As a manager, one should have knowledge about the outcomes which employees value. Managers should be able to identify good performance to be able to reward appropriate behaviours. It also has to be ensured that employees achieve targeted performance levels. Further, the manager should be able to link the desired outcomes to targeted levels of performance. He should be able to ensure that the changes in outcomes are large enough to motivate high efforts, and the reward system needs to be monitored for inequities.

Implications for organizations Organizations should not keep pay decisions secret. Challenging jobs should be designed for employees and they should be rewarded for desired performance. Some rewards should be tied to group accomplishments to build teamwork and encourage cooperation.

Managers need to be rewarded for creating, monitoring and maintaining expectancies, instrumentalities, and outcomes that lead to high effort and goal attainment. Organizations should keep track of employee satisfaction levels through regular job satisfaction surveys. Motivation programmes in organizations should be built keeping in mind the individual differences of employees.

Porter and lawler expectancy model Porter and Lawler (1968), after identifying the flaws in the content models of motivation and Vroom's expectancy theory, in terms of their inability to correctly diagnose the relationship between performance and job satisfaction, brought forward an improved model of expectancy theory as presented in Figure 6.6(a-c).

They start with a premise that motivation in itself does not bring about satisfaction. Motivation, satisfaction, and performance are not synonyms. However, they are tied together in a complex relationship. Figure 6.6 explains the multiple relationships between these three variables with the impact of some extraneous variables on the equation. The basic process of motivation remains the same as given by Vroom. The first step in the process is the contention that effort by itself does not lead to performance. It is dependent on the abilities and

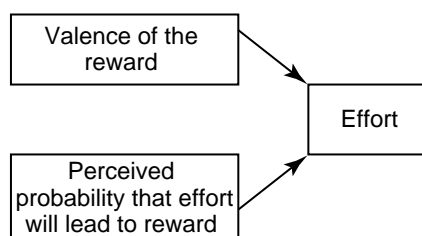


Figure 6.6a
Factors Leading to Effort

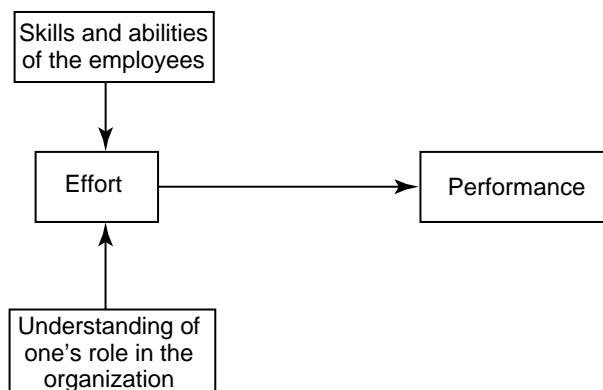


Figure 6.6b
Relationship Between Effort and Performance

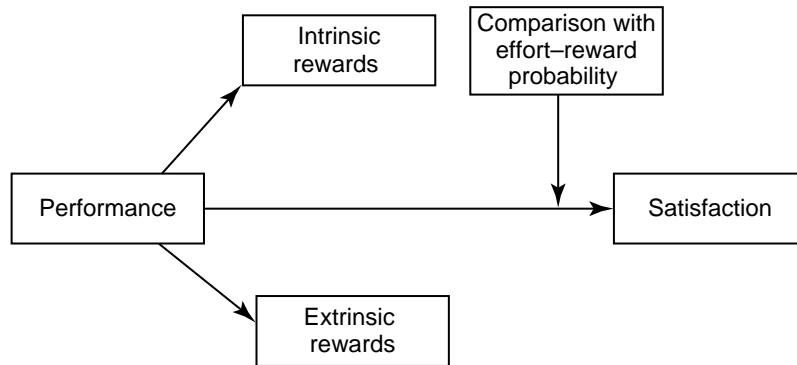


Figure 6.6c
Relationship Between
Performance and Satis-
faction

traits of the employee. In addition, the amount of effort exerted is also influenced by the probability of acquiring the reward with perceived effort (Figure 6.6a). Performance will also depend upon the accuracy of role perception by employees (Figure 6.6b). The rewards presented because of accomplishment or performance can be extrinsic or intrinsic. Satisfaction is determined not only by the rewards received, but by also how these rewards are perceived (Figure 6.6c).

Motivation by Comparison

Many things can go wrong on the path to expectancy motivation. One of the major issues that can disrupt the functioning of the organization and disturb its employees is a situation when payoffs or personal outcomes are perceived to be inequitable or unfair. Managers in an organization need to be aware of equity perceptions and reduce this gap wherever possible. From one perspective, this is a matter of sustaining motivation; from another point of view, it can be a matter of justice and ethics. One such theory, which highlights this issue, is the equity theory propounded by Stacy Adams.

Equity theory Feelings of unfairness were among the most frequent sources of job dissatisfaction reported to Herzberg and his associates. The equity model focuses on an individual's perception of how fairly he is treated in comparison to others (Adam 1963). It is based on the belief that people are motivated to maintain a fair or equitable relationship between themselves and others, and to avoid relationships that are unfair or inequitable. There are two assumptions that underlie this theory. The first one is that individuals examine their relationships as a social exchange process in which they contribute and expect certain results. The second assumption is that they compare their situations to those of others to determine fairness. It is important for individuals to compare themselves with similar others. Equity theory suggests that motivation is moderated by the perceived fairness or discrepancy between personal contribution and rewards relative to what others receive. The two basic dimensions to the equity process are as follows:

Ratio of personal outcomes to inputs Individuals often think in terms of the ratio of their personal outcomes to work inputs. Their perception of equity depends upon the answer to this question. What is reward for them (in terms of status, benefits, recognition, money, assignment, and promotion) relative to their inputs of efforts (exerted skills, job knowledge, and actual task performance)?

External comparison Individuals also compare their own outcomes/input ratio to those they perceive for other people doing comparable work. These comparisons may be made across three levels.

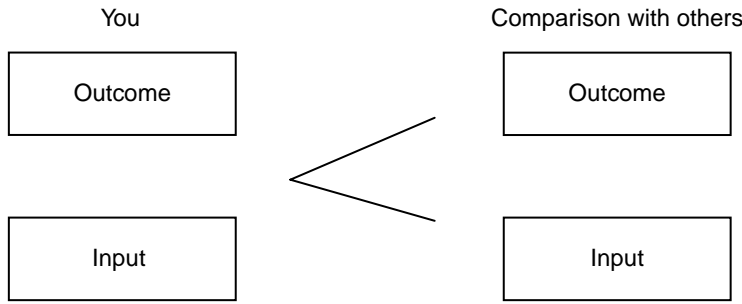


Figure 6.7
Under-reward Inequity

1. *Comparison to specific other individuals:* For example, Amit might conclude, “I guess Sonia really has been outperforming me.” Amit would expect Sonia to be getting more in the way of rewards and recognitions.
2. *Comparison to other reference group:* Workers might think, “Our department is getting much better treatment than the marketing department.” This comparison recognizes that there are differences in payoffs and “our group” is getting a better deal. However, it does not indicate if that better treatment is the result of better performance and, therefore, deserved.
3. *Comparisons to general occupational classification:* At times, individuals also compare themselves to people in similar positions in other organizations. A marketing manager of a pharmaceutical firm would always like to know the status of a manager in the same position in a similar company. Another common comparison is across gender within the same occupation, where women often experience discrepancies of earning 20%–40% lesser pay than men.

Under-reward Inequity: One experiences under-reward inequity when one finds that his co-worker has received higher outcomes (pay) for inputs that were probably identical to his.

Equity evaluation is carried out by comparing one’s own ratio of outcome/input with the other’s ratio. One experiences under-reward inequity when one finds that a co-worker has received higher outcomes (pay) for inputs that were probably identical to one (Figure 6.7).

Equity: In the equity condition, the individual would believe that his outcome/input ratio is similar to that of his co-worker.

In the equity condition, the individual would believe that his outcome/input ratio is similar to that of his co-worker. This would happen if the co-worker received the same pay as him for the same amount of effort and/or seniority (Figure 6.8).

Over-reward Inequity: An individual may experience over-reward inequity when he learns that he is earning more than his co-worker for the same effort.

Lastly, the individual may experience over-reward inequity when he learns that he is earning more than his co-worker for the same effort (Figure 6.9). Over-reward inequity is not as common as under-reward inequity.

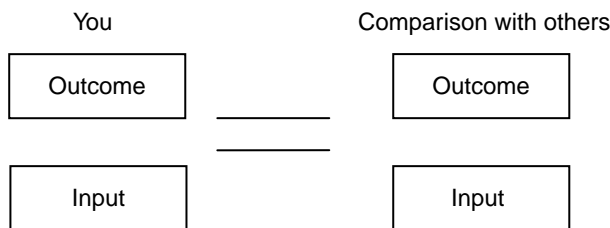


Figure 6.8
Equity Condition

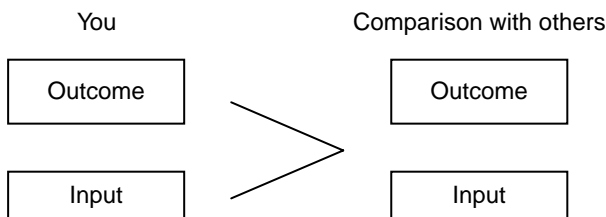


Figure 6.9
Over-reward Inequity

Consequences of inequity Inequity causes tension among individuals. The state of tension is not a pleasant one and, therefore, has to be removed. This becomes a force for motivation, as illustrated in Figure 6.10.

To reduce a perceived inequity and the corresponding level of tension, individuals may choose to act in one or more of the following ways:

- *People may either increase or decrease their inputs* to what they feel to be an equitable level. For example, underpaid people may reduce the quantity of their production, work shorter hours, and be absent more frequently and so on.
- *People may change their outcomes to restore inequity.* Many union organizers try to attract non-members by pledging to improve working conditions, hours, and pay without an increase in employee effort (input).
- *People may distort their inputs and outcomes.* As opposed to actually changing inputs or outcomes, people may mentally distort them to achieve a balance that is more favourable. For example, people who feel inequitably treated may distort how hard they work or attempt to increase the importance of the job to the organization.
- *People may leave the organization* or request a transfer to another department. In doing so, they hope to find an equitable balance.
- *People may shift to a new reference group* to reduce the source of the inequity. A person working in a large firm who does not get his due rewards may shift to a smaller organization.
- *People may distort the inputs or outcomes of others.* They may come to believe that others in a comparison group actually work harder than they do and, therefore, deserve greater rewards.

Equity Sensitive: These people prefer equity based on the originally formed theory.

Benevolent: These people are comfortable with an equity ratio less than their comparison with others.

Entitled: These people are comfortable with an equity ratio greater than their comparison with others.

New perspectives on equity theory A number of revisions to the equity theory have been made since its inception based on inputs from research. An important theoretical revision proposes three types of individuals based on their preference for equity (Husemen et al. 1987). *Equity sensitive* are those people who prefer equity based on the originally formed theory. Equity sensitivity contributes significantly to variation in free time spent working (McLoughlin and Carr 1997). *Benevolent* are people who are comfortable with an equity ratio less than their comparison with others. These people may be thought of as givers. *Entitled* are people who are comfortable with an equity ratio greater than their comparison with others. These people may be thought of as takers.

Equity theory has received considerable support in research and practice. Behavioural specialists have applied the equity theory model to explain why employees steal from their employers, why people become hostile at work, and why employees enact numerous other behaviours (Folger and Baron 1996; Greenberg 1993).

One of the clearest lessons from equity theory is that we need to treat people fairly in the distribution of organizational rewards. If the feeling of inequity is sufficiently strong, employees may put in less effort on the job, leave the organization, steal resources or time (e.g. absenteeism) or join a labour union to correct these inequities.

Unfortunately, maintaining a feeling of equity in the workplace is not an easy task. People have different levels of equity sensitivity as discussed earlier. They react differently to the same situation. Employees also have unique opinions regarding which inputs should be

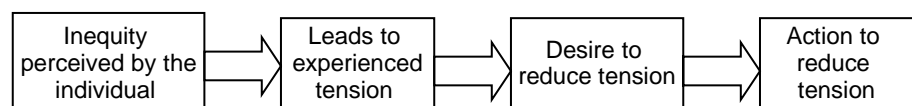


Figure 6.10
Inequity as a
Motivational Process

rewarded (e.g. seniority vs. performance) and which outcomes are more valuable than others (Vecchio and Terborg 1987). Overall, trying to maintain a feeling of equity in the workplace is always a challenging proposition.

Applications of Motivation

Motivating the behaviour of employees is one of the most important challenges faced by a manager. Managers can set goals, apply selective rewards such as gain sharing, redesigning jobs, and even reinforce routine behaviour by organizational behaviour modifications. In the earlier section, several theories of motivation were discussed with their implications for understanding human behaviour in organizations. To understand the principles of motivation, it is also important to understand the application of these constructs in the context of a real workplace and see how these theories can be operationalized.

Motivation by Goal Setting

Goals are future outcomes (results) that individuals and groups desire and strive to achieve (Locke and Latham 1990). An example of a goal is, “I would like to get a secure job for myself by the end of my management course.” Goal setting is the process of specifying desired outcomes towards which individuals, teams, departments, and organizations strive and is intended to increase efficiency and effectiveness.

The use of goals to motivate task accomplishment draws on two primary attributes: the content of the goal and the level of intensity in working towards it (Yearta et al. 1995).

Content—level of difficulty: Studies to find out the relationship between the level of difficulty of the goal and the performance of the seeker have proved that goals should be challenging enough to induce high levels of effort. Two researchers, while investigating the hypothesis “Given adequate ability and commitment, more difficult goals stimulate greater effort and performance than easier goals” (Wood et al. 1987), concluded that 172 of 192 laboratory and field research studies produced partial or full support for the hypothesis. Thus, managers while setting goals should keep in mind that goals should be challenging enough to generate high levels of effort.

Intensity—degree of participation: There can be three ways in which goals can be set: (1) when goals are assigned by the management, (2) where members are asked to participate in goal setting, and (3) when member are told to “do their best.” Research has proved that high performance results either when the management assigns goals or when members together set the goals. When members are assumed to do their best, it does not result in high performance (Locke and Latham 1969). When a manager gives an order to “do your best,” he is not generating a goal-setting process, as in the absence of a goal, there is nothing to measure and no way to compare the results with the target.

Why Are Goals Important?

In the competitive global business environment, the goal-setting process has become highly relevant. Goals are important because of the following reasons:

- *Goals guide and direct behaviour:* They act as a search light by increasing clarity and focusing efforts in specific direction, thereby reducing uncertainty.
- *Goals serve as an organizing function:* When goals are specified clearly, individuals organize themselves to make an effort to achieve the goals.
- *Goals provide benchmarks* and indicators against which the performance of individuals, teams, departments, and organizations are measured.
- *Goals may define the basis for organizational design:* They determine, in part, the communication pattern, authority relationships, power relationship, and the division of labour in organizations.

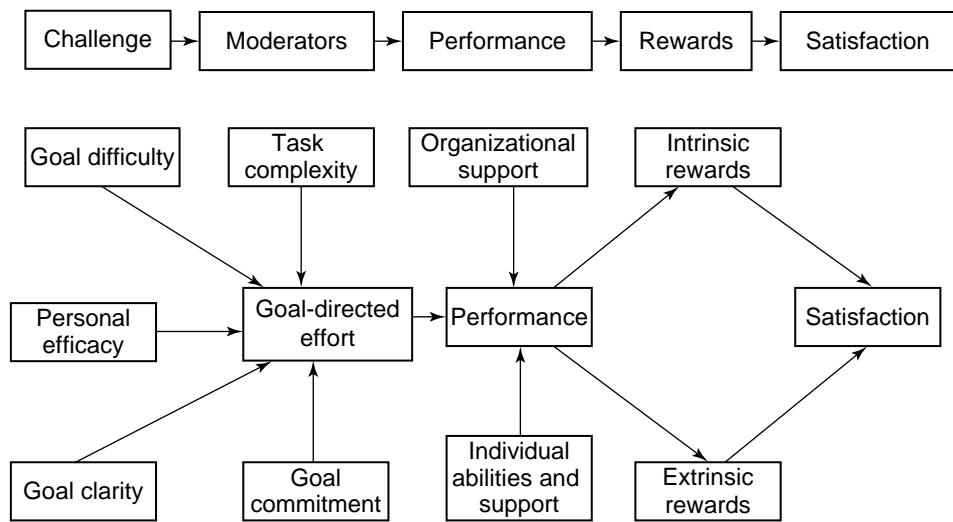


Figure 6.11
Process of Goal Setting

Thus, the goal-setting process is one of the most important motivation tools affecting the performance of employees in organizations. One of the widely accepted models of goal-setting process, developed by Locke and Latham (1990), gives an overview of the entire process in a simplified manner (Figure 6.11).

Basic Features of Goal-setting Process

1. *Challenge:* To motivate an employee to perform in an effective way, the goals should be challenging enough. To measure the extent of challenge, two attributes are important: goal difficulty and goal clarity. Besides these, the efficacy of the person pursuing the goal also determines the extent to which the goal is perceived as challenging.

2. *Moderators:* The relationship between goals and performance is affected by moderators such as:

- Ability—the performance of difficulty goals largely depends upon the ability of the individual.
- Goal commitment—this refers to an individual's determination to reach a goal, regardless of whether the goal was set by the person himself or someone else (Wright et al. 1994). Goal commitment is higher if employees participate in setting their goals and if they believe that the rewards that they get are contingent on achieving these goals. In case of inequity, the commitment to goal reduces.
- Organizational support—the support provided by organizations helps employees perform effectively. One such process is feedback, which provides information to employees and others about outcomes and the degree of employee performance (Vandewalle 2004). Feedback enables the individual to relate received rewards to those expected in terms of actual performance. This comparison, in turn, can influence changes in the degree of goal commitment.
- Task complexity—if the task is simple, the effort encouraged by challenging goals leads directly to high task performance. For complex tasks, effort does not lead directly to effective performance. It has to be decided where and how the effort is to be allocated.

3. *Mediators:* In the goal-setting process, the impact of the four moderators in achieving challenging goals is motivated by “direction of attention,” efforts exerted by the person, persistence or the willingness of a person to work over tasks and finally the task strategy, the way in which an individual—often through experience and instruction—decides to tackle tasks.

4. *Performance:* As per the above discussion, performance is likely to be high when (a) challenging goals have been set, (b) the moderators are present, and (c) the mediators are operating.

5. *Rewards*: Rewards are an important source of motivation if they are contingent on a high level of performance. They also act as an inducement for the employee to continue to perform at that level. Rewards can be external (bonuses, paid vacations, etc.) or internal (a sense of achievement, accomplishment, and a feeling of success).

6. *Satisfaction*: Many factors—including challenging work, interesting co-workers, salary, the opportunity to learn, and good working conditions—influence a person's satisfaction with the job. Sometimes, the difficulty level of the goal has a major role in employee satisfaction. A very difficult goal, which cannot be achieved easily results in dissatisfaction. Therefore, one may have to compromise on the difficulty level of the goal. However, some level of satisfaction is associated with simply striving for difficult goals, such as responding to a challenge, making some progress towards reaching the goals, and the belief that benefits may still be derived from the experience regardless of the outcome.

Limitations to Goal Setting

In spite of goal setting proving to increase performance in a variety of settings, it has some limitations as follows (Sheldon and Kasser 2001):

1. If the employee does not have the skills and abilities to carry out the performance to achieve a highly set goal, the goal-setting process does not work. To overcome this limitation, companies may have to introduce training programmes that facilitate the improvement of employee skills and abilities.
2. When employees are given complicated tasks that require a considerable amount of self-learning, successful goal-setting takes longer. Good performance on complicated tasks also requires the employees to remain focused on specific tasks without diverting attention.
3. When the goal-setting system rewards wrong behaviour, it can lead to major problems.

Goal Setting in Organizations

Employees who are more committed and satisfied with their companies are more likely to stay with the organization and accept the challenges it presents as compared to the ones who are less satisfied and committed. Turnover and absenteeism rates for satisfied individuals are low. If a satisfied employee becomes dissatisfied for any reason, the response of the employee may fall in any of the six categories:

1. Job avoidance (quitting)
2. Work avoidance (absenteeism, arriving late or leaving early)
3. Psychological defences (alcohol and/or drug abuse)
4. Constructive protest (complaining)
5. Defiance (refusing to do what is asked)
6. Aggression (theft or assault)

Quitting the job is the most common outcome of severe dissatisfaction (Cappelli 1999).

Management by Objectives

The formal process of management by objectives, popularly called MBO, is based on the philosophy that the manager and the managed ought to negotiate or collaborate on defining the objectives the employee has to pursue over a period. The concept originated with management guru Peter Drucker (1954) and was popularized by George Odiorne (1965, 1979). Numerous organizations adopt MBO as a formal management practice and link it to

Management by Objectives (MBO): MBO is based on the philosophy that the manager and the managed ought to negotiate or collaborate on defining the objectives the employee has to pursue over a period.

performance appraisals and compensation. As a practice, MBO crosschecks the objectives pursued by managers at different organizational levels and coordinates objectives from top to bottom.

The intent of MBO is threefold: (1) to strengthen planning, (2) to encourage participative decision making, and (3) to motivate performance of tasks that have a high payoff for the organization. In a formal MBO process, managers and subordinates typically employ four steps (Kondrasule 1981):

1. Agreement on key goals or objectives
2. Action planning to work on the objectives
3. Self-control and corrective actions to stay on the target
4. Periodic measurements, formal reviews, and performance appraisals

The MBO process is intended to give participants a clearer idea of organizational priorities. Ideally, people reporting to a manager who uses MBO are responsible for drafting individual job objectives. The manager, then, has to discuss each objective with subordinates until they mutually agree on the priorities and expected levels of accomplishments.

During their objective-setting review, the manager may discuss each of the objectives set by the subordinate in a sequential manner, weighing the objective in terms of its feasibility, applicability, and the availability of resources to achieve it. In theory, this process of mutually agreeing to objectives is one of collaboration. In practice, the manager may veto, change or impose objectives. In addition to collaborative effort in setting the objectives, it is important that both people have a shared expectation of what needs to be done during the next planning cycle. Then, it is necessary for both to periodically review progress towards achieving objectives and wherever necessary to make adjustments in their priorities or in the actions taken in pursuit of them (Roslund 1989).

Evaluating MBO

MBO works well if there is respect and trust between the subordinate and manager and if the subordinate keeps the manager informed of the progress and setbacks. If MBO is required by the organization, but not accepted by a manager and if the manager-subordinate relationship is strained or adversarial, then the process is risky. Authoritarian managers seldom change their style and can use objectives as a club. Formula-driven MBO may also reduce flexibility, increase conflict, diminish innovation, and consume time. And in a worst-case scenario, some jobs just don't have sufficient flexibility for a person's motivation and ability to really affect performance (Kelly 1983).

Reward System: Reinforcement or reward system is the process of managing behaviour by having a contingent consequence follow behaviour with the intent of promoting a consistent pattern of behavioural response.

Reward System for High Performance: Behaviour Modification

The process of goal setting requires cognitive involvement of the persons who are involved in it. The use of reward systems can be termed as a less-cognitive approach to modify, motivate or reshape behaviours. Reinforcement or reward system is the process of managing behaviour by having a contingent consequence follow behaviour with the intent of promoting a consistent pattern of behavioural response (Kazdin 1975). Reinforcement is the product of a behaviourism philosophy, meaning that behaviour is believed to be shaped by environmental consequences. Before discussing the behaviour modification model, it is essential to understand how rewards affect individual and team performance. The ability of the reward to motivate individuals or a team to high performance depends on six factors:

1. *Availability*—for rewards to be effective in generating motivation, they should be available in the right quality and quantity. If a desired reward is not available, it reduces the motivation level. The desired reward not being of the expected level also leads to the

lowering of motivation. This may sometimes lead to negative consequences like theft, lying, etc.

2. *Timeliness*—a reward that is not well timed does not affect the person's motivation. It is generally said that "Justice delayed is justice denied." A reward-motivating potential is reduced to the extent that it is separated in time from the performance that it is intended to reinforce.
3. *Performance Contingency*—the linkage between the reward and the performance should be clear. When the employee achieves the goals or objectives, he should be rewarded for that.
4. *Durability*—intrinsic rewards have a longer-lasting impact than extrinsic rewards. A sense of achievement, feeling of accomplishment, challenge, and accountability motivate a person for a longer duration as compared to pay raises.
5. *Equity*—the just and fair play by the organization instils a sense of commitment and loyalty to the organization among the employees. This results in enhanced motivation.
6. *Visibility*—when rewards are visible in the form of assignments to important committees or promotion to a new job, employees are confident about the availability and timeliness of rewards. To keep the level of motivation of employees high, management must ensure that rewards are visible throughout the organization.

Types of Rewards and Their Implications

As has been discussed, rewards play an important role in the process of motivating employees in an organization. Rewards fulfil a variety of needs, influence emotion, and shape or represent a person's self-identity. In order to motivate employees successfully, managers need to be knowledgeable about the types of rewards that can be provided to employees. Organizations reward their employees for their membership and seniority, job status, competencies, and performance.

Rewards Based on Membership and Seniority

The duration for which an employee stays in an organization, thereby determining his seniority, affects the kind of pay-packet that he is likely to receive. Many organizations reward their employees on the basis of the number of years they have served in the organization. Japanese firms typically increase every employee's pay rate for each year on the job or for age, although some companies are moving towards performance-based pay (Park 1996). Many Indian organizations try to use a combination of both seniority and performance based-pay.

Seniority-based rewards are attractive for the applicants and also provide a level of security that minimizes stress and builds loyalty (Newman and Krzystofiak 1998). The problem with seniority-based rewards is that they do not directly motivate job performance. They also discourage poor performers from quitting as they do not have better job options available. Instead, the good performers are attracted to better-paying jobs.

Rewards Based on Job Status

Companies try to evaluate the worth of each job in the process of job evaluation. Jobs which require high skills and abilities, have more responsibility, and difficult working conditions are placed higher in the order of importance and are rewarded more. Government-based jobs generally rely on the pay commission recommendations to reward high status. In the private sector, people at higher status jobs are rewarded with large offices, company-paid vehicles, and other attractive perks.

Rewards which are based on status motivate employees to work harder to compete for the higher position in the organizational hierarchy. This also minimizes pay discrimination

between the sexes by ensuring that jobs dominated by women receive similar pay as the jobs dominated by men in the organization. However, status-based rewards may create a psychological distance between employees and management, thereby inhibiting communications across these groups. They also encourage traditional hierarchy and are inconsistent with flatter organizational structures and the increasing emphasis on knowledge. Sometimes, the employees may create a façade of doing a good job by rewriting their job description and not by raising their productivity.

Rewards Based on Competency

Competencies are the skills, knowledge, and other underlying characteristics that lead to superior performance (Kochanski 1997). Competency-based rewards are the organizational rewards that are not based on status or position, but on skills, competence, and abilities of the employees. The employees are rewarded for their competencies such as customer service, technical knowledge, and creativity (Lawler 2000).

Skill-based pay plans represent a variation of competency-based pay. In skill-based pay plans, employees' pay rates increase with the number of skill modules they master (Murray and Gerhart 2000). Through special training and job rotation, employees learn how to operate another machine or complete another set of tasks. An employee's pay rate depends on the number of skill modules that he has mastered, not on the specific jobs performed on a particular day.

Rewards based on competency and skills improve flexibility as employees possess a variety of skills to move into different jobs as required. The quality of product or service also enhances because employees possess multiple skills to perform tasks.

This also facilitates continuous learning on the part of the employees leading to longer employability. The only problem that can arise is the subjectivity arising out of the measurement of competencies, particularly when the competencies are personality traits or values (Crumpley 1997).

Rewards Based on Performance

The rewards based on performance can be classified into individual rewards, team rewards, and organizational rewards (Table 6.3).

Individual rewards Piece rates are the wage rates calculated based on the number of units produced by the employees. The reward paid on the basis of sales volume is called commission. When a percentage of revenue is paid to the individual from the resource or work assigned to him, it is called royalty. Bonuses are offered for accomplishing specific tasks or achieving certain goals.

Team rewards Most companies now prefer to enforce a team-based reward system in place of individual rewards. One of the most popular team-based rewards is the gain-sharing plan. Gain-sharing motivates team members to reduce costs and increase labour efficiency in their work processes. Gain-sharing enhances team dynamics and pay satisfaction. They also

Table 6.3 Types of Rewards Based on Performance

Individual Reward	Team Reward	Organizational Reward
<ul style="list-style-type: none"> • Piece rate • Commissions • Royalties • Bonuses 	<ul style="list-style-type: none"> • Gain sharing • Bonuses 	<ul style="list-style-type: none"> • Stock ownership • Stock options • Profit sharing

add to strong effort–performance expectancy as most of the activities are under the control of the team. In other words, team members quickly learn that their work efficiencies increase the size of the gain-sharing bonus (Cooper and Dyck 1992).

Organizational rewards The most common organizational rewards are:

Employee stock ownership plans (ESOPs) These plans encourage employees to buy shares in the company, usually at a discounted price or with a zero-interest loan from the company. Employees are subsequently rewarded through dividends and market appreciation of these shares. It enables them to own stocks of their company and enjoy tax benefits. They can also use the ESOPs as security to obtain loans from financial institutions.

Organizations strategically plan their ESOP structure. It is a special incentive structure where a company creates a trust and makes regular contributions to the trust in the form of shares or cash. If the contribution is made in cash, the trustee-manager buys the company's shares from the secondary market. Each employee has a separate account to which the shares are credited. When an employee leaves the company, he receives the shares in his account. If the shares are not traded in the secondary market, the company has to buy back the shares from the employee at a fair price. They make annual contributions in a special trust set up for ESOPs. For example, Infosys has created an employee welfare trust to allocate shares to its employees. The company contributes to the trust, and the employees generally do not pay for these shares. The company continues to contribute to the trust until the employee quits, dies, retires or his services are terminated. Another example is that of Tata Technologies which provides fresh recruits with the benefit of ESOPs since they are the first to initiate work in a new venture.

Stock options These options give employees the right to purchase company stock at a future date at a predetermined price. Under a stock option plan, a company assigns options to its employees. The option gives employees the right to buy shares at a specified price during a specified period. These options are not traded on stock exchanges.

A company may, for instance, grant each employee the right to buy 500 shares at Rs 100 after 2 years. Employees will exercise their options only if the stock price in the secondary market is higher than Rs 100. If the secondary market price is lower, the option will be allowed to lapse. Stock options are typical examples of employee benefit plans in India. For example, Wipro provides its employees with the Wipro Employee Restricted Stock Unit Plan 2004, which is given to all eligible employees of the company, all its subsidiaries as well as to all the directors except promoter directors and directors who directly or indirectly hold more than 10% of the outstanding equity shares of the company. The objectives of this stock option are to attract, retain, and motivate talented employees; encourage employees to align individual performance with company objectives; reward employee performance with ownership in proportion to their contribution; and align employee interests with those of the organization.

Profit-sharing plans These plans consist of paying bonuses to the employees on the basis of the previous year's corporate profits. It is the process of sharing the profits earned by the organization with all the employees. Indirectly, all organizations follow the profit-sharing plan by giving out dividends.

Most companies that follow profit-sharing programmes report consistent productivity improvement. Profit-sharing increases productivity as it increases involvement in decision making, partly because of the financial incentives and partly because of the greater perceived employee ownership within firms. Profit-sharing incentive plans are practised in retail and FMCG sectors. Other sectors too implement the plan based on organizational policies.

Procter & Gamble was the first company in the United States to introduce a profit-sharing programme, in 1887. Today, approximately 25% of the company is owned by its former and current employees. Even workers in the manufacturing plants often own hundreds of thousands of dollars in company stock, thanks to a lucrative profit-sharing plan. In return, the

Employee Stock Ownership Plans: ESOPs

encourage employees to buy shares in the company, usually at a discounted price or with a zero-interest loan from the company.

Stock Options: These give employees the right to purchase company stock at a future date at a predetermined price.

Profit-sharing Plans:

These consist of paying bonuses to the employees on the basis of the previous year's corporate profits.

company gets an assurance that top-of-the-line employees (who could possibly make more in base salary elsewhere) will remain with the company for years to come.

Organizational rewards create an ownership culture in which employees feel aligned with the organization's success. Profit sharing helps to automatically adjust employee compensation with the firm's prosperity, thereby reducing the need for layoffs or negotiated pay reductions during recessions (Cheluis and Smith 1990).

The main disadvantage is that employees often perceive a weak connection between individual performance and corporate profits or the value of company shares. The rewards also fail to motivate employees when profits are negligible and when stock prices decline in bear markets. Morale may suffer in companies in such conditions (Leckey 2001).

Behaviour Modification as a Tool to Motivate Employees

Rewards systems are based on the assumptions that people in positions of authority can be taught to use environmental consequences to stimulate and shape the behaviours of people. This is termed as the *behaviour modification process*. When rewards or reinforcement is used to shape the behaviours of employees, an A–B–C model structured around antecedents, behaviours, and consequences is used.

Antecedents: “A” represents the antecedent condition or cue that precedes a set of behaviour alternatives—the stimulus or circumstance that invites a desired behaviour. The traffic light turning yellow, the alarm bell ringing, mobile reminding you of a meeting are all antecedent conditions.

Behaviour: “B” represents behaviour, which is the response to the antecedent conditions. Applying the car brakes, getting out of bed rather than going to sleep and showing up for the scheduled meeting on time are examples of behaviours that represent the desired responses to the antecedent cues.

Consequences: “C” represents environmental consequences that are contingent on appropriate behaviour. The consequences can be classified as follows:

Positive reinforcement—positive reinforcement occurs when a manager showers public praise on a subordinate for submitting a sound report.

Negative reinforcement—negative reinforcement reduces or avoids a potential negative outcome. Negative reinforcement occurs when a person shows up on time for work to avoid having her pay docked. Punishment is used to decrease an undesired behaviour.

Omission—omission is a neutral response to either a desired or undesired behaviour. The law of effect advocates that consequences should immediately follow behaviour to reinforce the link between the two. With repeated reinforcement over time, the desired behaviour becomes systematic.

Box 6.3 discusses some unique efforts initiated by HCL Technologies Ltd under the leadership of current CEO Vineet Nayar to retain a motivated workforce.

Job Design Affecting Work Outcomes

Job design refers to the process of assigning tasks to a job, including the interdependency of these tasks with other jobs. A job is a set of tasks performed by one person. The scientific management approach advocated by Frederick W. Taylor provided a methodology to structure highly specialized jobs, which simplified hiring, training, and supervising people with the requisite capabilities. Scientific management provided orderliness to the work of organization (Wrenge and Perroni 1974). In keeping with the principles of scientific management, job design has historically involved analysing a complex task, then breaking it down into specific subtasks. One or more of these specific subtasks or jobs are then combined into departmental work units, where managers oversee the work of employees (Hammer 1990).

Antecedents: “A” represents the antecedent condition or cue that precedes a set of behaviour alternatives—the stimulus or circumstance that invites a desired behaviour.

Behaviour: “B” represents behaviour which is the response to the antecedent conditions.

Consequences: “C” represents environmental consequences, that are contingent on appropriate behaviour.

BOX 6.3 MOTIVATION AT HCL TECHNOLOGIES

CEO of HCL Technologies Ltd, Vineet Nayar, has created a unique organizational culture where employees come first and customers second. In a survey conducted at HCL as part of a one-of-a-kind upward evaluation process, employees rated him as an excellent motivator and highly committed to building a good team.

At HCL, in a very different kind of 360-degree evaluation process, every employee rates his boss, his boss's boss and three other managers. The results of the survey are available online on the company intranet. The complaints can range from having a problem with the incentive to having a problem with the boss. The information is then routed to the concerned person. In addition to this, an employee can post or comment on any subject at a public platform "U and I." Based on the complaints of the employees, immediate action is sought. Each employee in the company has to go through the "expectation management" programme, which deals with the expectations of both customers and employees. Nayar firmly believes that winners in today's environment will be those that cater to the demands of the customers. He aims to build an organization that comprises

of high-quality employees who are skilled and dedicated to customer value creation.

Nayar has concluded that what he calls the "effort-based" model of Indian IT up to now will not succeed in the long term. That's why IBM and other global IT companies now have their own local employees and can match many long-time Indian cost advantages. He wants to make HCL, which employs 20% of its workforce overseas, the most sought after employer in the country. He has complete faith in his employees and firmly believes that the ideas that will guide HCL into the future will come not from him, but from below.

His humility is marked by the letter that he wrote to his employees on completing 21 years in the company, thanking them and asking to be excused in case he has harmed anyone intentionally or unintentionally. He says that he is there as long as he has the support and confidence of all employees.

Source: Adapted from Kilpatrick, David (2006). "The world's most modern management—in India", 14 April. Available at http://money.cnn.com/2006/04/13/magazines/fortune/fastforward_fortune/index.htm. Accessed October 2008.

Two important dimensions used for describing all types of jobs are task scope and depth. *Task scope* describes the horizontal characteristics of the job or the degree of variety in the activities a person is expected to perform. A job narrow in scope has few activities. A typist's job will only require him to type the material that has been assigned to him, whereas the job of a computer operator would entail a lot more than just typing the content.

Task depth addresses how much vertical responsibility or individual accountability is expected in a job. Depth increases when the employee is given more responsibility to schedule the sequence of work, to initiate self-control if activities or output begin to get out of balance, to identify and solve problems as they occur or to originate innovative ways of improving the process or the output.

Different dimensions of the job affect the attitude of workers, their willingness to perform, the productivity and reliability of their work output, and the corresponding side effects such as accidents, absenteeism, and job stress.

Job design draws heavily on motivation theory. Certain aspects of job design which affect the motivation level of employees in organization include the following:

- Job rotation
- Job enlargement
- Job enrichment
- Job characteristics model

Job Rotation

The process of job rotation involves moving workers in a systematic way from one job to another in order to provide more interesting and satisfying work. The assumption laid by the supporters of this approach is that by helping the employee move across a wide variety of tasks, it helps in the development of large array of job skills, thereby providing the organization with greater flexibility.

The critiques of this model propose that the process of shifting employees from one job to another only enhances the monotony of work and nothing else. It does not bring about any value addition to the skill set of employees as they are not learning anything new in the process. Those who propose the concept of job specialization would also argue that job

Job Rotation: The process of job rotation involves moving workers in a systematic way from one job to another in order to provide more interest and satisfaction at work.

rotation may adversely affect efficiency as one is not taking full advantage of the proficiency that evolves from specializing in one job.

Job Enlargement: The process of job enlargement, also known as horizontal loading of the job, aims to expand the worker's job to include the tasks which were previously performed by other workers.

Job Enlargement

The process of job enlargement, also known as horizontal loading of the job, aims to expand the worker's job to include the tasks which were previously performed by other workers. The rationale provided is that this reduces the monotony and boredom of performing the earlier, narrowly defined job and increases variety and interest because of increased number of tasks to be performed. However, this approach has often failed to live up to its anticipated expectations as it was found that enlarged jobs were no more than a collection of simple routine tasks (Campion and McClelland 1993).

Job Enrichment: The process of job enrichment accounts for adding more variety of tasks to be performed in addition to granting the worker more control over the job.

Job Enrichment

As a result of the inability of the process of job rotation and job enlargement to generate interest in the tasks to be performed, a more effective approach to deal with the problems of job design called job enrichment was generated. This concept was an outgrowth of Herzberg's dual factor theory of motivation (discussed earlier) and was also referred as vertical loading of the job. According to Herzberg, if factors such as sense of achievement, responsibility, and recognition, which are also known as motivators are added to the task in hand, it tends to enhance the positive job-related experiences. The process of job enrichment accounts for adding more variety of tasks to be performed in addition to granting the worker more control over the job.

Herzberg (1968, 1974) suggested the process of enriching the job by adding the following to the job:

- *Accountability:* The person performing the job should remain accountable or responsible for the job.
- *Achievement:* The task should provide a person with a feeling that it is worthwhile to achieve the goal.
- *Control over resources:* The individual should have control over the resources to be utilized for the purpose of accomplishing the objectives.
- *Feedback:* There should be continuous inflow of clear feedback to the individual about performance.
- *Workplace:* The individual should be able to decide the pace and techniques to be used at the workplace while performing tasks.

There are mixed reports about the success of job enrichment as an approach to job design. There are reports of early success of the programme at AT&T in the United States and ICI in United Kingdom, but there are reports which suggest that many organizations found the approach to be too costly to implement and that it did not live up to the expectations (Griffin 1982).

The Job Characteristics Model

One of the integrated theories of job design developed by Hackman and his colleagues (1976) helps managers understand and build into the workplace conditions that will inspire people to turn in high-quality performances. The model provided by them termed as the Job Characteristic model (Figure 6.12), identifies five core job dimensions that produce three psychological states. Employees who experience these psychological states tend to have higher level of internal work motivation (motivation from the work itself), job satisfaction (particularly, satisfaction with the work itself), high quality work performance, and lowered rate of absenteeism and turnover ultimately leading to work effectiveness.

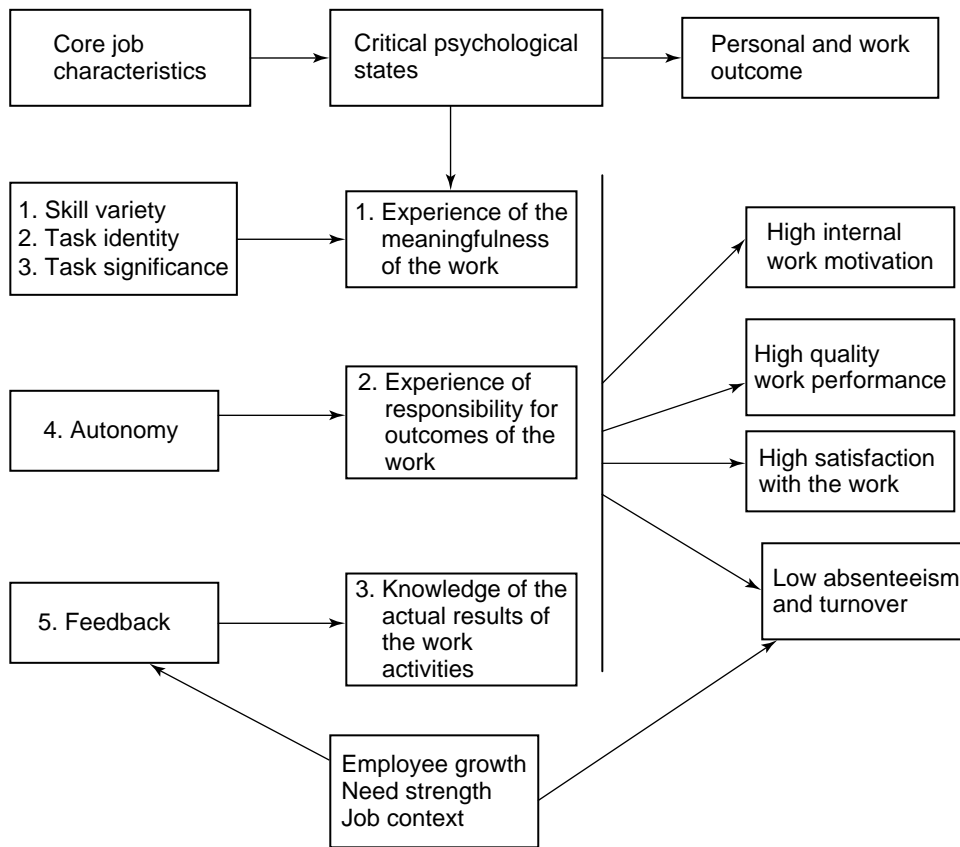


Figure 6.12
The Job Characteristics Model

Core job dimensions: These are the underlying characteristics of a job that relate to a person's involvement, motivation, performance, and satisfaction (Hackman and Lawler 1971). These dimensions include autonomy, the degree of control one has over the job; task variety, the degree to which the job requires performing multiple tasks; task identity, the extent to which a person has a whole task to complete; feedback, the information available about progress and results of personal efforts; and task significance, the degree to which the task is important for the incumbent. If a job possesses these dimensions, a self-motivated individual has a sense of satisfaction from the job.

Psychological States: The above-mentioned five job dimensions affect the motivation and satisfaction of employees by generating three psychological states (John et al. 1992):

- *Experienced meaningfulness*—this occurs when an individual perceives the work as worthwhile or in tune with personal values (influenced by skill variety, task identity, and task significance).
- *Experienced responsibility*—it is realized when a person feels personally accountable for the outcomes of his efforts (influenced by autonomy).
- *Knowledge of results*—it is experienced when an individual can determine on a fairly regular basis whether the performance outcomes of his work are satisfactory (influenced by feedback dimension).

Employee growth-need strength is an indicator of the degree to which individuals' value complex, challenging work. Employees with low-growth need strength develop a favourable impression of the improvement in their jobs but it may not be as high as for employees with high-growth need strength.

Autonomy: The degree of control one has over the job.

Task Variety: The degree to which the job requires performing multiple tasks.

Task Identity: The extent to which a person has a whole task to complete.

Feedback: The information available about progress and results of personal efforts.

Task Significance: The degree to which the task is important for the incumbent.

Techniques to Enhance Jobs Through Redesign

Four techniques which can be used to enhance jobs through redesign, thereby leading to improved motivation and satisfaction are discussed here:

Combine tasks This technique is also called job enlargement, where to improve skill variety, task identity, and interdependence, tasks that have become overly specialized and fragmented over time are combined. The tasks could be combined in a way where one individual performs the entire task or by establishing teams in which members periodically switch tasks. The tasks which now no longer add value or have become redundant need to be eliminated.

Load jobs vertically Employees are empowered by giving them responsibility for planning, executing, and adjusting work activities. A manager can give autonomy to the staff members to schedule their own work, decide on work methods, take care of the problems, and supervise others. This improves the facet of autonomy and, therefore, adds to motivation and satisfaction.

Open feedback channels Employees should be able to receive all possible feedback about the factors that affect their work. Managers should be able to develop systems where this becomes feasible. The best sources of feedback are the job itself, peers, and computerized databases.

Form natural work teams Regardless of the work flow sequence, bringing people together as a team enhances identification with the whole task and creates a sense of shared responsibility.

Obstacles in Job Design

In spite of all the potential benefits, job design is not easy to implement. Employees sometimes have a distorted view of the perceived job characteristics as stated by the scholars because of their own attitudes (Wong et al. 1998). Job design interventions also face resistance to change. Supervisors fear that they may have to change their roles and fear job insecurity.

Other related problems pertain to specialization of jobs. These may improve work efficiency but performance may fall if specialization reduces employee motivation. Job enrichment may increase recruiting and training costs, whereas specialization may increase payroll costs if companies provide discontent pay to entice people to boring jobs (Durham 1977).

Empowerment: Empowerment describes conditions that enable people to feel competent and in control, energized to take initiatives, and persist at meaningful tasks.

Motivation by Empowerment

Many individuals today have learnt to be self-motivated and self-empowered—seizing opportunities to make their work more meaningful and more willing to make choices, experiment, and have an impact on the organization.

Empowerment describes conditions that enable people to feel competent and in control, energized to take initiatives, and persist at meaningful tasks (Conger and Kanungo 1988). Empowerment can come from self, peers or a manager. Empowerment attempts to bring about positive self-esteem, self-efficacy, and task-directed behaviours (Figure 6.13). Box 6.4 highlights the process of empowering employees at Tata Steel.

Self-initiated empowerment People who are intrinsically motivated usually initiate personal efforts to expand the nature of their jobs and power. They are entrepreneurs who are willing to take chances and work actively. They like to improve organizational processes and products by adding value to the tasks assigned to them.

Empowerment by others Colleagues and co-workers have an impact on individuals. One feels empowered in a group when one is respected and treated as a professional. Individuals are

BOX 6.4 MOTIVATING EMPLOYEES AT TATA STEEL

Tata Steel, a much-admired global player in the steel industry, is also one of the best Indian companies to work for. The company has put in place a formalized personal development programme to cater to the training and motivation needs of all its employees. Some of the initiatives taken to increase motivation levels of employees are talent review and job rotation systems, compensation linked to performance management system, and leadership opportunities in quality circles. Another unique feature is its transparent and credible communication system. Queries and concerns of employees are sorted out using videoconferencing, MD

Online, conferences, seminars, special dialogues with senior management, etc.

These initiatives have ensured that employees take ownership of processes and meet targets. They love to come to work, however tough the challenges.

Source: Adapted from Tata Steel Press Release, "Tata Steel ranks 6th on the list of top 10 employees in India, 29 August 2003. Available at www.tata.com/tata_steel/releases/20030829.htm (accessed 18 June 2008).

empowered when peers seek their advice, confide in them, and include them in their projects from which they can learn and initiate contacts with others.

Empowerment by managers The behaviour of the manager is the most important source of empowerment. The empowering manager gives power and autonomy to his subordinates and enables them to be self-motivated. Information is shared with subordinates. One of the major empowering factors today is the role of information technology and systems that allow employees to have access to all the desirable information. Managers who deliberately work towards empowering employees give them the licence to pursue their vision, to champion projects, and to improve practices consistent with organizational missions and goals. The manager who treats his subordinates as partners and shares responsibilities with them is likely to get the best from them (Cohen and Bradford 1984).

The initiation of empowerment leads to changes in self and task-related behaviours. Self-concept is the way you think about yourself or how you see yourself in a role. Self-esteem is how you generally feel about your own worthiness, and self-efficacy is an individual's self-perceived ability to perform a certain type of task. The feeling of self-efficacy is important because it influences performance and a sense of personal well-being (Bandura 1977). On the basis of these states being provoked, the individual displays a self-initiated task behaviour and persistence in trying to achieve the objectives with adaptability and flexibility.

Outcome of Empowerment

The empowered person undergoes two types of personal changes. One of them is motivation enhancement and the other is manifestation of active problem-solving behaviour. Empowered individuals are more energized and committed to a goal. They experience self-efficacy

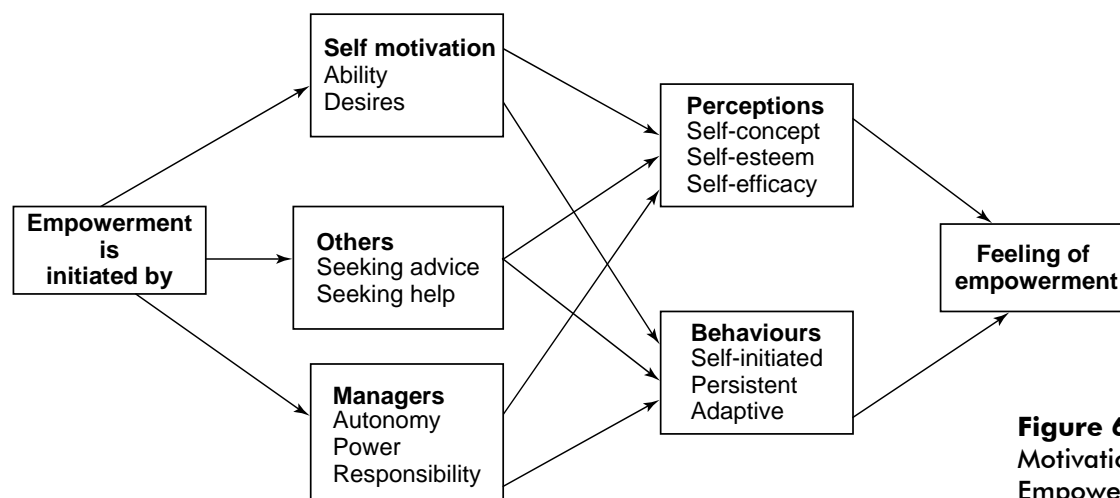


Figure 6.13
Motivation by
Empowerment

and a feeling of positive self-being. The empowered person is more flexible in behaviour, tries alternative paths when one is blocked and eagerly initiates new tasks and adds complexity to the current ones (Thomas and Velthouse 1990).

Expectancy motivation comes into play in empowerment whenever a person raises questions about himself and the task at hands. Managers help bring about empowerment when they encourage their people to diminish such bureaucratic thoughts as “It’s not my responsibility” or “It’s beyond my control” or the classic “It wasn’t invented here.”

■ Summary

The concept of motivation refers to the forces within the person that affect his direction, intensity, and persistence of voluntary behaviours. Several theories seek to identify the individual’s needs and motives and suggest how each activates different behaviour. The content models of motivation focus on the “what” of motivation. Maslow’s theory focuses on five different needs arranged in a hierarchical order and defines needs as deficiency reduction agents. Herzberg classifies needs as hygiene factors and motivators and claims that simply providing for hygiene or maintenance does not motivate. Only motivators—the source of satisfaction found in the work itself—will motivate. Alderfer classifies needs into three non-hierarchical categories: existence, relatedness, and growth. David McClelland contends that people will constantly engage in activities that satisfy their dominant motives such as a need for power, achievement, and affiliation. Managers do well to draw on socialized power needs, and entrepreneurs usually have high achievement needs.

The process models of motivation describe the “how” of the process of motivation. Among them, expectancy theory explains how individuals evaluate effort–performance–outcome relationships in making behaviour choices. Equity theory focuses on the fairness of rewards received regardless of the need, motive or expectancy.

Managers have found many ways to apply and extend the fundamental theories of motivation. One of the most common applications of motivation theory is goal setting. Participation

in goal setting by the process of management by objectives leads to high levels of motivation and performance. If the goals are clear, specific, and challenging, the performance of people leads to superior results.

The other direct application of motivational theories is through reward system for high performance. Through the use of organizational behaviour modification, the desired behaviour can be achieved by linking it up with appropriate reinforcement. Organizations are increasing the use of performance-based compensation systems such as gain sharing or profit sharing that focuses on entire business units rather than the individual or the department.

Employees can increase the motivating potential by adding task depth and task scope to their jobs. Jobs can be redesigned in a variety of ways like combining tasks, loading them vertically, giving open feedback, and forming natural teams. This would, in turn, add to high levels motivation of employees. Various strategies are used by managers to enhance motivation such as job rotation, job enlargement, job enrichment, and job characteristics model.

The most latest and abstract addition of application of motivation is the use of empowerment. Empowerment enables people to feel competent and in control of their work by granting them authority, providing information, and reducing bureaucratic restrictions.

■ Key Terms

Antecedents: “A” represents the antecedent condition or cue that precedes a set of behaviour alternatives—the stimulus or circumstance that invites a desired behaviour.

Autonomy: The degree of control one has over one’s job.

Behaviour: “B” represents behaviour which is the response to the antecedent conditions.

Belongingness needs: These needs include the needs for love, affection, and interaction with other people.

Benevolent: People who are comfortable with an equity ratio less than their comparison with other.

Consequences: “C” represents environmental consequences that are contingent on appropriate behaviour.

Content theories of motivation: Content theories of motivation basically focus on what motivates employees in organization.

Employee stock ownership plans: ESOPs encourage employees to buy shares in the company, usually at a discounted price or with a zero-interest loan from the company.

Empowerment: Empowerment describes conditions that enable people to feel competent and in control, energized to take initiatives, and persist at meaningful tasks.

Entitled: People who are comfortable with an equity ratio greater than their comparison with others.

Esteem needs: These needs include self-esteem through personal achievement as well as social esteem through recognition and respect from others.

Equity: In the equity condition, the individual would believe that his outcome/input ratio is similar to that of his co-worker.

Equity sensitive: Those people who prefer equity based on the originally formed theory.

Existence needs: They refer to basic survival needs that everyone must satisfy to maintain life.

Expectancy: Expectancy represents an individual's belief that a particular level of performance will be followed by a particular degree of effort.

Expectancy theory: A process motivation theory based on the idea that work effort is directed towards behaviours that people believe will lead to desired outcomes.

Feedback: The information available about progress and results of personal efforts.

Growth needs: They involve personal development and a sense of self-worth.

Hygiene factors: Hygiene factors are those basic factors surrounding the job—therefore, also called extrinsic factors, including job security, working conditions, organizational rules and policies, relationship with co-workers, supervisors, salary, quality of supervisions—that if lacking can cause dissatisfaction.

Instrumentality: Instrumentality represents a person's belief that a particular outcome is contingent on accomplishing a specific level of performance.

Job enlargement: The process of job enlargement, also known as horizontal loading of the job, aims to expand the worker's job to include the tasks which were previously performed by other workers.

Job enrichment: The process of job enrichment accounts for adding more variety of tasks to be performed in addition to granting the worker more control over his job.

Job rotation: The process of job rotation involves moving workers in a systematic way from one job to another in order to provide more interest and satisfaction at work.

Management By Objectives: MBO is based on the philosophy that the manager and the managed ought to negotiate or collaborate on defining the objectives that the employee has to pursue over the next time period.

Motivation: Motivation refers to the forces within a person that affect his direction, intensity, and persistence of voluntary behaviour.

Motivator factors: Motivator factors are the factors that are internal to the job—therefore, also called intrinsic factors, including job challenge, responsibility, autonomy, achievement, advancement, recognition—that if present provide a feeling of satisfaction.

Need: Need is a state in a person's life that triggers action and activates behaviour.

Over-reward inequity: An individual may experience over-reward inequity when he learns that he is earning more than his co-worker in spite of the same effort.

Physiological or physical needs: These have been classified as lower-order needs and include the need for food, air, water, and shelter.

Process theories of motivation: Process theories of motivation focus on how the employees in an organization can be motivated.

Profit sharing plans: This option consists of paying bonuses to the employees on the basis of the previous year's corporate profits.

Relatedness needs: They draw people into interpersonal contact for social-emotional acceptance, caring, and status.

Reward system: Reinforcement or reward system is the process of managing behaviour by having a contingent consequence follow behaviour with the intent of promoting a consistent pattern of behavioural response.

Safety needs: Safety needs are needs for a secure and stable environment and the absence of pain, threat or illness.

Self-actualization needs: This represents the need for self-fulfilment—a sense that a person's potentials have been realized.

Stock options: They give employees the right to purchase company stock at a future date at a predetermined price.

Task identity: The extent to which a person has a whole task to complete.

Task significance: The degree to which the task is important for the incumbent.

Task variety: The degree to which the job requires performing multiple tasks.

The achievement motive (nAch): People with high need for achievement are self-motivated. They would like to be involved with tasks that offer them more scope for accomplishment.

The affiliation motive (nAff): People with high need for affiliation find satisfaction in the quality of their social and interpersonal relationships.

The power motive (nPower): Power is the ability to influence others to behave as we want them to. People with high need for power feel satisfied in situations where they can influence and control others.

Under-reward inequity: A person experiences under-reward inequity when he finds that his co-worker has received higher outcomes (pay) for inputs that were probably identical to his.

Valence: Valence refers to the positive or negative value that people place on outcomes.

Discussion Questions

- Under what circumstances do needs serve as reliable motivators at work? Which theory based on needs do you believe to be the most useful to managers? Why?
- Suppose an executive makes three statements: “Entrepreneurs are driven by achievement motivation,” “Managers in big firms need to be power motivated,” and “Affiliation-motivated people make lousy managers.” Explain the underlying validity of the three observations.
- What are the three key variables in expectancy theory? Discuss with the help of an example how these three variables get operationalized to develop motivation among individuals.
- What are the differences between the four basic types of reinforcement: positive, negative, punishment, and omission? Why is positive reinforcement advocated more than punishment?
- In the light of the recent ban on smoking in public places in India, the management of a firm wants to help people quit smoking. You have been asked to devise an OB mod programme using reinforcement to help people quit alcohol. What steps would you recommend?
- How does the process of job design help managers motivate their employees in business organizations?
- “When the managers in an organization actively work to empower their people, there is little need to be concerned about individual motivation.” Critically evaluate this statement.
- Pawan argues, “For every worker, there is one best motivational application to drive performance.” Sana responds, “Nonsense—there is no single best way to motivate anyone.” Who is correct? Explain.

Exercise

Measuring Your Equity Sensitivity

Instructions

Read each statement below and circle the responses that you believe best reflects your position regarding that statement. Use the following key for your responses.

- 1—Strongly Agree
- 2—Agree
- 3—Neutral
- 4—Disagree
- 5—Strongly Disagree

Statement		Responses				
1.	I prefer to do as little as possible at work while getting as much as I can from my employer.	1	2	3	4	5
2.	I am satisfied at work when I have to do as little as possible.	1	2	3	4	5
3.	When I am at my job, I think of ways to get out of work.	1	2	3	4	5
4.	If I could get away with it, I would try to work just a little bit slower than the boss expects.	1	2	3	4	5
5.	It is really satisfying to me when I can get something for nothing at work.	1	2	3	4	5
6.	Smart employees get as much as they can while giving as little as possible in return.	1	2	3	4	5
7.	Employees who are more concerned about what they can get from their employers rather than what they can give to their employers are the wisest.	1	2	3	4	5
8.	When I have completed my task for the day, I help other employees who have yet to complete their tasks.	1	2	3	4	5
9.	Even if I receive low wages and poor benefits from my employers, I would still try to do my best at my job.	1	2	3	4	5
10.	If I had to work hard all day at my job, I would probably quit.	1	2	3	4	5
11.	I feel obligated to do more than I am paid to do at work.	1	2	3	4	5
12.	At work, my greatest concern is whether I am doing the best job I can.	1	2	3	4	5
13.	A job that requires me to be busy during the day is better than a job that allows me a lot of time for loafing.	1	2	3	4	5
14.	At work, I feel uneasy when there is little work for me to do.	1	2	3	4	5
15.	I would become very dissatisfied with my job if I had little or no work to do.	1	2	3	4	5
16.	All other things being equal, it is better to have a job with lots of duties and responsibilities than one with few duties and responsibilities.	1	2	3	4	5

Scoring Key for Equity Sensitivity

To score this equity scale, complete the three steps below.

Step 1: Write your circled numbers for the items indicated below, and add them to determine the subtotal A

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 10.

Subtotal A

Step 2: The remaining items in the equity sensitivity scale need to be reverse scored. To calculate the reverse score, subtract the direct score from 6. For example if you have a score of 4 in one of these items, the reverse score would be

2 (i.e. 6–4). Calculate the reverse score for items indicated below and write them in space provided. Then, calculate the subtotal by adding these reverse scores.

- 8.
- 9.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.

Subtotal B

Calculate the total score by summing subtotal A and subtotal B.

Subtotal A: _____

Subtotal B: _____

Total: _____

Field Projects

1. Analyse the motivational practices of an organization. Discuss the extent to which they are effective in maintaining the morale of the employees. Based on your learning of organizational behaviour concepts, suggest some methods of improvement.
2. In groups of 3–4, conduct a survey of any organization to find out the differential level of needs among the three

levels of management (top, middle, and lower), if any. Also, find out what strategies organizations can adopt to help employees meet these needs. Prepare a report and present it to the class.

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CHAPTER 7

Work Stress

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concept of stress with the help of general adaptation syndrome.
2. Diagnose the nature and types of stress.
3. Identify and discuss the causes of stress with emphasis on personal, organizational, and environmental factors.
4. Highlight and discuss the physiological, psychological, and behavioural consequences of stress.
5. Outline the strategies that individuals and organizations use to cope with stress.

A Day at All Time Services

The shrill ring of the telephone woke up Vikas Sethi. It was 1 a.m. His heart missed a beat for the fear of unknown when he picked up the phone. It was the security guard of his office building and he sounded very tense. He had found the back door of the office open and wanted Vikas to come there as soon as possible. Vikas wondered as to what could have gone wrong and started to get ready to leave. The call had woken up his wife. She glared at him and indicated without saying a word that he lock the door from outside.

Vikas was the general manager of All Time Services which began its operations 8 years ago. The company was in the business of providing services to customers anytime, anywhere. The owner, Seema Rastogi, had lost her husband 10 years ago and had started All Time Services to support her two children who were now teenagers. Vikas and Navneet Sikand, the operations manager, were the first two employees recruited by Seema. The total staff strength was 28 now.

While driving towards his office, Vikas tried to reflect on his work. His days at work had become monotonous and so full of work that he was exhausted by the time he reached home. The frustration was so much that it was affecting his behaviour at home. Arguments with his wife had increased lately, and he often found himself scolding his two children for minor things that would not have had an impact on him earlier.

There had been a major crisis in the office 2 days ago. The chairperson reached the office in a state of fury and demanded the monthly report which she had to present in the board meeting. She had to review the report so that she was prepared to answer the questions posed by the board. The report was to have been prepared by Vikas, but he had not been able to complete it on account of other work pressures. He blamed himself internally for his oversight. After the chairperson had left, Vikas went to Navneet to tell him that he needed a clerical person to help him out with this kind of routine work. Navneet was of the opinion that the company was already over-staffed and with so many competitors in the same field, it had become difficult to get new clients. He observed that they were also losing their permanent clients to competitors. The expenses on additional manpower would only make matters worse. Vikas agreed with him in principle but also commented that he found the current workforce inefficient. Navneet took these remarks personally as he felt that Vikas was hinting at the performance of two new employees who were hired on Navneet's recommendation. This led to an argument between the two which ended up in Vikas walking out of Navneet's room.

When Vikas came out of his room in the afternoon, he saw three customers waiting at the front office with no one to attend them. He attended to their needs personally. After the customers had departed, he went to look for the three front office attendants who were supposed to be at the reception. He found two of them sitting at the coffee



bar and one attending to a personal call on his mobile. This sent his blood boiling, and he summoned all three of them to his office. He yelled at them and demanded an explanation. They kept their heads down and said nothing. He then called their supervisor Naman Malhotra to account for this. Naman had been with the company for the past 4 years and was considered an asset to the organization. Vikas asked Naman for an explanation. Naman replied that he had no control over the attendants as they were directly reporting to Navneet. Whenever he would try to ask them for reasons for their misconduct, Navneet would interfere and ask Naman to mind his own business. Naman complained that he was losing all control over his subordinates. Vikas was thoroughly frustrated by this time, but he still tried to keep his cool.

Before leaving in the evening, he called on his secretary (appointed on Navneet's recommendation) and asked for the letters that he had asked her to type. While going through the letter, Vikas noticed two glaring mistakes that had changed the entire context of the letter. He decided to stay back and retype the letter.

As he drove down to his office after the telephone call from the office guard, he wondered how the grave mistake of leaving the backdoor open could have happened. Who was the last person to leave the office? As far as he could remember, when he left yesterday, Navneet was the only person remaining in the office. So, was Navneet responsible or could it be someone else?

For Discussion

1. What symptoms of stress is Vikas exhibiting in this situation?
2. Is Vikas exhibiting any symptoms of bias in this situation? If yes. How?
3. Identify the sources of stress for Vikas. Is he responsible himself for this?
4. How can Vikas improve the situation and manage his stress?
5. How could the organization help Vikas alleviate his stress?

Introduction

In a multinational bank, the work of a newly married typist becomes erratic because of the emotional conflict she is going through with her husband. In an automobile shop floor, a skilled worker asks for a transfer to a semi-skilled job as he is not able to work with the idiosyncrasies of his supervisor.

These situations illustrate stressful conditions which have to be dealt with very cautiously in an organization. This chapter will help us understand what stress is and how it affects job performance.

Work stress can have a disastrous effect on the quality of life and the quality of work life. It has no boundaries. It can affect men and women, executives and presidents, and people of all nationalities. The American Institute of Stress estimates that about \$300 billion is lost every year because of work-related stress and its after-effects—lower productivity, higher employee turnover, higher absenteeism, medical costs, and alcoholism (Galinsky et al. 2001).

Routine cardiac screening at the Escorts Heart Institute in Delhi suggests that most executives of corporations are highly stressed out. According to the CEO of Bajaj Electricals, Shekhar Bajaj, “finally corporate India is waking up to the fact that a lot of human potential is being drained away because of stress and burnout” (Chowdhary and Menon 1997).

Stress is created by a multitude of overlapping factors such as quantitative or qualitative work overloads, ethical dilemmas, difficult relationships with bosses and colleagues, and uncertainties in life. Although stress can sometimes act as a stimulant and challenge us (eustress), too much stress for too long a time has a negative impact on both our work life and our personal life (distress). The notion of management of stress basically focuses on the management of distress.

What Is Stress?

When confronted with an uncomfortable situation like appearing for an interview, giving a formal speech, missing a deadline or ending of an important relationship, different people will have different feelings and reactions—some negative and some positive. Stress refers to

Distress: When the response to an uncomfortable situation is in the form of a deviation from healthy functioning, the state is called distress.

Eustress: The reaction, which activates and motivates people to achieve their goals, change their environment, and face life's challenges, is called eustress.

General Adaptation Syndrome: It provides an automatic defence system to help cope with the demands of the environment. It consists of three stages—alarm reaction, resistance, and exhaustion.

the body's physiological, emotional, and psychological responses to an individual's well-being. When the response is in the form of a deviation from healthy functioning, the state is called *distress* (Quick et al. 1997). The reaction which activates and motivates people to achieve their goals, change their environment, and face life's challenges is called *eustress*. In other words, this is the stress that is required for survival. However, most research focuses on distress because it is a significant concern in the organizational setting (Sauter and Murphy 1995).

General Adaptation Syndrome

Dr Hans Selye (1974), a pioneer in stress research, concluded that physiological response to stressful situations is fairly consistent among people. This response is called *general adaptation syndrome*, and it provides an automatic defence system to help cope with the demands of the environment. There are three stages as per the general adaptation syndrome:

Stage 1, Alarm Reaction: Whenever there is a stimulus—for example, a speeding vehicle on the road while one tries to cross the road, facing an interview without much preparation, etc.—the brain sends a biochemical message to various parts of the body, which results in different physiological reactions. Some of these reactions include increased respiration rate, blood pressure, heart beat, and muscle tension. The person's energy level and coping effectiveness decreases because of the initial shock. Extreme shock in this situation may lead to incapacitation or sometimes even to death as the body is unable to generate enough energy quickly. In most of the cases, the alarm reaction alerts the person to the environmental conditions and preparation is made for the resistance stage.

Stage 2, Resistance: During this stage, the capacity of the body to cope with the demands of the environment increases above the normal level because the body activates various biochemicals, psychological, and behavioural mechanisms. For example, there is higher-than-normal secretion of adrenalin during this stage, which gives more energy to remove or overcome the source of stress.

Stage 3, Exhaustion: This stage is achieved if the sources of stress persist for a longer period than usual, which ultimately diminishes or lowers the individual's capacity to resist the stress. Employees resolve tense situations before the destructive consequences of stress becomes manifest, or they withdraw from the stressful situation, rebuild their survival capacity, and later return to the stressful environment with renewed energy. However, people who frequently experience the stages of the general adaptation syndrome have increased risk of long-term physiological and psychological damage (Taylor et al. 1997).

Nature of Stress

An individual experiences stress when she perceives the presence of the factor creating stress as representing a demand that may exceed her ability to respond. The factors that cause stress have been referred to as *stressors*. When individuals are under stress, their reaction varies from physiological, psychological to behavioural responses, as have been discussed earlier.

Fight-or-Flight Response

As a result of the reaction to stress, breathing and the heart rate changes and brain activity goes up to allow the brain to function maximally. Hearing and sight become more acute and muscles ready themselves for action. These biochemical and bodily changes represent a natural reaction to environmental stressors: the fight-or-flight response (Bryant and Harvey 2000). When a predator attacks an animal in a forest, it has two choices: either to fight back or to flee. The animal's bodily response to the stressors (predators) increases its chances of survival.

The human nervous system responds in the same way to stressors from the environment. This response enables survival in a true emergency. However, for most people most of the time, the predators are imaginary rather than real. In a work situation, for example, a fight-or-flight response isn't usually appropriate. If an employee receives an unpleasant work

assignment from a manager, physically assaulting the manager or storming angrily out of the office is obviously inappropriate. Instead, the employee is expected to accept the assignment calmly and do the best job possible. Remaining calm and performing effectively may be especially difficult when the employee perceives the assignment as threatening and the body is prepared to act accordingly.

Experiencing Stress

How an individual is going to experience stress is determined by a number of factors. Figure 7.1 identifies four major factors: (1) an individual's perception of the situation, (2) the past experience, (3) existence of social support, and (4) individual differences.

Perception of stressors: One of the major factors that determine the extent to which stress will be experienced depends upon one's perception of the situation. Consider this example. Two employees in a multinational organization are relocated to different states in India. One of them may perceive this to be a challenge and a scope to gain new knowledge and insights. He may view it positively and, therefore, may not experience distress. The second one may look at it as a punishment imposed by the authorities to delimit his competencies and expose his weaknesses and perceive it negatively and, therefore, experience distress.

Past experience: Depending on the familiarity with the situation and his prior experiences with the stressors, an individual may perceive a situation to be more or less stressful. As a result of past experience or training, an individual may be able to deal with the new situation more calmly and competently as compared to a less-experienced or inadequately trained individual. For example, if a department is going in for total computerization, an employee who has expertise in the use of computers might be far less stressed out than another employee who does not have prior experience of working with computers.

Social support: The presence or absence of other people influences how individuals in the workplace experience stress and respond to stressors (Zahn-Waxler 1998). If the co-workers or the colleagues in a stressful situation behave confidently, it may give an impetus to the individual to cope with the stressful situation more calmly as compared to another situation in which the colleagues behave in an irritable and aggressive manner under stress. The presence of social support in the form of an understanding boss, colleagues, family, and friends plays a very significant role in the process of alleviating distress.

Individual differences: Since individuals are different from each other (as discussed in earlier chapters), their propensity to experience stress also differs significantly from each other. Individual differences in motivation, attitude, personality, and abilities influence whether employees experience stress and if they do, how they respond to it. Personality characteristics, in particular, may explain some of the differences in the way those employees experience and respond to stress. For example, the Big Five personality factors are important parameters that determine individual responses to various stressors in the work setting. Individuals on one extreme of adjustment (described as stable and confident) are more likely to cope well with a wide variety of work stressors; individuals at the other extreme (described as nervous and self-doubting) typically have greater difficulty in coping with the same stressors.

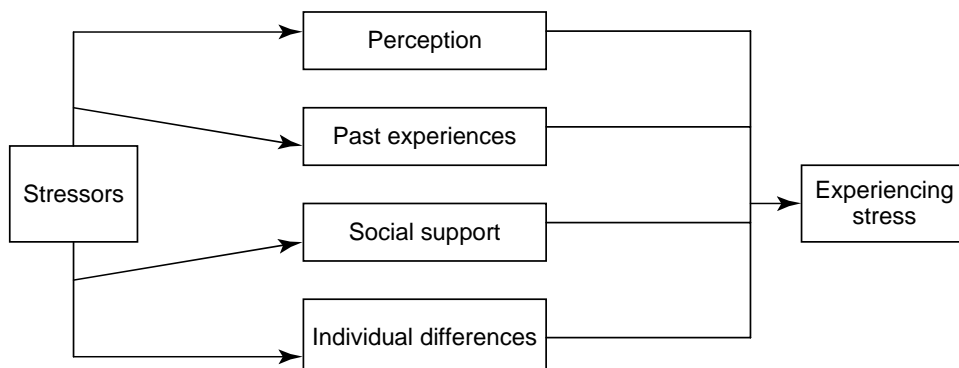
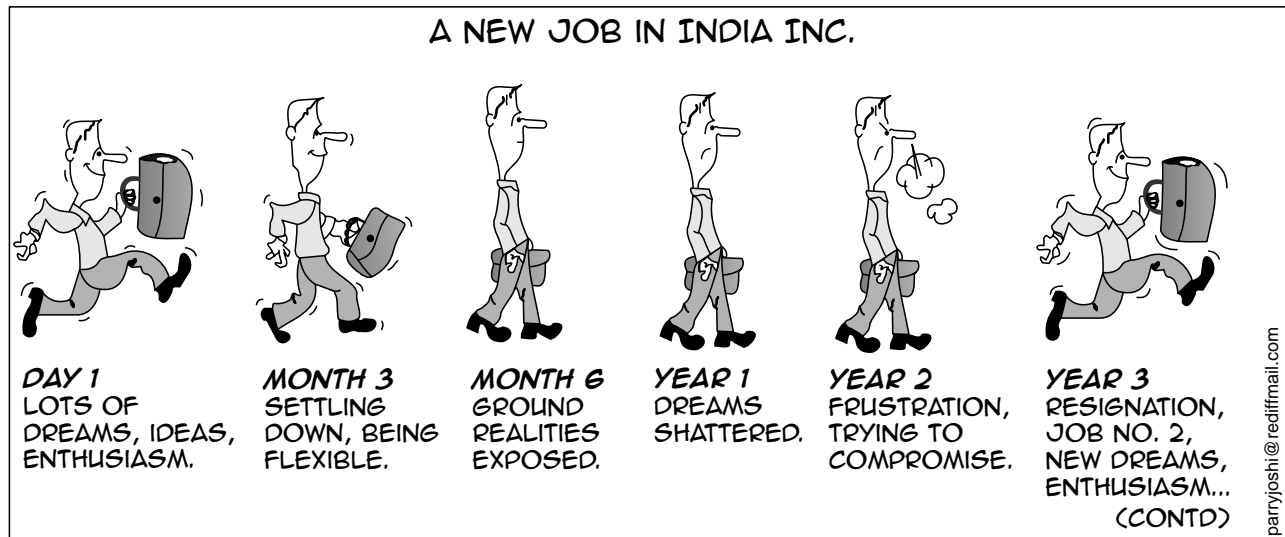


Figure 7.1
Factors That Determine
Stress Experienced by
Individuals



Courtesy Parimal Joshi. Reproduced with permission.

Types of Stress

The degree of stress experienced depends on many factors (Lazarus and Folkman 1984). First, the demand must be perceived (people must be aware that it exists) as threatening (having the potential to hurt them if they do not react appropriately). Second, the threat must be to something that is important to people (has the potential to substantially affect their well-being). Finally, people experiencing the threatening demand must be uncertain about the outcome (not sure if they can deal with it effectively). Based on the stress experienced, it has been classified into various types:

Constructive Versus Destructive Stress: The form of stress which has a negative impact on the state of mind and the physical systems is called *destructive stress*. Stress that has a positive impact resulting in a feeling of excitement and enthusiasm is called *constructive stress*.

Constructive Versus Destructive Stress

The word *stress* often has a negative connotation. It generally refers to aggravated feelings because of unpleasant experiences. The impact of distress, which has been discussed earlier in the chapter, includes ulcers, heart attacks, depression, and suicide. Distress is the destructive form of stress.

On the other hand, sometimes, stress also has a positive impact, resulting in a feeling of excitement and enthusiasm. This is also known as eustress or constructive stress. Some degree of emotional or psychological arousal is necessary to motivate us for most of our daily activities. This constructive stress gives us the energy to excel in our work and to be creative (Quick and Quick 1984).

Episodic Versus Chronic Stress: The pattern of high degrees of stress followed by an interval of relief is referred to as *episodic stress*. Chronic stress is one in which a person faces stress continuously and he can neither fight nor flee.

Episodic Versus Chronic Stress

Throughout a normal day, week, month or year, we are likely to experience a wide range of stress levels, from crisis to relaxation, as we react to deadlines, emergencies, and vacations.

The pattern of high degrees of stress followed by an interval of relief is referred to as *episodic stress*. We endure anxiety, cope with the challenges, and then relax. An elevated level of stress is necessary during crisis situations as it creates a sense of readiness to fight or flee followed by a period of relaxation and renewal.

Unfortunately, the patterns of stress people face because of job insecurity, cost of living, deadlines, and poor relationships are continuous. These types of situations produce what is known as *chronic stress* in which a person can neither fight nor flee. This stress is constant and additive. The after-effects of such stress may vary from aggression and irritability to just bearing the pressure calmly. The cost of maintaining continuously high levels of chronic stress is often a serious health breakdown (Archer 1991).

Causes of Stress

Employees can experience stress both from their work life and from their personal life. These sources interact with each other to give rise to various stress symptoms. Stress in our daily life is the result of many interacting factors. We as individuals with some exclusive personality traits contribute towards generating stress. The organizational environment may also play host to potential stressors. The minor or major changes that occur in the external environment may also contribute towards generation of stress. The major contributors to stress are depicted in Figure 7.2.

Personality and Stress

Personality plays a significant role in how we perceive stress. An experience that is stressful for one person may be part of a normal days work for another. Our personality types play a critical role in determining our reactions to stress.

Type A Personality

Cardiologists Meyer Friedman and Ray Rosenman have identified two different personality types and have labelled them Type A and Type B (Friedman and Rosenman 1974). The main characteristics of people with Type A personality are that they are impatient, competitive, aggressive, restless and under intense perceived time pressure, always attempting to accomplish several things at once. The Type B personalities do not feel rushed even under pressure and they take things in a more relaxed manner and enjoy a variety of non-work-oriented activities.

As Type A personalities tend to work under tight deadlines and devote long hours to accomplishing their duties and responsibilities, they achieve promotions at a very rapid speed. Initially, they report a high level of job satisfaction and do not report a high incidence of health problems (Lee et al. 1990). However, they seldom manage to retain good health for a long time and, therefore, do not generally reach top-level positions in organizations. The reasons for these can be ascribed to the fact that they do not spend much time on the analysis of complex problems and this impatience and hostility produces stress and discomfort for those with whom they work. As a result of this, most successful business executives at the top level are Type B individuals who are more patient and try to maintain pleasant interpersonal relationships with their employees to maintain organizational harmony (Jackson 1988).

Type A and Type B

Personalities: The major characteristics of Type A personalities are that they are impatient, competitive, aggressive, restless, and under intense perceived time pressure, always attempting to accomplish several things at once. The Type B personalities do not feel rushed even under pressure; they take things in a more relaxed manner and enjoy a variety of non-work-oriented activities.

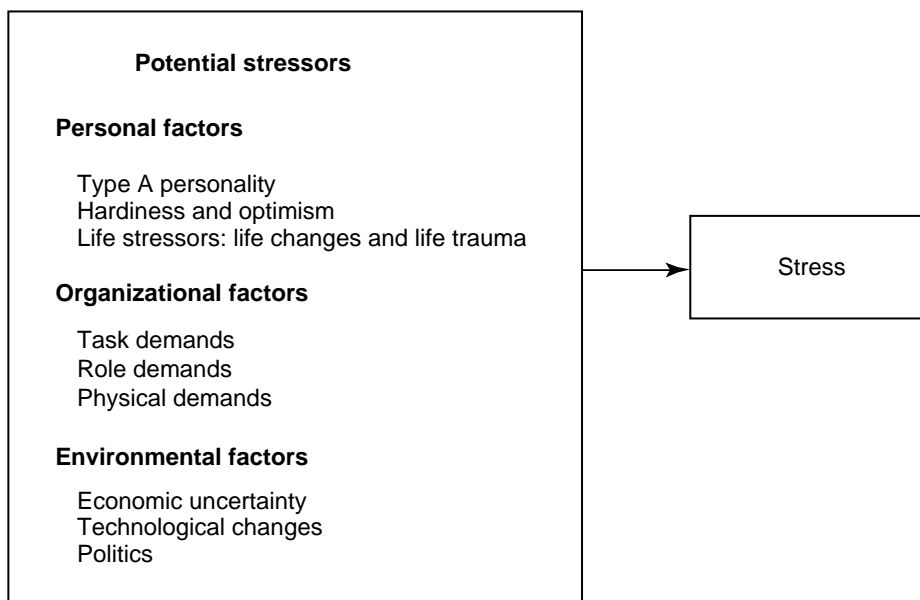


Figure 7.2
Sources of Stress

CASELET

Type A and Type B Personalities: A Contrast

The examples given below clearly differentiate individuals with Type A and Type B personalities.

Rohit Khanna, executive vice president of an FMCG company, gets up at 5.00 a.m., is at the office by 6.30 a.m. and grabs just a burger or a sandwich at lunch, if he gets time. He has a tendency to schedule meetings very close to each other, so that he can attend them one after the other. He generally schedules a business appointment for dinner at 9.30 p.m. and goes home by 11.30 p.m. He sleeps for only 4–5 hours daily and complains frequently of disturbed sleep. Rohit is an example of an individual with a Type A personality.

Samita Jain, executive director of a multinational bank, gets up at 6 a.m. and goes for a morning walk. She is back

at 7 a.m. and reads the newspaper for half an hour, gets ready for the office, takes her breakfast and is in the office at 9 a.m. She starts off with a review meeting with colleagues and subordinates which lasts for approximately 15 minutes. She, then, attends a few scheduled meetings and takes her lunch at 1.30 p.m. with her friends at the office cafeteria. She finishes her office work and is home at around 7.30 p.m. to spend time with her family. She helps her children with their homework, watches TV, and goes off to sleep at 11 p.m. Samita is an example of an individual with Type B personality.

Studies show that individuals who possess Type A personality like Rohit Khanna are more prone to stress-related disorders and ailments when compared to individuals with a Type B personality.

Out of all the characteristics of Type A personalities, hostility and anger are the most “toxic” contributors to coronary heart disease for both men and women (Williams Jr 1984). Type A managers need to be more open to feedback about themselves and try to make positive changes based on the feedback. Suggestions would include being less distrustful of others and not doubting their motives; trying to reduce the intensity of their anger, frustration, and rage; and learning to treat others with kindness and consideration (Williams 1989).

Hardiness: Hardiness is a 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.

Optimism: Optimism is the extent to which a person sees life in positive or negative terms.

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 a 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 as 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.

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. 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.

Other research suggests that women are perhaps more prone to experience the psychological effects of stress, whereas men may report more physical effects. Finally, some studies suggest that people who see themselves as complex individuals are better able to handle stress than people who view themselves as relatively simple. 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.

Life Stressors

Stress in an organizational setting can also be influenced by events that take place outside the organization. Life stressors generally are categorized in terms of life change and life trauma.

Life Changes

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 (1967) reasoned that major changes in a person's life could lead to stress and eventually to disease.

Holmes and Rahe identified a list of life events (a partial list is presented in Table 7.1) that can have a major or minor impact on individuals. They assigned points to each of these events depending on their intensity. There are 42 life events identified by them. Each event's point value supposedly reflects the event's impact on the individual. At one extreme, a spouse's death, assumed to be the most traumatic event considered, is assigned a point value of 100. At the other extreme, minor violations of the law rank only 11 points. The points themselves represent life change units, or LCUs. Note also that the list includes negative events (divorce and trouble with the boss) as well as positive ones (marriage and vacations).

Holmes and Rahe argued that a person can handle a certain threshold of LCUs, but beyond that level problems can set in. In particular, they suggest that people who encounter more than 150 LCUs in a given year will experience a decline in their health the following year. A score of between 150 and 300 LCUs supposedly carries a 50% chance of major illness, while the chance of major illness is said to increase to 70% if the number of LCUs exceed 300. These ideas offer some insight into the potential impact of stress and underscore our limitations in coping with stressful events. However, research on Holmes and Rahe's proposals has provided only mixed support.

In another research, it was proposed that stressful life events along with the cognitive appraisal and the personality characteristics of the individual will lead to the development of personal life stress. However, the essential requirement is that these events have to be accurately perceived and interpreted by the individual under stress (Bhagat 1983).

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 attitudes, emotions or

Life Change: A life change is any meaningful change in a person's personal or work situation.

Life Trauma: A life trauma is any upheaval in an individual's life that alters his attitudes, emotions or behaviour.

Table 7.1 Stress Impact of Life Changes as Measured by Life Change Units

Life Events	Mean Life Change Units
Death of spouse	100
Divorce	73
Marital separation	65
Imprisonment	63
Death of a close family member	63
Marriage	50
Being fired from job	47
Marital reconciliation	45
Gain of new family members	39
Major business readjustment	39
Death of a close friend	37
Change to a different career	36
Beginning or ending formal schooling	26
Trouble with boss	23
Change in residence	20
Minor violation of the law	11

behaviours. 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, a person learns that she has developed arthritis and this will limit her favourite activity, swimming. Her dismay over the news may translate into stress at work. Similarly, a worker going through a family break-up will almost certainly go through difficult periods, some of which will affect his job performance. For example, the experience of Vikas Bhalla, an automobile engineer, depicts how personal and organizational factors collectively add up to the levels of stress a person may have to go through. Vikas felt that he was doing quite well in his job and making valuable contributions to the company he worked for. However, his performance appraisal appeared to be bland and he did not get the kind of raise he was expecting. At the same time, his wife left him to go to stay with her parents and filed for divorce. As a result of all this, he started losing interest in his job and ultimately was held responsible for a major breakdown in the plant. So many different problems were hitting Vikas simultaneously and he began to show signs of stress.

Organizational Factors

Stress at the organizational level can emanate from different factors. A few of these are discussed in this section.

Task Demands: Stress from task demands emerge from the change enforced on the employees with respect to the demands of their job.

Role Demands: Job role demands include impossible work loads, idle period of time, job ambiguity, and conflicting performance expectations.

Overload: When there is an expectation from the organization to accomplish more than the ability of the person, it results in work overload.

Underload: Underload occurs when people have insufficient work to fill their time or are not allowed to use enough of their skills and abilities.

Role Conflict: Role conflict exists when job functions contain duties or responsibilities that conflict with one another.

Task demands: Stress from the task demand emerges from changes enforced on employees. Change often brings in uncertainty and unpredictability. Change emerges from changes in the economic condition, technology, leadership, and structure. Any kind of change requires adjustments from the employees. If one is not able to respond to these changes effectively, it adds on to the level of stress.

Role demands: Certain negative characteristics of a person's role at work can increase the likelihood of his experiencing stress. Job role demands include high work loads, idle period of time, job ambiguity, and conflicting performance expectations. Sona Khanna is a fine example of how excessive demands at work can stress out employees. A shift in-charge in an electronics plant, Sona is stressed out by frequent emergencies and conflicts at work. She hardly has any authority to match her responsibility. A medical examination after she fainted at work revealed that she was suffering from high blood pressure. Stress caused by the excessive demands at work had started affecting her health.

Overload: When there is an expectation from the organization to accomplish more than the ability of the person, it results in work overload. It has been found that for top- and middle-level managers, unreasonable deadlines and constant pressure are the frequent stressors in their jobs (Zemke 1991). Quantitative overload exists when people are requested to do more work than they can comfortably do in the allocated time, and qualitative overload happens when the job requires them to perform beyond their levels of competence and skills.

Underload: Most people wish to remain occupied and face optimum challenges while performing their jobs. Work underload occurs when people have insufficient work to fill their time or are not allowed to use enough of their skills and abilities. Employees who are underloaded often feel bored, weary, are prone to injury, and frequently absent from work. Machine-based assembly lines are an example of such a work environment. Operating nuclear power plants involves periods of boredom that must be endured simultaneously with sufficient alertness to respond to potential emergencies. Awareness of the costs of an ineffective response to an emergency makes these jobs all the more stressful (Cooper 1987).

Role conflict: Role conflict exists when job functions contains duties or responsibilities that conflict with one another. It is most commonly found among middle managers, who find themselves caught between top-level management and lower-level managers (Giordano et al. 1979). A typical example of a role conflict would be when an employee has to decide between the demands made by the boss to put in extra effort while doing the job or a demand made

by the colleagues to restrain one's effort while doing the job. Sometimes, role conflict is also experienced when one has to act contrary to one's own belief and value system; for example, when an individual is expected to take unethical or illegal decisions to safeguard the interests of the organization at the cost of his own principles and beliefs.

Role conflict brings about increased tension and reduced satisfaction to the person concerned. In addition, it also destroys the level of trust and respect between the two parties concerned, especially the one who is exerting conflicting role pressures on the role incumbent. The results of this in the form of decreased morale and social and psychological pressure can prove to be very costly for the person and the organization.

Physical demands: The physical demands of the workplace can also have a devastating impact on the mental and physical health of the employees. Poor working conditions in the form of extreme temperatures, loud noises, too much or too little lighting, radiation, and air pollutants are some examples of working conditions that can take a toll on employees. The first impact of these factors is on job performance, which starts deteriorating. High travel demands or long-distance commuting, excessive travel, and long hours all add up to increased stress and reduced performance. In addition to this, advancements in technology which provides immense relief and efficiency to people who are proficient at it can cause damage and stress to those who are averse to it.

With the increase in the number of call centres and business process outsourcing firms (BPOs) in the business environment, the threat of physical demands on employees has increased in intensity and can be the cause of stress-related disorders if not checked immediately. Box 7.1 describes stress-related disorders affecting BPO employees in the high-pressure outsourcing business environment.

Career development: One of the major sources of stress in organizations today is the aspiration level of employees. The issues related to career planning and development such as job security, promotions, transfers and other developmental processes like under-promotion (failure to grow in the job as per the aspiration levels) or over-promotions (promotion to a job that exceeds the competency levels of employees) can create high anxiety and stress among the persons concerned. Whenever any change is introduced in the organization, employees are concerned about its effects on their future. The employees experience many career-related concerns such as, "Will I be able to contribute effectively in the new job? Is there a possibility of growth? Is the new job secure?" These concerns are the main sources of stress among them.

Organizational politics: Each and every employee of the organization is a part of a formal or an informal group or team. Good working relationship with peers, subordinates, and superiors is very crucial for the successful performance of the organization and also to help employees to achieve their personal and organizational goals. The disregard for each other in the organization results in rude behaviour and becomes a cause for stress. A high level of

Career Development:

The issues related to career planning and development such as job security, promotions, transfers, and other developmental processes like under-promotion or over-promotion can create anxiety and stress among the persons concerned.

BOX 7.1 BPO WORKERS AND STRESS

Business process outsourcing firms (BPOs) in India have become a fertile ground for stress-related disorders. Irregular working hours, lack of sleep, irate customers, lack of motivating factors are some of the main stressors affecting employees in the BPO industry, despite the employees having put in their best. A predominantly young workforce not exposed to life-skill development and stress-handling abilities has only added to the woes of the outsourcing industry.

The industry is plagued with high rates of absenteeism with an estimated 60 to 70 workers per 1,000 IT/ITES workers availing sick leave per day in India. Somatized depression, with symptoms such as dullness, low morale, lack of self-esteem, lack of confidence, sleeplessness, poor appetite, unexplained

aches and gastric-related problems, has been found to be the main cause of absenteeism.

Companies have a crucial role in creating a stress-free workplace. They should ensure that employees are not exposed to injuries at work and try to foster a creative and challenging work environment. Team leaders have the crucial role of helping each member become an integral part of the team by giving them challenging, but accomplishable goals.

Sources: Adapted from Tejaswi, Mini Joseph (2005). "Most BPO workers suffer from stress", 28 November, Times News Network. Available at <http://timesofindia.indiatimes.com/article-show/1309913.cms> (accessed October 2008).

BOX 7.2 SEXUAL HARASSMENT AT THE WORKPLACE

Sexual harassment is one of the most pressing concerns facing companies the world over. In the US, most companies have adopted stringent policies to ensure that they are not mired in lengthy and expensive lawsuits. Indian companies are also waking up to the seriousness of this issue as more and more women enter the workforce. The problem in India also impacts the lives of the 92% of women in the country who work in the unorganized sector as well as the women who work in the organized corporate sector. The Supreme Court in a landmark judgement *Sexual Harassment of Women at Workplace in Vishakha & Others vs. State of Rajasthan & Others* ruled that sexual harassment is violative of the fundamental rights under Article 19(1) (g) "to practice any profession or to carry out any occupation, trade or business". It equated the right to life as a right to life with dignity.

Since the government has come out strongly against harassment, Indian companies have been forced to lay

down stringent rules preventing it. At Wipro, a Complaints Committee with three women employees looks into the matter. New recruits are given a complete rundown on how "to behave or not behave with women employees." Even sending unsavoury e-mail messages is censured by companies.

Companies should have clear-cut policies that identify what includes sexual harassment, procedures for dealing with it, and appropriate punishment for those who engage in this behaviour. Indian companies should adopt a zero-tolerance policy towards any form of harassment in the workplace.

Source: Adapted from Mehra, Preeti and Anjali Prayag (2002). "Lewd Comments? Leering Stares? Physical Overtures? Help!" *Business Line*, 12 August. Available at www.thehindubusinessline.com/life/2002/08/12/stories/2002081200100100.htm (accessed on 2 June 2008).

political behaviour or office politics can also be a source of stress for managers and employees. A by-product of power struggles within an organization is heightened competition and increased stress for participants. Managers who are caught up in power games and political alliances also pass on pressure to subordinates (Matteson and Ivancevich 1987).

Aggressive behaviour: A very common form of aggressive behaviour in organizations is observed in the form of violence and sexual harassment. Aggressive behaviour that intentionally threatens or causes physical harm to other employees has been defined as workplace violence. It has been found to be one of the major sources of stress in firms (Atkinson 2001).

Sexual harassment is unwanted contact or communication of a sexual nature (Mink 2000). Today, with more number of women employees entering the corporate world, this issue has become very pertinent and has to be dealt with in right ways (see Box 7.2). Management, therefore, has a strong responsibility to prevent sexual harassment from happening in organizations. If at all it occurs, it has to be dealt with quickly and firmly. Ignoring genuine complaints can prove to be costly. Mitsubishi had to pay \$34 million to 350 female workers at its Illinois plant because it repeatedly ignored their complaints about a sexually hostile working environment. Infosys had to make a \$3 million payout to settle a sexual harassment case filed against it and its former director, Phaneesh Murthy.

Aggressive Behaviour:

A very common form of aggressive behaviour in organizations can be observed in the form of violence and sexual harassment.

Sexual Harassment: Sexual harassment is unwanted contact or communication of a sexual nature.

Environmental Factors

The environment in which the organizations operate has a profound impact on their working. The economic, political, and technological events happening in the external environment cause stress in varying degrees as they have many uncertainties associated with them. The anxiety aroused by uncertain environmental factors carries over into the workplace and then to our personal lives. Some of these factors are included here.

Economic uncertainty: Downsizing, rightsizing, retrenchment, restructuring, etc. are all done in the name of efficiency and cost reduction to improve profitability. The employees who are made redundant as a result of these exercises are forced to look for other means of sustenance. With the regulatory announcement made by the government, organizations are left to find ways to manage these uncertainties which can cause anxiety and stress both for the employer and the employees.

Technological changes: Advancements in technology in the form of automation, computerization, and robotics has contributed immensely to the productivity and profitability of organizations. However, it also has caused displacement of skilled workers who have to

Economic Uncertainty:

Downsizing, rightsizing, retrenchment, restructuring, and so on are all done in the name of efficiency and cost reduction to improve profitability.

now unlearn and learn new skills to match up with the expectations of the organization. The knowledge of advanced technology also creates a disparity between the new breed of workers and the old masters of the game. Older employees are generally resistant to learning necessary technical skills and competing against the younger employees who are proficient in them. This gap creates a feeling of negativity and antagonism between the two breeds of workers, thereby generating stress.

Political uncertainty: Political disturbance in the external environment has tremendous impact on the working of business organizations. The philosophies, policies, and the systems approved by the political party which is in power determine the ways organizations have to operate. This is more visible in government-funded organizations like aerospace, defence, and science and technology. Even unemployed persons can feel stressed out about political uncertainties as they might affect their social security and welfare.

Technological Changes: Advancements in technology in the form of automation, computerization, and robotics.

Political Uncertainty: Political disturbance in the external environment has tremendous impact on the working of business organizations.

Consequences of Stress

Unhealthy chronic stress can result in physiological, psychological, and behavioural changes in individuals. Some of these symptoms remain unnoticed for a very long period of time. Individuals who rely on fast-track living tend to assume these symptoms as a part of their life style and, therefore, keep avoiding it for a very long period. Since the symptoms of stress are so varied, they may be overlooked or mistaken. Special attention should be paid to prolonged headaches, elevated blood pressure, fatigue, and depression (Schwimmer 1991). The physiological, psychological, and behavioural consequences of stress are depicted in Figure 7.3.

Physiological Consequences

The physiological consequences of stress include heightened blood pressure, increased pulse rate, sweating, hot and cold flashes, headaches, and gastrointestinal disorders. Medical experts have attributed more than 50% of illnesses such as ulcers, arthritis, and allergies to stress. A very high correlation has been observed between job dissatisfaction and heart diseases among workers from more than 40 different occupations (Fletcher 1988).

Besides this, stress-related illnesses are a heavy load on individuals and organizations. The cost is borne not only by individuals but by organizations as well. The cost to the employer

Physiological Consequences: The symptoms of stress as a part of physiological consequences include heightened blood pressure, increased pulse rate, sweating, hot and cold flashes, headaches, and gastrointestinal disorders.

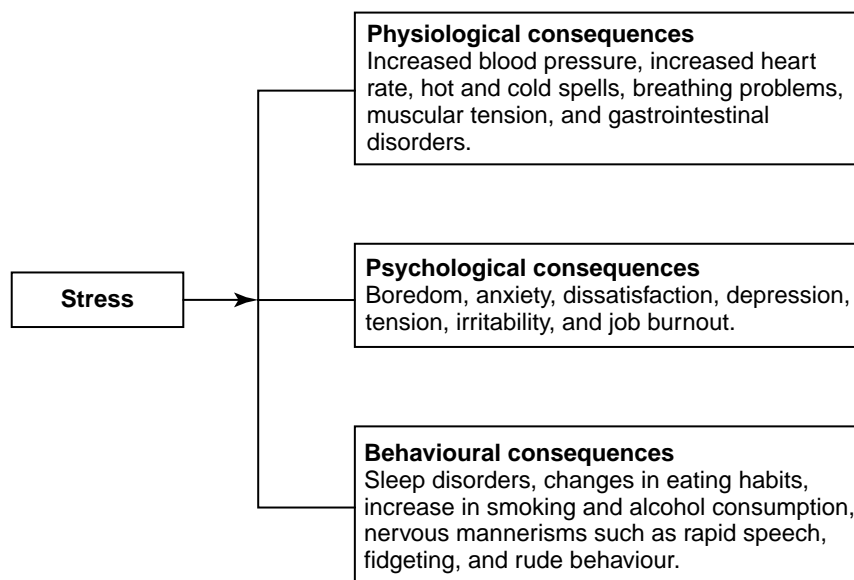


Figure 7.3
Consequences of Stress

can be visualized from three different perspectives. The first cost could be in terms of health insurance that the employer has to pay for very serious illnesses such as heart disease. Secondly, the majority of the accidents caused by employees in the workplace setting could be because of the emotional turmoil the employee is going through. Thirdly, there could be legal hassles between the employer and the employee because of stress-related worker compensation claims.

Psychological Consequences:

Excessive amounts of stress in organizations can cause boredom, dissatisfaction, anxiety, tension, irritability, and depression. All of these take the feeling of well-being away from the individual and contribute to poor concentration, indecision, and decreased attention span at work.

Job Burnout: Job burnout refers to the adverse effects of working conditions in which the ability to confront and manage stress reduces significantly and job satisfaction and relief from stress seem impossible to achieve.

Psychological Consequences

Excessive amount of stress in an organization can cause boredom, dissatisfaction, anxiety, tension, irritability, and depression. All of these take the feeling of well-being away from the individual and contribute to poor concentration, indecision, and decreased attention span at work (Watson and Tellegen 1985). If individuals are not able to change or move away from the stressors, they may resort to psychological substitutes such as anger, feeling of persecution, displacement, criticism, negativism, denial, apathy, fantasy, hopelessness, withdrawal, forgetfulness, and procrastination (Fletcher 1988).

Job burnout Excessive and unmanageable amount of stress depletes the individual's effort to combat stress, resulting in job burnout. Job burnout refers to the adverse effects of working conditions in which the ability to confront and manage stress reduces significantly and job satisfaction and relief from stress seem impossible. According to Lee and Ashforth (1996), the burnout phenomenon typically contains three components:

1. A state of emotional exhaustion
2. Depersonalization of individuals
3. Feeling of low personal accomplishment

A state of emotional exhaustion occurs most commonly among individuals who have both a high frequency and a high intensity of interpersonal contact. This kind of interpersonal contact may lead to emotional exhaustion, a key component of job burnout (Moore 2005). Most vulnerable to this problem are teachers, police officers, and social workers. Depersonalization refers to the treatment of people as objects. When a teacher refers to her student by roll number and not by name, she has actually dissociated herself with the student as a person. The student is, then, treated not as a human being but as a numbered object. These factors combined together lead to a feeling of low personal accomplishment. According to a study conducted by Advani et al. (2005), it was found that organizational politics and coordination expertise was significant in influencing burnout level among software professionals. While organizational politics had a greater influence on emotional exhaustion and depersonalization aspects, coordination expertise had a greater influence on the personal accomplishment aspect of burnout.

According to Etzion et al. (1998), the characteristics which are found to be associated with high degree of burnout are as follows:

1. Burnout candidates experience a great deal of stress as a result of job-related stressors.
2. They tend to be idealistic and self-motivated achievers.
3. They often seek unattainable goals.

Behavioural Consequences

When stress becomes distress, job performance gets affected and workplace accidents become very common. High stress levels impair our ability to remember information, make effective decisions, and take appropriate actions (Jamal 1984). Some of the initial behavioural consequences of distress are sleep disorders, change in eating habits, increase in smoking and alcohol consumption, and nervous behaviour such as rapid speech, stuttering and rude behaviour towards others. Negative stress causes even very polite and sober people to shout

Behavioural Consequences:

When stress becomes distress, job performance gets affected and workplace accidents become very common. High stress levels impair our ability to remember information, make effective decisions, and take appropriate actions.

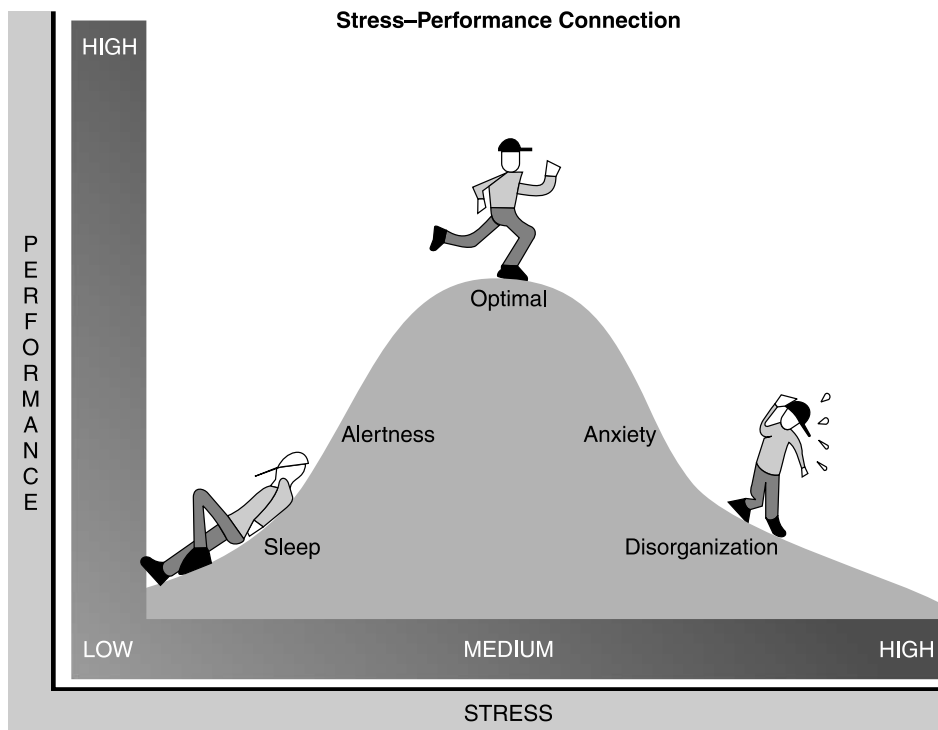


Figure 7.4
Yerkes–Dodson Law of Arousal

Photo courtesy Manitoba Farm & Rural Stress Line (www.ruralstress.ca). Reproduced with permission.

at their colleagues or subordinates. The most extreme form of distress results in workplace violence directed towards self or others resulting in suicide attempts or physical attacks on others.

Performance decline is another major outcome of negative stress. It is estimated that nearly 75% of all work loss is due to stress (Bell 1990). The relationship between stress and performance can be explained with the help of a violin string. For a violin, an optimum degree of tension is essential to play on it; similarly for an effective performance, optimum level of stress is mandatory. In the absence or low levels of stress, there will be boredom, apathy, and the lack of desire to do any work. This can be easily understood with an example of a student who does not study consistently all through the year because of lack of tension. Just before the commencement of the examination, the tension or stress starts building up and this forces the student to pick up the books and study so that he is able to perform effectively in the examination. But if the stress continues to increase beyond that and persists for a long period of time, the ability to perform effectively will decrease because of depleted energy, overload, and anxiety. In that state, the student who otherwise has prepared well will suffer from examination anxiety and will not remember the material that he knows so well for his answer and might perform miserably.

This process can be easily explained with the help of the Yerkes–Dodson Law (1908), which states that stress leads to improved performance up to an optimum point (Figure 7.4). After that, stress has a detrimental impact on performance. McGrath (1976) suggests that performance declines beyond the midpoint in the Yerkes–Dodson curve because of the increased difficulty level of the task to be performed.

Managing Stress

Stress is an aspect of our life that cannot be avoided. Since it cannot be eliminated completely, one needs to understand the techniques and strategies to control its effects and thereby enjoy more productive, satisfying lives both at the workplace and away from the workplace. Since

the source of stress lies both at the individual level and at the organizational level, the techniques to control the negative impact of stress have to be identified both at the individual and at the organizational level.

The management of stress consists of the following three-step process:

1. **Awareness:** The first step towards managing stress is to be aware of the symptoms of stress, specially the negative ones. Some of the consequences of stress in terms of physiological, psychological, and behavioural consequences have been discussed earlier.
2. **Identifying the source:** Once the symptoms are palpable, the second step is to diagnose the source of the factors that lead to stress.
3. **Coping with stress:** After diagnosing the stressors, one needs to develop strategies to cope with them. Stressors can be dealt with in two ways: one is by directly removing or changing them and secondly, by helping individuals modify or manage their emotional feelings and reactions in constructive ways (Folkman and Lazarus 1988).

Individual Coping Strategies:

- **Change the job:** If a person is not able to derive satisfaction from the job that he is currently employed at, changing the nature of the job or leaving the organization in favour of alternative employment may be the answer.
- **Time Management:** Time management is a process of planning, organizing, and controlling one's time.
- **Seeking Help:** In situations where an employee is not able to cater to the demands of the workplace and the job, some words of support from the colleagues and advice from the boss can greatly help him alleviate his stress.

Individual Coping Strategies

Since stress has an impact on the individual initially, individuals have to use coping strategies to manage and control it effectively. The stress faced by individuals could be because of the circumstances they are in or because of their own temperament. If the stress is because of the environmental factors or job-related factors, the individual can use several coping strategies which have been described here.

Change the Job

If a person is not able to derive satisfaction from the job that he is currently at, changing the nature of the job or leaving the organization in favour of alternative employment may be the answer. Sometimes, renegotiating one's job can eliminate the stress, which is caused by role ambiguity, conflict, and overload or underload (French and Bell 1990). If this does not seem to work, it is better to search for another suitable job opportunity rather than going through the physical and mental torture at the current job. Hanging in there until burnout occurs only increases the stress (Schlossberg 1990).

Time Management

Inability to control and manage one's time can create anxiety and frustration in individuals. Time management, is a process of planning, organizing, and controlling one's time. The process involves making a schedule of the goals to be achieved and their estimated deadlines, analysing resources and efforts required to achieve these goals, making a list of all the activities that would lead to the achievement of goals and prioritizing the tasks to take care of these activities. It also includes estimating how long it will take to complete the task, planning activities starting from the most important task first, until the goal is accomplished (Lakein 1973). This will help individuals manage their time properly and help in the control of stress.

Seek Help

All of us, at certain moments of our lives, need to take advice and to receive help from other people.

—Alexis Carrel

In situations where an employee is not able to cater to the demands of the workplace and the job, some words of support from the colleagues and advice from the boss can greatly help him alleviate his stress. In addition, if a person finds that he is not qualified or trained enough to carry out his job responsibility, he can seek the help of the human resources department to provide him training in the required field. Just knowing that the support is available can help

in coping with stress. One such process used is *mentoring*, where a junior-level employee is attached to a senior-level person to help him in times of distress. Mentoring has been found to relieve stress caused by high-performance demands, pressure for change, and low job challenges (Kram and Hall 1989).

If the environmental situation cannot be changed and the person has to live in that situation, then he has to develop certain strategies to decrease the levels of stress, to lead a healthier and comfortable life. Some of the strategies that an individual can use at his own level include:

Exercise

Exercise is a highly effective method of managing stress. People who exercise regularly are less likely to have heart attacks when compared to inactive people. 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 experience more stress, are more likely to be depressed, and experience other negative consequences.

Exercise: Exercise is a highly effective method of managing stress. People who exercise regularly are less likely to have heart attacks when compared to inactive people.

Relaxation

It's not stress that kills us; it is our reaction to it.

—Hans Selye

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 breaks during their normal work day. A popular way of resting is to sit quietly with closed eyes for 10 minutes every afternoon. (Of course, it might be necessary to have an alarm clock handy!). Following is a list of relaxation techniques converted into 14 practical suggestions to manage stress:

Relaxation: A related method of managing stress is relaxation.

1. Take a nap when facing heavy pressure.
2. Have a good laugh (laughter is an excellent tension reducer).
3. Smile frequently every day.
4. Concentrate intensely on reading, a sport, or a hobby.
5. Breathe deeply, and between inhaling and exhaling; tell yourself that you can cope with the situation.
6. Maintain a quiet place at home and relax there briefly every day.
7. Take a leisurely vacation (even if only a weekend) with no work.
8. Finish something you have started, however small. A sense of accomplishment reduces stress.
9. Avoid drinking caffeinated and alcoholic beverages.
10. Stop to smell flowers, make friends, and play with a kitten or puppy.
11. Strive to do a good job but not a perfect job.
12. Work with your hands, doing a pleasant task.
13. Write down your angry thoughts on a piece of paper or type on your computer rather than keeping them to yourself.
14. Next time you are caught up in such a situation, think how your favourite star or cartoon character would deal with it.

Role Management

Holding on to anger is like holding on to a hot coal with the intent of throwing it at someone else; you are the one who gets burned.

—The Buddha

The idea of role management can be related to time 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 clarifications from your boss. Another role management strategy is to learn to say “no.” As simple as saying “no” might sound, many 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.

Handling Stress by Getting Close to People: An ideal way of managing stress is one that provides additional benefits such as building relationships with other people.

Handling Stress by Getting Close to People

An ideal way of managing stress is one that provides additional benefits. Getting close to people reduces some of our tension and enables us to form healthy relationships with other human beings in the process. Closeness suggests getting in touch with your feelings or tuning into others. If you want to be close to someone else, and, therefore, reduce stress, you may need to first get close to yourself.

Getting Close to Yourself

Solitude, perhaps taking walks *alone*, can be tension reducing. Yet, many people find it difficult to get close to themselves. Part of the reason is that they find solitude uncomfortable.

Getting Close to Others

By getting close to others, you build a support system, a group of people on whom you can rely on for encouragement and comfort. The trusting relationship you have with these people is critically important. People you can go to with your problems include family members, friends, co-workers, and other students. In addition, some people in turmoil seek help from strangers to discuss personal problems. An effective way of developing a social support network is to become a good listener so that others will reciprocate when you need to talk about your problems.

The usual method of reducing stress is to talk over your problems while the other person listens. Switching roles can also help reduce stress. Listening to other people will make you feel better because you have helped them. Another advantage of listening to the problems of others is that it helps you get close to them.

Place the Stressful Situation in Perspective: Stress arises because of our perception of the situation. If you can alter your perception of a threatening situation, you are attacking the source.

Place the Stressful Situation in Perspective

He who cannot change the very fabric of his thought will never be able to change reality.

—Anwar Sadat

Stress arises because of our perception of the situation. If you can alter your perception of a threatening situation, you are attacking the source. A potentially stressful situation can be put into perspective by asking, “What is the worst thing that could happen to me if I fail in this activity?”

The answer to the above question can be arrived at by asking a series of questions, starting from the grimmest possibility. For instance, you are late with a report that is due this afternoon. Consider the following questions and answers:

- Will my reputation be damaged permanently? (*No.*)
- Will I get fired? (*No.*)

- Will I get reprimanded? (*Perhaps, but not for sure.*)
- Will my boss think less of me? (*Perhaps, but not for sure.*)

Negative stress is truly justified only if the answer is yes to either of the first two questions. The thought process just described allows stressful situations to be properly evaluated and kept in perspective. You, therefore, avoid the stress that comes from overreacting to a situation.

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 programmes and collateral programmes.

Institutional Programmes:

Institutional programmes for managing stress are undertaken through established organizational mechanisms. This includes the design of work and work schedules, changing the culture, and effective supervision.

Institutional Programmes

Institutional programmes for managing stress are undertaken 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

BOX 7.3 WELLNESS PROGRAMMES AT THE WORKPLACE

A recent study by Alka Chadha, Ali Mehdi, and Garima Malik of the New Delhi-based research group Indian Council for Research on International Economic Relations (ICRIER) concluded that the losses from the occupational stress-induced diseases could cost Indian industry approximately Rs 7,800 trillions in the next 10 years if not checked. A survey in 81 companies was undertaken as part of the research. Some of the measures undertaken by companies surveyed to control stress are given here:

- SumTotal Systems, a global provider for learning and talent management systems, based in Hyderabad, arranges for yoga, gym, and spa sessions for employees who ask for this service.
- Directi, a Mumbai-based Web technologies start-up provides its employees two free salon services in a month. This treatment includes massages, hair treatment, and skin therapies. They have also employed Salsa (a form of dance) instructors to make employees learn dance to shed their stress. The trekking group organizes treks for 100–150 employees every alternate weekend. Family and friends are also invited for these activities.
- Infogain Corporation, which provides product engineering and IT solutions, has enclosed an area at the top of its office building in Noida. Employees can use this area to do aerobics, yoga, and other relaxation activities. In addition, they have tied up with a service provider who helps employees take care of their payments, purchase of movie tickets, delivery of gifts, etc.

on paying a very reasonable fee. The service helps employees balance and manage their personal life as well as professional lives. Every new employee at Infogain is assigned to a senior manager who acts like a mentor for the person for a period of 6 months. This is to ensure that there is a proper integration on a personal level. The mentor is never from the same department that the employee is attached to.

- Xansa, a UK-based outsourcing and technology company, encourages its employees to indulge in online games on the company intranet with the objective of improving their skills and concentration. They have also devised stress management programmes that focus on meditation, yoga, and pranic healing.
- Capgemini, a global outsourcing firm which has offices in Mumbai, Kolkata, Chennai, and Bangalore, reviews and addresses concerns raised by employees on issues that include relationships, favouritism, and even health and safety.

These activities have helped organizations to take care of problems such as absenteeism, lack of motivation, low productivity, and exhaustion. Experts suggest that instead of trying to manage stress, companies should try to find the causes of stress and fix them. Prevention is definitely better than cure in the management of stress.

Source: Adapted from Narayanan, Chitra (2007). "Workplace Stress Busters", 5 December. Available at www.livemint.com/stressbusters.htm (accessed November 2008).

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 can also be used to help manage 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 non-work activities. Box 7.3 cites some examples of stress management programmes offered to employees by some companies.

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 Programmes:

A collateral stress programme is an organizational programme specifically created to help employees deal with stress. Organizations have adopted stress management programmes, health promotion programmes, and other kinds of programmes for this purpose.

Collateral Programmes

In addition to institutional efforts aimed at reducing stress, many organizations are turning to collateral programmes for managing stress. A collateral stress programme is an organizational programme specifically created to help employees deal with stress. Organizations have adopted stress management programmes, health promotion programmes, and other kinds of programmes for this purpose. More and more companies are developing their own programmes or adopting existing programmes of this type. For example, Lockheed Martin offers screening programmes for its employees to detect signs of hypertension.

BOX 7.4 MANAGING STRESS: HELP FROM OUTSIDE



Stress management (Photo courtesy Art of Living Foundation. Reproduced with permission.)

An increasing number of Indian corporations are waking up to the benefits that alternate methods of healing such as the *Sudarshan Kriya* can have on their stressed-out employees. The *Sudarshan Kriya*, cognized by Sri Sri Ravi Shankar of the Art of Living Foundation, is the core of their course called Achieving Personal and Professional Excellence (Apex). The *Sudarshan Kriya* uses breathing lessons to release toxins and clear the mind.

Many leading companies such as Rallis India, Hindustan Unilever, and Videocon have adopted Apex as part of their employee welfare programmes. Videocon's Chairman Venugopal Dhoot has gone on record stating how the Art

of Living course has helped him stay calm and focused in the midst of many difficult challenges.

A recent survey of 15,000 middle- and senior-level executives has revealed that while the international cardiac risk status is 48%, the Indian executives' cardiac risk status is approximately 56%. It is no wonder that India Inc. is rushing towards alternate methods of stress reduction at the workplace.

Sources: Adapted from Majumdar, Shyamal (2006). "How Best to Beat Work Stress", Rediff Money, 21 September. Available at www.rediff.com/money/2006/sep/21stress.htm (accessed on 2 June 2008); Art of Living Foundation. Reprinted with permission.

Box 7.4 discusses how several leading companies in India have tied up with organizations such as the Art of Living Foundation to help their employees deal with stress.

Many firms today also have employee fitness programmes. These programmes attack stress indirectly by encouraging employees to exercise, which is considered to be an effective stress buster. On the negative side, this kind of effort costs considerably more than stress management programmes, because the firm must invest in physical facilities. Still, more and more companies are exploring this option.

Finally, organizations try to help employees cope with stress through other kinds of programmes. For example, existing career development programmes, like the one at General Electric, are used for this purpose. Other companies use programmes that promote everything from humour to massage as antidotes for stress. Of course, little or no research supports some of the claims made by advocates of these programmes. Thus, managers must take steps to ensure that any organizational effort to help employees cope with stress is at least reasonably effective.

Summary

Stress has a disastrous effect on both the quality of life and the quality of work life. A variety of factors contribute towards stress. Sometimes, stress can be functional and may add up to the energy levels of the incumbents, but most of the time it is dysfunctional and has a negative impact. The process of stress can be explained with the help of the general adaptation syndrome, which comprises of three stages—alarm reaction, resistance, and exhaustion. Stress can be classified in two ways—constructive versus destructive stress and episodic versus chronic stress. The sources of stress can be traced back to both the personal life and the work life of individuals. The personal factors leading to stress are life changes, personal problems, and possessing a Type A personality. The organizational factors leading to stress are task demands, role demands, and physical demands. The environmental factors causing stress have been classified as economic uncertainty, technological changes, and politics.

Dysfunctional stress leads to physiological, psychological, and behavioural consequences. Physiological outcomes

of stress include increased blood pressure, increased heart rate, hot and cold spells, breathing problems, muscular tension, and gastrointestinal disorders. Psychological consequences of stress include boredom, anxiety, dissatisfaction, depression, tension, and irritability. Behavioural outcomes of stress are sleep disorder, changes in eating habits, increased smoking and alcohol consumption, nervous mannerisms, and rude behaviour. Stress needs to be managed both at the individual level and at the organizational level. Individuals can use coping strategies like changing jobs, time management, and seeking help from colleagues and bosses if stress emanates from the work life. At the personal level, to combat stress one needs to exercise regularly, relax, manage one's role and handle stress by entering into meaningful relationships with other people. At the organizational level, certain institutional-level programmes need to be devised and various collateral programmes like stress management and health promotion programmes need to be organized.

Key Terms

Aggressive behaviour: Sexual harassment and violence are common forms of aggressive behaviour observed in organizations.

Behavioural consequences: When stress becomes distress, job performance falls and workplace accidents become very common. High stress levels impair our ability to remember information, make effective decisions, and take appropriate actions.

Career development: The issues related to career planning and development such as job security, promotions, transfers, and other developmental processes such as under-promotions or over-promotions can create anxiety and stress among the persons concerned.

Collateral programmes: A collateral stress programme is an organizational programme specifically created to help employees deal with stress.

Constructive versus destructive stress: The stress that has a negative impact on the state of the mind is called destructive stress. Stress that has a positive impact and resulting in a feeling of excitement and enthusiasm is called constructive stress.

Distress: When the response to an uncomfortable situation is in the form of a deviation from healthy functioning, the state is called distress.

Economic uncertainty: Downsizing, rightsizing, retrenchment, restructuring, etc. are all done in the name of efficiency and cost reduction to improve profitability during times of economic uncertainty.

Episodic versus chronic stress: A pattern of a high degree of stress followed by an interval of relief is referred to as episodic stress. Chronic stress is the stress that a person faces continuously.

Eustress: The form of reaction which is enough to activate and motivate people to achieve their goals, change their environment, and face life's challenges is called eustress.

Exercise: Exercise is one method of managing stress. People who exercise regularly are less likely to have heart attacks when compared to inactive people.

General adaptation syndrome: It provides an automatic defence system to help cope with the demands of the environment. It consists of three stages—alarm reaction, resistance, and exhaustion.

Hardiness: Hardiness is a 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.

Institutional programmes: Institutional programmes for managing stress are undertaken through established organizational mechanisms. They include the design of work and work schedules, changing the culture, and effective supervision.

Job burnout: Job burnout refers to the adverse effects of working conditions in which the ability to confront and manage stress reduces significantly and job satisfaction and relief from stress seem impossible.

Life change: A life change is any meaningful change in a person's personal or work life.

Life trauma: A life trauma is any upheaval in an individual's life that alters his or her attitudes, emotions or behaviours.

Optimism: Optimism is the extent to which a person sees life in positive or negative terms.

Overload: When there is an expectation from the organization to accomplish more than the innate ability of the person, it results in work overload.

Physiological consequences: The symptom of stress as a part of physiological consequences include heightened blood

pressure, pulse rate, sweating, hot and cold flashes, headaches, and gastrointestinal disorders.

Political uncertainty: Political disturbance in the external environment has a tremendous impact on the working of business organizations.

Psychological consequences: Excessive amount of stress in organizations can lead to boredom, dissatisfaction, anxiety, tension, irritability, and depression. All these take away a feeling of well-being from the individual and contribute to poor concentration, indecision, and decreased attention span.

Role conflict: Role conflict exists when job functions contains duties or responsibilities that conflict with one another.

Role demands: Job role demands include impossible work loads, idle period of time, job ambiguity, and conflicting performance expectations.

Sexual harassment: Sexual harassment is unwanted contact or communication of a sexual nature.

Task demands: Stress from task demands emerge from the changes enforced on the employees with respect to demands of their job.

Technological changes: Advancements in technology in the form of automation, computerization, and robotics.

Time management: Time management, is a process of planning, organizing, and controlling one's time.

Type A personalities: Type A personalities are impatient, competitive, aggressive, restless, under intense perceived time pressure, and always attempting to accomplish several things at once.

Type B personalities: Type B personalities take things in a more relaxed manner and enjoy a variety of non-work-oriented activities.

Underload: Underload occurs when people have insufficient work to fill their time or are not allowed to use enough of their skills and abilities.

Discussion Questions

1. Based on your own experience as a student or a working executive, identify a situation that was a source of stress to you. What were the factors that contributed to the stress and what was the impact?
2. Discuss the general adaptation syndrome with examples. How does it relate to the tolerance level of individuals in organizations?
3. What are the factors that influence an individual's experience of stress? How do these factors affect the level of stress? Discuss with examples.
4. Stress in our daily life is the result of many interacting factors. Identify these factors and diagnose their impact on human and organizational behaviour.
5. Do managers with Type A personality make better managers? Why or why not?
6. Outline the major consequences of stress. How do physiological and psychological consequences impact the health of an individual? Discuss.
7. One of your colleagues remarks that he is feeling burnt out. How would you determine, on the basis of your understanding of job burnout, whether he is burnt out or not?
8. Highlight the process of management of stress with the help of an example.
9. Discuss some of the individual coping strategies of stress. What can organizations do to help manage the stress of the employees more effectively?

Exercise

Managing Executive Stress: An Approach to Self-development

Instructions: Please respond to the 15 items below with the help of the key provided. After you have completed all the items, refer to the scoring key and follow its direction

- 5—Always
- 4—Frequently
- 3—Sometimes
- 2—Rarely
- 1—Never

1.	Past failure makes me avoid taking up similar tasks or working with the same people.	1	2	3	4	5
2.	I seek challenging tasks even if it involves some amount of risk.	1	2	3	4	5
3.	I seek advice from knowledgeable people, irrespective of whether I like them or not.	1	2	3	4	5
4.	While deciding on my team members, I tend to include persons of my liking.	1	2	3	4	5
5.	On facing a failure, I tend to find fault with others or blame it on fate.	1	2	3	4	5
6.	While interacting with others, I tend to focus on their present behaviour and actions irrespective of the understanding I have about their past behaviour.	1	2	3	4	5
7.	I tend to form opinions about people based on my past experience and find it hard to change my opinions.	1	2	3	4	5
8.	If I have to choose my team members, I tend to focus on the areas of expertise required for the task and choose people accordingly even if they happen to be not to my liking.	1	2	3	4	5
9.	While accepting challenging tasks, I tend to worry too much and think about what could go wrong with it.	1	2	3	4	5
10.	On facing a failure, I tend to analyse the causes for it and my own contribution towards it rather than finding a cause outside me.	1	2	3	4	5
11.	I find it difficult to get along with a person who has hurt my feelings in the past.	1	2	3	4	5
12.	I am willing to give a second chance to a person who has let me down in the past.	1	2	3	4	5
13.	I tend to worry too much about what people think of me.	1	2	3	4	5
14.	If I am a team leader, I am ready to accept the responsibility for a failure irrespective of who in the team has caused it.	1	2	3	4	5
15.	When a negative feedback/information is given about someone, I verify the details before taking any action.	1	2	3	4	5

Source: Chauhan, D. (2002). *Managing Executive Stress: An Approach to Self-development*. Excel Books, New Delhi. Reproduced with permission.

Key to Know Your Dispositions

Scoring: Reverse the scores for items 1, 4, 5, 7, 9, 11, and 13; that is, 5 will become 1, 4 will become 2, 3 will remain 3, 2 will become 4, and 1 will become 5. The scores for items 2, 3, 6, 8, 10, 12, 14 and 15

will remain the same. Now add all the scores to get your total score. The scores would range from 15 to 75. A higher score is indicative of a positive attitude.

Field Projects

1. Study the various sources of stress across different levels in an organization. Identify individual and organizational strategies adopted to cope with stress. Suggest changes that could be brought in to handle stress more effectively in the organization.
2. In groups of 3–4, visit different organizations to learn about the stress management programmes adopted by

them. Obtain information about the stress prevention strategies used by them. Outline the impact made by these activities on the performance of the company, the rate of absenteeism, and employee turnover in the last 2 years. Prepare a report and present it in the class.

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CHAPTER 8

Organizational Communication

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Define organizational communication and identify its components.
2. Identify the characteristics of communication channel to determine the effectiveness of the communication process.
3. Highlight different communication networks and their utilities.
4. Diagnose the barriers to effective communication and to determine strategies to overcome these.
5. Discuss the concept of transactional analysis to improve interpersonal communication.

An Encounter with a Blacklisted Guest

Receptionist Shreya is on duty at the front office of the Grand Palace Hotel, Delhi. It was not as busy an evening as it was expected to be.

A group from Holland was to check in that evening. However, it turned out to be a no show. Heavy turbulence had resulted in the cancellation of all flights to New Delhi. Thus, the nine rooms that were reserved for the Dutch group were now available for sale again.

That evening, Ajay Sethi and his friend Tina arrive at the reception desk of the hotel. Shreya, the receptionist on duty, welcomes them: "Good evening, Sir, may I help you?" enquires Shreya. "My name is Ajay Sethi. I have a reservation for this evening for a double deluxe room," replies Sethi. Shreya checks the arrival list, finds the details and gives Sethi a registration card to complete. "Welcome to the Grand Palace Hotel, Mr Sethi. May I have your credit card please," requests Shreya politely.

Sethi gives his credit card to Shreya. However, before Shreya asks for Sethi's signature, she remembers that the guest's name is similar to a name on the black list of unwelcome visitors. She immediately checks the computer and finds that the guest in front of her is the same person.

This person was earlier reported to have invited unsavoury elements to the hotel and had damaged furniture and electronic equipment in the rooms that he had stayed in. He was also wanted by a few other hotel

groups as he was reportedly known to be a skipper. Now aware of this, Shreya informs Sethi that the hotel is fully booked and asks if she could book a room in another hotel. Sethi becomes furious and launches into a tirade against Shreya.

"You have my registration details and credit card, and now you tell me there is no room available?" Sethi shouts. "I don't want to talk to you, get me the manager—now!"

Shreya immediately pages Mary, the assistant manager on duty. On her arrival, Shreya takes her aside and explains the situation. Now aware of what has happened, Mary calmly explains to Mr Sethi that the hotel is indeed fully booked and a room is being booked elsewhere and the hotel car is at his disposal so that he is not inconvenienced further.

At that moment, Williams, the front office manager, approaches the desk to find out what is happening. Mr Sethi, a blacklisted guest is resisting being moved to another hotel.

Questions for Discussion

1. Does this situation include any communication problem? Why or why not?
2. What would you do if you were in Shreya's place?
3. How would you handle the situation if you were Williams, the front office manager?

Introduction

Communication in its varied forms permeates all aspects of our life including family, friends, workplace, business, and the government. It occurs at different levels in the organization—self, interpersonal, group, and organization. Communication results in exchange of ideas and the sharing of likes and dislikes among individuals. People spend a great deal of time communicating with individuals and groups, both inside and outside the organization. It is the most widely dealt area in the entire field of organizational studies, but it is seldom clearly understood. In practice, effective communication is not only the prerequisite for the attainment of organizational goals, but also one of the biggest challenges facing modern management.

Poor communication is probably the most frequently cited source of interpersonal conflicts (Thomas and Schmidt 1976). Since we spend nearly 70% of our waking hours communicating—writing, reading, speaking, and listening—it seems reasonable to conclude that a lack of effective communication is one of the main barriers to successful group performance. It is attributed to be the primary cause of lovers' conflicts, ethnic prejudice, and war between nations, the generation gap, industrial disputes, and organizational conflicts. These are only representative of the numerous problems attributed to ineffective communication.

Groups cannot exist without communication which involves transfer of ideas, content, and their meaning to all members of the group. Any idea or information can be passed on only through transmission of meaning. For the process of communication to be complete, the meaning has to be understood too. A member of a group who speaks only French will not be fully understood by the others in the group if they do not know French. Communication, therefore, must include both the transfer and the understanding of meaning.

Definition of Communication

Communication is defined as a process by which people attempt to share meaning via the transmission of symbolic messages. Since communication is a process of transmission of message and understanding of information between two or more people, it involves at least two parties—a sender and a receiver. Communication has occurred when a message is received—even if the received message is different from what was intended (Bowditch and Buono 1997). Thus, two major communication-related problems are communication failure (no meaningful message exchanges hands) and miscommunication (the message received is different from the one intended). Signs of communication failure include remarks such as “Oh, I guess I didn’t hear you say that,” “No, I never got that report,” “He didn’t have anything new to say.” A manager requesting a subordinate to submit a report on Wednesday, the twenty-second, and the subordinate inferring it as Wednesday, the twenty-ninth, is also a good example of miscommunication.

Communication: Communication is the process of transmission of a message and understanding of information between two or more people; it involves at least two parties—a sender and a receiver.

Functions of Communication

The next question is why people need communication, especially in an organizational setting. According to Scott and Mitchell (1976), the functions of communication within groups or organizations are as follows:

Control: Communication acts as a means of controlling the behaviour of the members of the organization. Every organization has a set of rules that are supposed to be followed by the employees, and these rules flow through the entire organizational hierarchy. When managers want to control the behaviour of their subordinates, they communicate these rules and guidelines through formal or informal means.

Motivation: The managers in the organization need to communicate information regarding performance to their subordinates on a day-to-day basis. They do so by informing the subordinates about what they are supposed to be doing and how well they are performing their jobs. They also need to be told about areas that require improvement so that they are motivated enough to learn more and do better.

Emotional expression: Since man is a social animal, he needs to be with other human beings for sharing his thoughts and concerns. Most of us rely on the group which we belong to satisfy this need. When members in a group share their pain and pleasure with each other, it gives them an outlet to express their emotions. Communication, therefore, provides a release for the emotional expression of feelings and the fulfilment of social needs.

Information: Information needs to be shared candidly among the members for an organization to develop and grow. The process of communication helps group members to pass on the relevant information to the people in the organization.

Components of Communication:

- **Ideation:** The conception of an idea to send the message.
- **Message:** The actual information which needs to be sent across to the receiver.
- **Encoding:** The process of converting an intended message into a transmittable form.
- **Channel:** Any medium capable of transmitting a message is a communication channel.
- **Decoding:** The process of interpreting a message to derive meaning from it.
- **Feedback:** The process of reassuring that the message has reached the intended person.

Components/Process of Communication

The process of communication begins when a sender identifies the need to send a message. He, then, formulates the message and places it in the intended channel to transmit it. The process concludes when a receiver accepts the message and interprets its meaning (Berlo 1960). The components in the process of communication are described in Figure 8.1.

Ideation: Ideation involves the person's decision to communicate and draft the nature and content of the intended message based on the person's reasons for communicating.

Message: The actual information that needs to be sent across to the receiver.

Encoding: It involves converting an intended message into a transmittable form, such as speech, a written message, computer code or any other form that could be sent to the receiver. A person must be careful during the encoding stage, or the message sent would be different from what is intended to be sent.

Channel: Once a message has been encoded, it must be sent. Messages are sent through communication channels. Any medium capable of transmitting a message is a communication channel, including mail system, phones lines, and computers. The effectiveness of the communication channel will depend upon choosing the appropriate channel and preserving its integrity. For example, writing a letter but forgetting to mail it halts the communication process.

Decoding: The fourth step is the process by which a receiver interprets a message to derive meaning from it, for effective communication depends upon the receiver as much as on sender. Whether or not the meaning of a message remains the same, once it has been decoded, it has been received.

The perceptual process influences the decoding process. For a message to be noticed by a receiver, for example, it must be loud enough, bright enough or different enough to get the receiver's attention.

Feedback: Feedback is the process of reassuring that the message has reached the intended person in the right manner. The message received should be the same as that was intended to be sent.

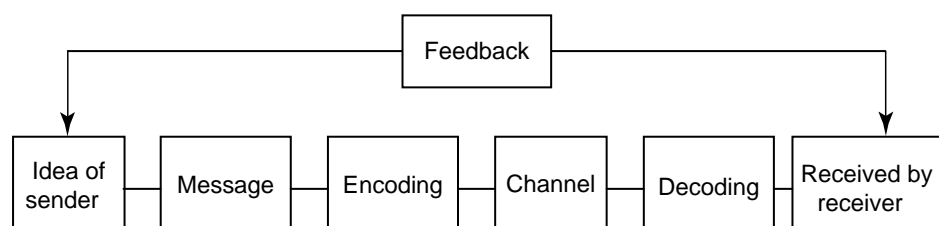


Figure 8.1
Process of Communication

One's total success in the communication process depends on various skills such as speaking, listening, reading, and reasoning. We know that our attitudes influence our behaviour. We hold predisposed ideas, on numerous topics, and our communication is affected by these attitudes. Further, we are restricted in our communication by the extent of our knowledge on that particular topic. We cannot communicate what we do not know, and should our knowledge be too extensive, it is possible that our readers will not understand the message. Clearly, the amount of knowledge the source holds about the subject will affect the message that is transferred. Finally, just as attitudes influence communication so does our position in the socio-cultural system in which we exist. Our beliefs and values, all parts of our culture, act and influence us in the communication process.

Methods of Communication

Individuals in organizations can communicate in a number of ways. Every process of communication has its definite advantages in organizations and plays a significant role. The different ways in which people can communicate in organizations are given here.

Oral and written communication: Oral communication provides opportunities for immediate feedback, seeking clarifications, if any, to provide additional information and to answer questions. It has the advantage of being personal and faster. One disadvantage of oral communication is the absence of a record of what was discussed. A formal meeting comprises of both written and oral words. The written component is the written agenda and the deliberations of the meeting are in spoken words. Written communication is more impersonal, but it provides the receiver with more information. It is more time consuming when compared to oral communication and also does not facilitate immediate feedback.

Non-verbal communication: The components of communication, which are not expressed through written or spoken words, are included under the domain of non-verbal communication. It includes body movement, facial expression, and physical distance between the receiver and the sender. Apart from this, environmental factors, such as a spacious office with quality furniture, convey a lot about the status of the person. Body language is an important back-up for verbal communication, but sometimes incompatibility between the verbal and the non-verbal components of communication creates confusion.

Use of technology: The application of new technology for the communication of information includes computerized information processing systems, new forms of telecommunication systems and a combination of the two. The advancements in technology have introduced different methods of communication such as e-mailing, faxing, home banking, videoconferencing, voice mails, and text messaging, etc. The main challenge for the future is to integrate the various technologies and to ensure that the social structures and power relationships in organizations are congruent with the new electronic office systems. The drawbacks of new technology are perceived in the form of information overload, loss of records in the paperless office, and the dehumanizing impact of electronic equipments. However, new technology will help in the dissemination of new ideas and practices, and in the process, organizations will become knowledge-based organizations.

Communication Channels

Selecting a communication channel to transmit a timely, accurate, and completely understandable message is very important. People are channels who use speech, sight, and body motions to communicate with each other. Mechanical channels go beyond the capabilities of the human body and include newsletters, magazines, telephones, radio, television, and computers.

Most people have personal preferences among the various communication channels available. Some believe that face-to-face communication is best whenever possible. Others rely almost entirely on memos. More and more people use computer channels as a first choice.

Characteristics of Communication Channels:

- *Channel capacity:* This refers to the amount of information that a channel can transmit without significant distortion.
- *Channel modifiability:* This is the degree to which transmission can be changed while in progress.
- *Channel duplication:* Duplication involves the use of sub-channels to repeat or elaborate on a message.
- *Channel speed:* The speed at which a message can be sent is often important.
- *Channel feedback:* Some channels allow for feedback and thus facilitate two-way communication.
- *Channel appropriateness:* This refers to using the channel appropriately depending upon the demands of the situation.

In reality, there is no single best communication channel. The effectiveness of a channel will depend upon the following characteristics:

Channel capacity: This refers to the amount of information that a channel can transmit without significant distortion. A TV broadcast has greater channel capacity than a memo. Capacity is important when time is limited.

Channel modifiability: This is the degree to which transmission can be changed while in progress. Change might involve content or speed. For example, modifiability is much lower through TV than it is for a live lecture from a professor, because students cannot stop a TV show to ask questions. A TV lecture presented using a video recorder can greatly enhance modifiability if students can replay a passage or freeze an important frame on the screen.

Channel duplication: Duplication involves the use of sub-channels to repeat or elaborate on a message. A speaker making a presentation to a group of people may use a projector to place key terms on a screen while discussing the terms in more detail. TV and other audiovisual channels provide great opportunity for duplication; therefore, they can provide written, pictorial, and audio messages all at the same time. The need for duplication of the message depends upon its complexity and importance—the greater the complexity and importance, the greater the need for duplication.

Channel speed: The speed at which a message needs to be sent is often important. If it's 2 a.m. and you notice that the house across the street is on fire, you probably will not send a letter to inform the owner that the house is on fire. However, if you want to send birthday greetings to your neighbour, you will not rush over in the middle of the night and yell "happy birthday" through the bedroom window. In organizations, communication channels for safety devices at work must have great speed, as must any message for which significant delay could be costly.

Channel feedback: Some channels allow for feedback and thus two-way communication. A telephone, for example, allows two-way communication. Feedback is not essential if it is only a simple piece of information. The time and temperature announcement provided by your TV channel or phone calls is just one-way communication and, therefore, people don't need to talk to the speaker; police emergency lines, however, can't be answered by "Leave a message, we'll get back to you when we return."

Feedback is important when we need to know whether the message was received, lost or distorted during the communication process.

Channel appropriateness: This refers to using the channel appropriately depending upon the demands of the situation. For example, informing someone about an emergency through a letter may not be appropriate because of time constraints; however, communication via telephone would ensure that the message is communicated faster.

Communication Networks

The communication between groups or people is termed as a linkage. A communication network is a series of interconnected linkages. Together, these linkages connect individuals or groups in the communication process. If the message needs to be conveyed from the top to the lowest level, it goes through many persons in between. Direct communication between the top and lowest level would probably have been more accurate and more efficient, because it would eliminate the opportunity for the message to be lost or distorted as it passes through each linkage. Communication networks can be classified into two broad categories—formal communication networks and informal communication networks.

Formal Communication Networks

Because there is no one single best network, most organizations use a variety of networks. On the basis of the flow of information, formal communication networks can be described as follows (Figure 8.2): They can send vertical (boss to subordinate), horizontal (subordinate to subordinate) and diagonal flows of information (cutting across the boundaries) as defined here.

Vertical communication: Communication can flow downward, upward or in both directions. It cuts across organization levels and may allow feedback. Vertical communication represents the transfer of communication between individuals in a boss–subordinate relationship. For example, when a manager gives a deadline for completing a project to his subordinates.

Horizontal communication: This kind of communication represents the flow of information between individuals or groups that occupy positions at the same hierarchal level. A discussion between a production manager and the HR manager about the requirement for personnel for the shop floor is an example of horizontal communication.

Diagonal communication: It is a third type of communication network in an organization in which the information flows across both vertical and horizontal components as well as across hierarchies and boundaries. The diagonal communication network usually does not appear on the organizational chart, but a substantial number of diagonal contacts are found in large organizations (Wickesberg 1968). Diagonal communication is often hindered by the existence of in-group languages and by differences in work-group goals.

Types of formal communication networks Managers can choose from among different types of networks when creating a communication system within their organization. If they adhere to the classical management theory, for example, they may design very rigid communication networks in which employees are discouraged from talking to anyone except their immediate supervisors. Such a system enables supervisors to maintain control over subordinates and to remain highly informed about various activities in the department. Supervisors in more open systems, such as those found in flexibly-designed organizations, are likely to design highly open and flexible communication systems.

Formal Communication Networks:

- *Vertical communication:* The communication can flow downward, upward or in both directions.
- *Horizontal communication:* This kind of communication represents the flow of information between individuals and groups that occupy positions at the same hierarchal level.
- *Diagonal communication:* It is a third type of communication network in an organization in which the information flows across both vertical and horizontal components as well as across hierarchies and boundaries.

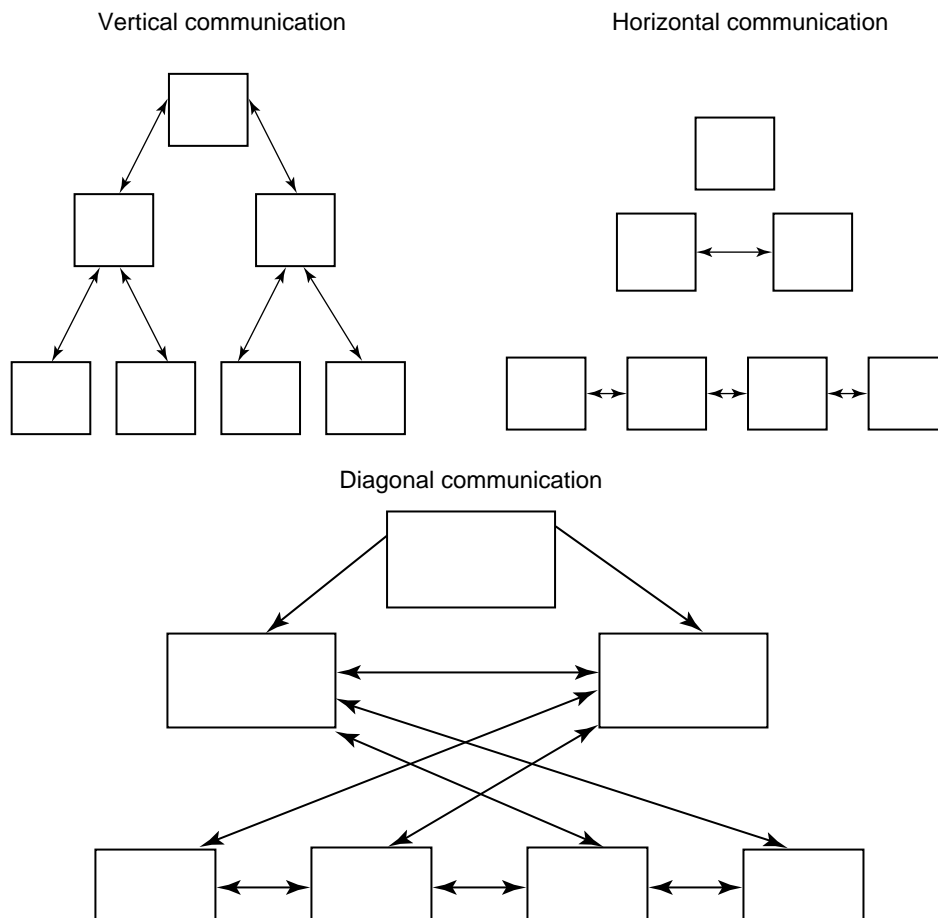


Figure 8.2
Formal Communication Networks

Other Types of Formal Communication Networks:

- *Chain*: This is more often used vertically.
- *The “Y” network*: Two equal-status members are positioned either at the top or at the bottom as in an inverted Y.
- *Circle*: This network allows each member to communicate directly with two other members.
- *Wheel*: This network has the greatest amount of centralization of all the networks.
- *Star*: This network allows members to communicate directly with each other.

Informal Communication Networks:

- *Grapevine*: It is an informal channel of communication not controlled by the management and serves as a foundation for all the gossips and rumours in the organization.
- *Social gatherings*: Organizations need to create opportunities for employees to meet at a social level away from the formal culture of the organization.
- *Management by wandering around*: Instead of limiting oneself to one’s own office and maintaining an official distance from subordinates and colleagues, managers can move around in the office premises and informally chat with people.

Different networks have different characteristics. In some, information flows quickly. In some, information flow is channelled to the right place at the right time. In other networks, the accuracy of information is distorted in transmission. Some common formal communication networks are (Figure 8.3) explained here.

1. The *chain* network is the simplest of networks. Although it can be used as a horizontal communication network—for example, interdepartmental communication—it is more often used vertically. In the vertical configuration, the person with the greatest power is usually located at the top of the chain. Although the chain allows the possibility of feedback, many linkages can exist between a sender and the receiver, which make distortions likely. Even when they are accurate, chain networks tend to be slow and subject to information overload. Such a network usually produces relatively slow decisions, and the quality of these decisions depends highly on the leader of the network.
2. The “Y” *network* is a modification of the chain network. Two equal-status members are positioned either at the top or at the bottom as in an inverted Y. Like the chain, the Y networks allow feedback in a relatively inefficient manner. The Y is not as slow as the chain network and is not subject to as much distortion, because fewer linkages are required. However, the improvement is minimal. Decision quality is still dependent on the leader. The Y introduces a measure of centralization with one member having direct access to the other three members. This results in considerable information overload for the person in the centre.
3. The *circle* network allows each member to communicate directly with two other members. This improves decision quality and speed marginally over the Y and star networks because of greater information exchange. The feedback process is not smooth and distortions tend to be undesirably high. There tends to be problems of information overload for all the members.
4. The *wheel* network has the greatest amount of centralization of all the networks. The person in the centre of the wheel can communicate directly with all other network members and is their only direct communication contact. Centralization speeds the communication process, especially in decision making. Information overload can be substantial for the person in the centre of the wheel, although it’s not usually a problem for the other members of the network. Dependence on the leader for decision quality is high.
5. The *star* communication network, which allows members to communicate directly with each other, is the best network in some ways. It tends to produce high-quality decisions and has relatively fewer distortions. Group effectiveness is less dependent on the leader than in most other networks, and information overload is usually not a severe problem. One disadvantage of the star network is that it tends to be as slow as the chain for both information exchange and decision making because so much communication tends to occur. The star network is also the least centralized of all of the networks. This is not a problem unless one person (the boss) wants to maintain constant control over the others in the network.

Informal Communication Networks

The informal communication networks that exist in organizations are created by employees. They emerge through natural and spontaneous human interaction—they follow around water coolers, tea session, lunchrooms, and whenever people get together in groups. They are not easy to control, transmit information rapidly, and often carry rumours. Some examples of informal communication networks in organizations are described here.

Grapevine: It is an informal channel of communication not controlled by the management and serves as a foundation for all the gossip and rumours in the organization. Many employees in the organization view it as more effective and credible when compared to the formal management channels (Modic 1989). It has also been found that about 80% of the grapevine at the workplace is related to work and 80% of it is generally true (Simmons 1985). Grapevines,

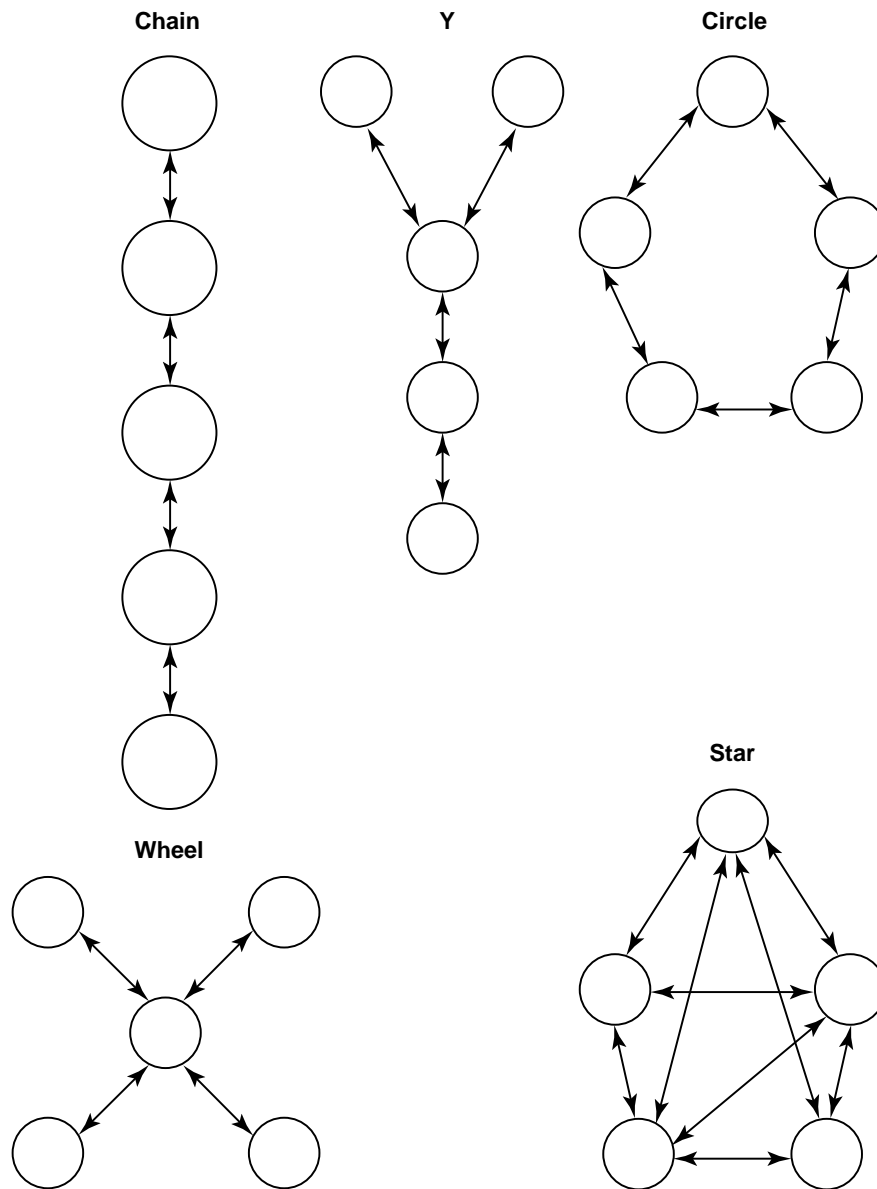
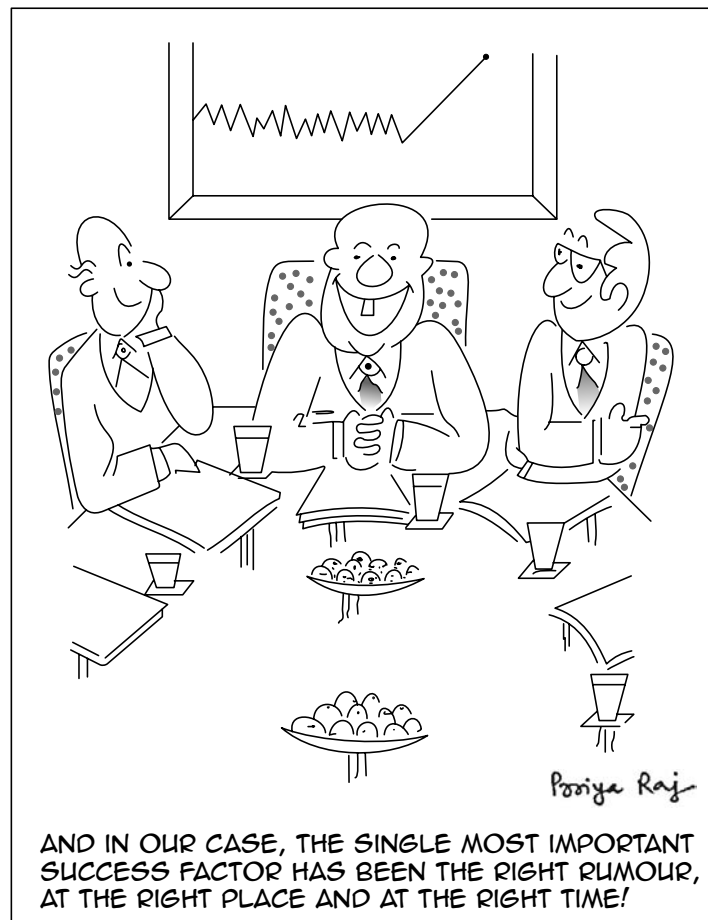


Figure 8.3
Common Formal
Communication
Networks

generally, are present in organizations when there is ambiguity in situations and employees feel confused. A good manager will always have access to the rumours floating in the organization through loyal subordinates. After knowing these rumours, the manager can pass on the news that will improve relationships or act to eliminate gossip that might be harmful to organizational performance (Kiechel 1985).

Social gatherings: Organizations need to create opportunities for employees to meet at a social level away from the formal culture of the organization. Social gatherings provide a platform to people to pass on their observations, grievances, and achievements to their colleagues and superiors at an informal level. It can be in the form of company picnics, luncheons, weekend parties, and so on.

Management by wandering around: Instead of limiting themselves to their own offices and maintaining an official distance from their subordinates and colleagues, managers can move around in the office premises and informally chat with people. This will help serve two purposes: one, the employees will shed their inhibitions with the superiors and feel free with them; and secondly, the manager will have more information available to him which otherwise would never have reached him. The informally communication with employees is called *management by wandering around* (Peters and Waterman 1982).



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Intrapersonal Communication Barriers:

- *Selective perception:* Our perception about a subject affects the way in which it is converted to meaningful communication.
- *Individual differences:* People differ in this ability to develop and apply basic communication skills.
- *Emotions:* The emotional state of a manager has an impact on his or her effectiveness.
- *Frame of reference:* When different frames of reference are used, common understanding in communication is not achieved.
- *Preconceived ideas:* This affects the interpretation of the content of the message.

Barriers to Communication

Communication, though intended to be smooth and effective, is not always flawless and sometimes tends to become ineffective. Ineffective communication may be attributed to different types of human or technical barriers. The major barriers can be classified into four categories:

1. Intrapersonal factors
2. Interpersonal factors
3. Organizational factors
4. Technological factors

Intrapersonal Factors

Intrapersonal factors refer to the elements within the individual's personality which act as a barrier in receiving, analysing, and interpreting the information that is available. There are different intrapersonal barriers in an individual's personality. Some of these are as follows:

Selective perception: The way in which we perceive a subject or an event affects the way in which our thoughts about it are converted in the form of meaningful communication. People have a tendency to see and hear what they are emotionally prepared to see and hear. They seek out favourable messages and ignore unpleasant ones.

Individual differences in communication skills: People also differ in their ability to develop and apply basic communication skills. Some people are capable of expressing themselves, but they cannot write clear and concise messages. Some are effective listeners but poor speakers. Such difficulties are potential barriers to effective communication.

Emotions: The emotional state of the person at the time of sending or receiving the message has a profound impact on its effectiveness.

Frame of reference: As has been discussed in the chapter on perception, people often perceive the same thing differently but assume that other people perceive it the same way they do. When communicators use different frames of reference, they cannot achieve common understanding in their communication.

Preconceived ideas: The interpretation or reception of the message is influenced by the receiver's preconceived opinions about the content of the message. When this happens, the receiver tends to make a snap judgement about what is being said. Since the message is interpreted from the receiver's point of view, with little or no consideration of the sender's viewpoint, the intended meaning of the message may be completely lost.

Interpersonal Factors

Interpersonal factors play an important role when two individuals communicate with each other in the organizational setting. Some of the interpersonal factors which act as a barrier to effective communication are given here:

Climate: Within an organizational context, the relationship between the superior and subordinate largely derives from the treatment each receives from the other and from the way in which this reciprocal behaviour is interpreted. The combination of attitudes determines the climate of an interpersonal relationship. The lack of climate can easily lead to a restricted flow of communication, games to manipulate information, and widespread distrust and antagonism.

Trust: The communication process is a transaction between sender and receiver. Transfer of information is meant to have a reciprocal effect on both. Trust is a major characteristic of all such relationships. Distrust and suspicion between a superior and subordinate can serve only to increase defensiveness and decrease the frequency of open expression, thereby making communication ineffective.

Credibility: It refers to the perceived characteristics of an information source. According to Johnson (1972) Credibility is composed of the following six distinct elements:

1. Honesty or general trustworthiness
2. Expertise or competence
3. Dynamism or enthusiasm
4. Objectivity or open-mindedness
5. Intention
6. General reputation

These are not necessarily possessed by a given source but are attributed to that source by individual receivers. Credibility of a source is actually determined by the receiver.

Sender-receiver similarity: The accuracy of communication between two communicators is directly related to the extent to which they perceive themselves to be similar. The degree of similarity between communicators in terms of characteristics such as age, sex, intelligence, race, and socioeconomic status, as well as common attitudes, interests, values and abilities, influences the ease and openness of their communication. Similar communicators are more willing to accept the viewpoints of one another and to express common agreement.

Interpersonal sensitivity: Some people have the necessary skills but are unable to achieve their communication goals because they lack interpersonal sensitivity. Their messages, though communicated in an appropriate manner, may not be able to motivate the receivers

Interpersonal Communication Barriers:

- *Climate:* The lack of climate can easily lead to a restricted flow of communication.
- *Trust:* Lack of trust between a superior and subordinate makes communication ineffective.
- *Credibility:* It refers to the perceived characteristics of an information source.
- *Sender-receiver similarity:* The accuracy of communication between two communicators is directly related to the extent to which they perceive themselves to be similar
- *Interpersonal sensitivity:* Some people are unable to achieve their communication goals because they lack interpersonal sensitivity.
- *Selective listening:* People have a tendency to hear what they want to hear and tune out what they do not want to hear.
- *Semantic problem:* Words have different meanings for different people and this can lead to problems in understanding communication.

to respond positively to them. Insensitive individuals may use language that is offensive to others or that may be indifferent to the needs and feelings of other people.

Selective listening: People have a tendency to hear what they want to hear and tune out what they do not want to hear. We are more receptive to messages that satisfy our needs or coincide with our beliefs. And we tend to deny, reject or distort messages that are threatening or in conflict with our existing beliefs (Larwood and Whittaker 1977). People become defensive when they are criticized by others as it is a threat to their ego.

Semantic problem: Words have different meanings for different people. Some problems in understanding communication occur because the words used by the sender are understood by the receiver in a different manner due to semantic problems. This happens when the sender uses highly abstract or technical terms or when he speaks a language which is not understood by the receiver.

Organizational Factors

Organizational factors are the elements within the organizational setting that either facilitate or act as barriers that may prevent the communication process from running smoothly. Some of these organizational factors which act as communication barriers are discussed here.

Status: The person's status in an organization depends largely upon the prestige associated with the position occupied. The impact of status on effective communication is highly felt. It has been found that:

- People generally prefer to direct their communication to individuals with higher status in the organization.
- People with high status generally communicate more with one another than they do with people of lower status in the organization.
- The wider the status difference, the greater the likelihood that information will flow from higher to lower status rather than vice versa.
- A person with a high status in the organization generally dominates in a conversation with a person of lower status.
- A person with low status often attempts to gain the favour of those with high status, by displaying respect, offering praise, and agreeing with their views.

Hierarchical transmission: As organizations grow, hierarchies evolve to facilitate the accomplishment of broadened activities and to ease communication. Information must be systematically channellized to all parts of an organization. Although the transfer of information through an organizational chain of command (hierarchical fans) is necessary, it does give rise to numerous communication difficulties. For example, the more levels a message must pass through, the longer it takes to reach its destination and less likely it is to be accurate.

Group size: Interpersonal communication becomes increasingly difficult as the size of the work group increases. This occurs in part because the number of possible communication channels between individual members increases rapidly when group size increases. For a group of five people there are $5(5-1)/2$, or 10, channels of communication possible. As the number of individuals increase, the number of channels also increases.

Spatial constraints: The kind of task or job a person is engaged in will influence his communication with others. The shorter the distance between two employees, the greater will be their frequency of interaction and less likely that they will encounter problems of mutual coordination due to miscommunication.

Organizational Barriers:

- **Status:** The person's status in an organization depends largely upon the prestige associated with the position occupied.
- **Hierarchical Transmission:** Although the transfer of information through an organizational chain of command (hierarchical fans) is necessary, it does give rise to numerous communication difficulties.
- **Group Size:** Interpersonal communication becomes increasingly difficult as the size of the work group increases.
- **Spatial Constraints:** The more the distance between two employees, the lesser will be the frequency of interaction and more likely that they will encounter problems of mutual coordination due to miscommunication.

Technological Factors

Technological factors are the elements in the medium, content or the quantity of information that has to be passed on for effective communication to take place. The following includes some of the technological factors that act as barriers to effective communication:

Language and meaning: A major determinant of communication accuracy is the extent to which communicators assign similar meanings to the same word. Since language is a system of symbols, words themselves have no meaning. They are simply labels. The meaning a person attaches to a message is uniquely determined by individual needs, social background, and so on.

For some words, as dictionaries give so many different meanings, the word that the sender refers to may be different from the word the receiver perceives. There are some words which are spelt in the same way but have different meanings: for example, *live* (verb) and *live* (adjective); *wind* (verb) and *wind* (noun). Some words are pronounced the same way but are spelt differently: for example *to*, *two*, and *too*; *here* and *hear*.

Non-verbal cues: When people speak, their words are usually accompanied by a variety of meaningful non-verbal cues, such as physical postures, gestures, facial expression, body, touch, and visual behaviour. These non-verbal stimuli are silent messages that may communicate the inaccurate transfer of meaning; for example, the degree of eye contact between communicators may indicate interest, liking, involvement or aggression. Similarly, body movements (shifts in position, hand gesture, nods) may convey eagerness, anger or a feeling of relaxation.

In order to understand people better, we need to pay attention to all three components of their communication, that is, their body language, words, and tone of voice. Because of its enormous impact, body language is very important. A manager will be able to communicate much more effectively if he is conscious of his own body language, and he will be able to increase his understanding of others if he learns to interpret their body language. Research studies (Mehrabian 1972) indicate that the three components of communication are expressed in the manner shown in Table 8.1.

The importance of non-verbal communication in management has been acknowledged by theorists and practitioners who assert that the complex interplay of verbal and non-verbal messages is an integral part of the management process. Managers must be skilful at observing and responding to the non-verbal messages of subordinates, and they must be aware of the impact of their non-verbal behaviour on the subordinates during the process of communication. Box 8.1 provides some of the interpretations of non-verbal behaviours.

In the majority of cases, verbal and non-verbal cues communicate the same message, that is, they complement each other. However, non-verbal stimuli may contradict and even negate the intended meaning of a verbal message. For example, a statement “That’s great, that’s just great” said in reaction to an unfavourable outcome is almost always perceived as negative. In general, when non-verbal cues are incongruent with an accompanying verbal message, reliance is placed primarily upon the non-verbal part of the total communication.

Channel effectiveness: Written channels (memoranda, charts, diagrams or company newspapers) have been found to be most effective for transmitting lengthy and detailed material. Written communication provides the reader with an opportunity to achieve understanding at his own rate and by his own method. Storage and retrieval is easy in case of written communication.

Oral channels (face-to-face, telephone, lecture, and conference) are especially appropriate for communication that requires translation and elaboration in order to be understood by the recipient with varying orientation and language skills. Feelings and ideas are better communicated orally.

Technological Barriers:

- *Language and meaning:* A major determinant of communication accuracy is the extent to which communicators assign similar meaning to the same word.
- *Non-verbal cues:* These non-verbal stimuli are silent messages that may communicate inaccurate transfer of meaning: for example, degree of eye contact between communicators may indicate interest, liking, involvement or aggression.
- *Channel effectiveness:* Written channels (memoranda, charts, diagrams, or company newspapers) have been found to be most effective for transmitting lengthy and detailed material.
- *Information overload:* This occurs when the volume of information exceeds the person’s capacity to process it. Then, there is a tendency to sort out, ignore or forget the information.

Table 8.1 Components of Oral Communication

Communication Component	Percentage Expressed
Gestures/expressions	55
Tone of the voice	38
Words	7
Total communication	100

BOX 8.1 INTERPRETATION OF NON-VERBAL BEHAVIOURS

	Non-verbal Cues	Indicates the Following
1.	Looking down	Embarrassment
2.	Steady gaze	Firmness and attention
3.	Covering eyes with hands	Avoidance
4.	Sparkling eyes	Excitement
5.	Tears	Sadness
6.	Widened eyes	Amazement
7.	The body poised on chair	Eager as if ready for activity
8.	The body slumped on the chair in the state of inertia	Tired
9.	Crossed legs	Impatience or withdrawal
10.	Hanging head, looking at the floor	Shyness or embarrassment
11.	Wrinkled nose	Disgust
12.	Smiling, laughing	Willingness and consent
13.	Biting lip	Nervousness
14.	Symbolic hand and arm gestures	Depicts ideas, emotions (abstraction in place of realism)
15.	Nail biting	Nervousness or anxiety
16.	Scratching	Irritation or restlessness
17.	Cracking knuckles	Restlessness
18.	Rubbing or stroking	Pain or affection
19.	Repetitive behaviours	Restlessness or attention
20.	Fidgeting, squirming	Nervousness
21.	Trembling	Fear
22.	Playing with button, hair or clothing	Lack of attention, restlessness
23.	Snapping fingers	Impatience

Source: Adapted from Singh, K. (2007). *Counselling Skills for Managers*, pp. 94–96. New Delhi: Prentice Hall of India.

Information overload: There is, clearly, a limit to the amount of information an individual can process and absorb at a given time. It has been observed that executives can absorb only 1/100 to 1/1000 of the available information relevant to them. Information overload is partly a product of the technological and scientific knowledge explosion of our times. Information overload occurs when the volume of information exceeds the person's capacity to process it. Along with this information-processing capacity, jobs also have a varying information overload, that is, the amount of information to be processed per unit time (Alesandrini 1993).

What happens when individuals have more information than they can sort out and use? There is a tendency to sort out, ignore or forget the information. Whatsoever, the final result is that the information is lost, resulting in the ineffectiveness of the communication process. Sometimes, overload also results in creating anxiety and frustration for the communicator, ultimately leading to health issues.

Overcoming the Barriers to Communication

The advance knowledge of the barriers to communication makes it possible to take actions to minimize the impact of these barriers and make the process of communication effective in organizations. Some of the strategies that could be used by managers in organizations to reduce the effect of these barriers and make the process of communication effective are as follows:

Set the goals of communication in advance: Before going ahead with the process of communication, the communicator should know what he wants to achieve through this. Is it to control the behaviour of others, to motivate them or to give them some information? Depending on the goal, the mode of communication would vary.

Use proper language: The sender of the message should ensure that the language used for disseminating the information is easy to understand and does not involve the use of jargons or words that are beyond the comprehension of the receiver.

Improve sender's credibility: The person sending the message across should be seen as a credible person. He should be an expert in the area, and his words should match with his actions. Most people fail in this credibility test because they are not able to live up to the expectations of the receivers.

Encourage feedback: Any process of communication is incomplete without feedback. The sender can be sure of the authenticity of his message only if it has been received by the receiver as it was intended. Two-way communication and sensitivity to non-verbal messages can improve the feedback process.

Develop a trusting climate: The culture of the organization should promote trust. The process of communication is ineffective if the person sending a confidential message is not sure that it will remain confidential.

Select an appropriate channel: An appropriate channel will help to make the process of communication effective. Care has to be taken to select the right channel. Level (1972) has proposed the following guidelines for selecting the right channel:

- Oral communication would be appropriate only for discussing interpersonal problems and problems related to work performance.
- Written communication is desirable in situations where information is of a general nature and requires future action.
- Oral communication followed by written communication is suitable in all kinds of situations, especially the ones requiring immediate action and job-related instructions.
- Written communication followed by oral communication is not a frequently used method of communication.

Avoid evaluative judgement: Any judgement prior to receiving the message is not desirable. The receiver should be open to communication without any preconceived ideas and bias. He should try to create a climate that fosters acceptance and understanding.

Listen to the entire message: A message has two components—content and feeling. A receiver should try to fully receive the message rather than in parts. Many a times, the feeling associated with the message is more important than the content and a good manager takes note of it. The feeling is usually communicated by non-verbal means. All of these must be observed in listening for the total meaning of the message.

Provide appropriate feedback: The receiver should provide appropriate feedback to the sender about the message that he has received. Appropriate feedback will bring about constructive dialogue without creating a defensive environment and will help attain a common communication ground.

Persuasive Communication: From Understanding to Acceptance

This chapter has mainly focused on how to get people to receive and understand messages. However, we usually want others to accept our information, not just understand it. People understand your message when they perceive the same meaning that you intended. They accept your message when it becomes part of their belief system and changes their opinions and behaviours. The elements of persuasive communication include characteristics of the communicator, message content, communication medium, and the audience being persuaded.

Communicator Characteristics

What makes one person more persuasive than another? One important factor is the communicator's perceived expertise on the topic. Listeners mainly consider the speaker's credentials and experience, but speech pattern also influences perceived expertise. Specifically, people seem to have expertise when they talk confidently and relatively quickly, use some technical language and avoid pauses ("umm," "uh") and hedges ("you know" and "I guess").

Communicators are more persuasive if they have credibility. Thus, employees are more likely to accept a new policy if it is communicated and supported by respected peers. Trustworthiness also exists when communicators do not seem to profit from the persuasion attempt and state a few points against their position. For example, the effective persuader will acknowledge that an opposing position has some positive elements as well. Finally, people who are physically attractive or similar to us are usually more persuasive because we tend to think they have expertise and trustworthiness.

Message Content

We are persuaded more by the communicator's characteristics when we don't consider the issue extremely important. When the issue is important, however, the message content becomes the critical feature of persuasive communication. The best strategy is to present all sides of the argument. Begin by introducing facts sympathetic to the audience's viewpoint, and then shift to the theme of your position. Discussing only one point of view reduces your perceived trustworthiness and gives listeners the feeling of being cornered. When this happens, they react by rejecting your information.

Your message should be limited to a few strong arguments because listeners are more likely to remember these points. These arguments should be repeated a couple of times, but not to the extent that you are battering listeners over the head with them.

Is it better to be logical or emotional when communicating information? Generally, people should use both. Emotional appeals—such as graphically showing the unfortunate consequences of a bad decision—energize people, but they may also make them feel manipulated. Combining these emotional presentations with logical arguments tends to minimize this problem. Also, emotional appeals should always be accompanied with specific recommendations to overcome the threat. In a safety campaign, for example, employees are more persuaded by graphic pictures of accident victims than by a lecture on recent accident statistics, but only if they are given explicit steps to avoid the danger.

Finally, persuasive communicators use the inoculation effect to ensure that other points of view do not influence listeners. This involves warning listeners that others will try to influence them in the future and that they should be wary of the opponent's arguments. This inoculation causes listeners to generate counter-arguments to the anticipated persuasion attempts. For instance, a coalition that wants the company to purchase new production equipment might warn senior management about the arguments the finance department will use to try to convince them otherwise. This tends to make the finance department's subsequent persuasion attempts less effective.

Communication Medium

Earlier in this chapter, it has been recommended to use two-way verbal communication to persuade or motivate the listener. The personal nature of this medium seems to increase the credibility of the information. Furthermore, it is easier for the sender to determine whether the persuasive message is having the desired effect. Two-way communication also increases the receiver's active participation in the process. As long as this participation does not involve presenting defensive statements, the receiver is more likely to be involved in the conversation and internalize some of the information presented.

However, persuasion may require written documentation when dealing with technical issues. For greatest persuasive effect, whenever written communication is necessary for this

BOX 8.2 INTERNAL COMMUNICATION AT TATA CONSULTANCY SERVICES

Leading global IT services and business solutions firm Tata Consultancy Services faces the daunting challenge of ensuring smooth internal communication between its 90,000 employees spread over 42 global locations. It must be doing many things right because it has one of the lowest attrition rates in the industry.

Nearly 10% of its employees are from other countries. Though India is home to a multitude of languages, most software professionals are reasonably proficient in English. This may not apply to a TCS employee from China or Switzerland. The company ensures smooth communication be-

tween its various stake holders in India as well as abroad by having a communication programme in place.

According to S. Padmanabhan, Executive Vice-President, Global Human Resources, TCS is committed to communication and sees it as a strategic value addition. The senior management of the company is involved in reviews, course corrections and providing creative solutions to communication problems.

Source: Adapted from Sridhar, Ramanujam (2007). "Communication Is In. Or Is It?" *The Hindu Business line*, 28 June. Available at www.thehindubusinessline.com/catalyst/2007/06/28/stories/2007062850110200.htm (accessed November 2008).

purpose, it should be combined with direct discussions. The verbal exchange could repeat highlights of the report and provide graphic images for the listener, thereby adding emotional appeal to an otherwise logical message.

Audience Characteristics

Not everyone is equally persuaded by the strategies and conditions that have been described. For example, it is more difficult to persuade people who have high self-esteem. And, as mentioned above, it is very difficult to persuade those who have been inoculated against your persuasive intent.

One guiding piece of information that one should remember from this chapter is that communication is both essential and pervasive in organizational settings. Without it, organizations would not exist because there would be no interaction between employees. Communication affects how well people perform their jobs, how much stress they experience, how satisfied they are at work and how well they perform in teams. In fact, we will learn over the next chapter how effective communication becomes even more important as companies increase their reliance on teams. Box 8.2 discusses how internal communication plays an important role in the functioning of Tata Consultancy Services.

Active Listening

The process of tuning in carefully to the sender's messages and responding accurately to the meaning behind the message has been referred to as active listening. This type of listening is at the core of effective communication. Listening at its simplest level calls on the receiver to provide feedback on the content and feelings that the sender has communicated. This decoding process is necessary because human communication is often indirect. When we speak, we have a tendency to encode our message rather than communicate clearly and directly what we are thinking and feeling.

Active listening, then, is a synthesis of the skills of restatement of content and reflection of feeling. It promotes the feeling of being understood within the sender. It must be emphasized that active listening is critical to the communication process. According to Egan (1994), there are four basic factors which receivers need to focus on when communicating with senders. The factors are as follows:

1. Their experiences—what do they see as happening to them?
2. Their behaviours—what do they do or fail to do?
3. Their sentiments—what are their feelings and emotions?
4. Their points of view—what are their opinions?

Active Listening: The process of tuning in carefully to the sender's messages and responding accurately to the meaning behind the message has been referred to as active listening.

The special kind of active (as opposed to passive) listening, which is exhibited by a sender, has many positive effects:

1. It builds rapport.
2. It helps the senders to express themselves even regarding issues not so welcome in the ordinary business environment, such as emotions.
3. The sender feels that the receiver is there for him.
4. The sender feels heard, understood, and accepted.
5. The manager will be more influential because listening builds trust. If the subordinate feels heard, he will, in turn, listen to his manager.
6. It helps subordinates to resolve their own problems.

While communicating with subordinates the manager must focus on making sure that he has really heard what the subordinate has said, even when it is annoying or uncomfortable, and however much he disagrees. He must also concentrate on the emotions involved and encourage the discussion of feelings—attempting to acknowledge the feelings rather than driving them away. This can be very difficult for managers who are not comfortable discussing feelings or listening attentively to attitudes and opinions with which they disagree.

Most of us are not really very good listeners. Even though, as adults, we spend the largest percentage of our time listening, as school children we are taught a tremendous amount about reading and writing, a bit about speaking, and very little about listening. Given the lack of training, it is not surprising that our listening skills as a society are not very well developed.

The concept of active rather than passive listening is important because most people consider listening to be a passive, receiving activity. Real active listening is difficult and is very tiring because it requires an extremely high level of concentration. Unlike with reading, where a person can go over a passage again and again, with listening you have only one chance.

Listening can be broken down into a variety of component skills as follows:

1. Reading body language
2. Listening to the way things are said (the sound of the voice and the words chosen)
3. Being able to look through the conversational style and vocabulary in order to follow the thoughts that lie behind the words
4. Trying to understand values and the way of thinking
5. Noticing what is not being said (due to hurt, embarrassment or guilt)
6. Listening to the parts and the whole at the same time—learning to highlight the important things in one's own mind as the other person speaks, to think about how these might relate to one another, and to try to put them together to form a meaningful whole.
7. Becoming familiar with the person's normal speech pattern so that you can discern anomalies, which may indicate areas of importance
8. Practising self-discipline in order to eliminate distractions, overcome boredom, and concentrate on what is being said all the way through to the end.
9. Demonstrating verbally and non-verbally that you are listening

Encouragers: Encouragers are the short phrases that we use and noises that we make to tell people that we are listening, that we are interested, and that we want them to continue.

It is also necessary for the superior to indicate verbally that he is listening to his subordinate. This section discusses several ways in which this can be done: by using encouragers, echoing, key-word repetition, and reflecting.

Encouragers

The most common way to verbally respond to someone in order to demonstrate listening is by the use of “encouragers.” Encouragers are the short phrases that we use and noises

that we make to tell people that we are listening, that we are interested, and that we want them to continue. Encouragers are minimal responses—enough to show that we are paying attention and not daydreaming, yet minimal so that we will only encourage and not distract the speaker.

If encouragers are too infrequent, the speaker will question our attention level. When encouragers are used frequently; they become artificial and distracting and actually demonstrate non-listening. It sounds better to the speaker if the receiver varies the encouragers he uses, rather than repeating the same one over and over again, which becomes monotonous.

As with nodding (which is actually a non-verbal encourager), the timing of encouragers makes a difference as well. It is best to encourage at the end of a speaker's phrases, in response, rather than during or speaking over them, which then would be an interruption.

Some of the commonly used encouragers are as follows:

1. Uh-huh
2. Mmm
3. I see
4. Right
5. That's interesting
6. Yes

Echoing and Keyword Repetition

To demonstrate listening, echoing, and repeating keywords are gentle ways of asking probing questions and directing the conversation. Echoing is simply repeating the last few words spoken and keyword repetition is picking out the important words from statements and repeating them. For example, suppose a subordinate says, "Last year's Chennai conference was not worth the trouble. The hotel was uncomfortable, the conference planners were disorganized, and we sent several salespeople leaving our office short-staffed. However, Shravan doesn't agree with me." An example of echoing would be, "Shravan doesn't agree with you?" An example of keyword repetition would be, "The planners were disorganized?"

These examples indicate listening; they both encourage the subordinate to continue speaking, yet they both subtly direct the conversation as well.

Reflecting

Encouraging motivates the speakers to continue speaking; verbal listening can communicate to them the understanding of what has been said. Reflecting is the process of showing understanding, without agreeing or disagreeing.

The receiver without becoming emotionally involved in the problem shows that reflecting is a way of showing non-judgemental understanding and acceptance. Reflecting demonstrates empathy and unconditional positive regard as well as listening. It is playing back to someone in your own words what they have communicated to you. The difference between reflecting and paraphrasing is that reflecting plays back the total message communicated to you (reflecting what you have learned from their words, the sound of their voice, and their body language), whereas paraphrasing plays back just the verbal part of their message. In the interactions given below, (1) Manager 1 is playing back the verbal content of what the subordinate has said, and (2) Manager 2 is playing back the total communication.

Reflecting the total communication is, often, more helpful than reflecting only verbal communication. Manager 1 has understood what the subordinate said, but Manager 2 has given the subordinate some feedback and offered an opportunity to explore the situation more deeply as well as shown understanding of what was said. It can be said that the subordinate has been understood better by Manager 2.

Echoing and Key-word Repetition:

Echoing is simply repeating the last few words spoken and key-word repetition is picking out the important words from statements and repeating them.

Reflecting:

Reflecting is the process of showing understanding, without agreeing or disagreeing.

Interaction 1

Subordinate	(Looking downward) "I have been asked to apply for that next grade position which was advertised. It looks interesting." (Sounding unconvinced.) "Apparently I have all the qualifications necessary. I ought to apply." (Annoyed tone of voice.)
Paraphrasing by Manager 1	"You think you should apply for a position for which you have been specifically asked to apply because of your qualifications."
Subordinate	(Looking downward) "I have been asked to apply for that next grade position which was advertised. It looks interesting. (Sounding unconvinced) Apparently I have all the qualifications necessary. I ought to apply." (Annoyed tone of voice)
Reflecting by Manager 2	"You sound as if you are somewhat reluctant about applying for this position, but I feel you ought to because it was requested."

By carefully choosing which bits of subordinate's speech to reflect on, managers can direct conversations. Managers can direct the conversation when it will help subordinates to go in a direction, which is important to them. This is different from taking control of the conversation for their own purposes. Manager 2 in the example above focused on the subordinate's reluctance because the subordinate's total communication indicated that it may be important. Manager 2 is not manipulating the conversation in this case. Instead, the subordinate is being encouraged to elaborate on an emotion, which is obviously significant.

Managers can reflect emotion, thinking and/or behaviour. It is best to try to reflect as many of these as possible in a reflective statement when trying to communicate full understanding as depicted in interaction (2).

Interaction 2

Supervisor	"My head technician, Sikander, has been doing excellent work for some time now. He also trains the new staff in a very positive manner, which boosts their morale at critical times. In order to keep him motivated, I need to do something more than just giving him praise. However, there is no other position that he can aspire to."
Manager	"You have been rewarding Sikander with good reviews, but you are concerned because you think something more may be needed to motivate him."

The manager reflected the feeling (concern), the thinking (need for more motivation) and the behaviour (praise).

Sometimes, it is useful to reflect back only the emotions, which are not being communicated verbally, especially when the subordinate is avoiding discussing feelings. Thinking and behaviours are more often readily communicated verbally, whereas emotions are more often implied, or communicated non-verbally. For example, the statement, "I think I am being taken advantage of" implies anger and an accompanying angry tone of voice or table thumping communicates anger. The reflection of feelings and emotions is a very important counselling skill because emotions are often a block to progress. Reflecting is a way of bringing emotions out into the open and discussing them, so that progress can then occur. Simple statements such as "You seem upset by this," "You don't look so happy," or "You seem quite worried" can help to get people talking about their emotions.

Benefits of reflecting for the manager (listener) The benefits of reflecting emotions and thoughts for managers are as follows:

1. Reflecting demonstrates that the manager is listening to the subordinate.
2. It helps in checking understanding and building a clearer mental picture.

3. Reflecting thoughts helps to build rapport.
4. It helps to pace conversation as well as gives the manager and the subordinate time to think about where to go next.
5. It contributes to the conversation without leading it.
6. It also helps in equalizing the conversation, which is very useful for putting the problem back to them (avoiding taking on the problem and fixing it).
7. Reflecting emotions forces concentrated listening.
8. Reflecting also encourages opening up and probing deeper to get to the hidden emotions.

Benefits of reflecting emotions and thoughts for subordinates (speaker) The benefits of reflecting emotions and thoughts for subordinates are as follows:

1. Reflecting helps to “hear oneself” and therefore, to keep one on track.
2. Reflecting helps to gain feedback about oneself—thus leading to better self-understanding.
3. Reflecting gives a feeling of being listened to, validated, reassured, and accepted.
4. Reflecting makes one feel understood and provides the opportunity to correct the listener if misunderstood.
5. Hearing oneself more objectively through someone else helps to put one’s thinking in perspective.
6. Reflecting clears and focuses thinking.
7. Reflecting helps one to tell one’s story.
8. It allows one to set pace.
9. Reflecting allows one to come up with one’s own realizations/solutions.

Cross-cultural Communication

Achieving efficiency at the workplace through effective communication in a homogeneous organization is a difficult task. This task becomes more difficult when an organization includes employees of diverse language and cultural backgrounds. The greater the differences between the backgrounds of the sender and receiver, the greater will be the difficulty in interpreting each other’s words and behaviours. This difficulty has often been observed between the communicators of different countries and even different sexes.

National Differences

The vast majority of people in today’s world do not understand English, though it still remains the only common language to do business in international markets. This makes the requirement of foreign language training mandatory. Even if two communicators speak the same language, the same sentence may be interpreted in different ways. For example, the phrase, “That would be very hard to do” to an American would mean that it is not an impossible task. He would assume that with some adaptations and adjustments, the deal could be possible, but for an Asian the phrase would mean that it is impossible to do. In terms of non-verbal communication for an American, maintaining eye contact while communicating is an indication of honesty. However, in an Asian perspective, this may appear to be slightly arrogant and rude as lowering of the eyes is taken as a gesture of respect for superiors (Salacuse 1991).

It is inappropriate to assume that a particular way of working or style of communication would be acceptable in all cultures. An American might be shocked if not a single person shows himself in the office at 7.30 a.m. for a meeting, and an Indian will be surprised to see the Americans having their dinner at 6.00 p.m. In a multicultural environment, managers have to be sensitive to a number of factors which influence the process of communication. Here, the use of categories and stereotypes can cause significant misunderstandings (Adler 1997).

Gender Differences

Gender can create subculture communication barriers within the same country. The male manager's communication will more often be characterized by task-focus, dominance, challenge to others, and a focus on controlling the behaviours of others. They talk more and interrupt more. Women managers, on the other hand, are more informative, receptive to ideas, and are more concerned about others in the relationship. They are emotionally more supportive when compared to male managers (Bard and Bradley 1979). Women often use qualifying terms which qualify the intent of communication. They use less powerful language as compared to their male counterparts. They generally use tag questions, which gives others an impression that they are unsure and willing to surrender decision-making power (Hunsaker and Hunsaker 1991). Table 8.2 gives a representation of differences in the communication styles of male and female managers.

Transactional Analysis:

Transactional analysis is a method that helps two persons communicate and behave on the job in a mature manner by understanding each other's motives.

Improving Interpersonal Communication: Use of Transactional Analysis

Transactional analysis (TA) is a method that helps two persons communicate and behave on the job in a mature manner by understanding each other's motives. It is aimed at analysing the interpersonal transactions or communications between the leader and the follower and enables the leader to properly analyse any dyadic situation. It can help the leader answer questions such as, "Why am I saying and what am I saying to this subordinate?" and "Why is he saying and what is he saying to me?"

The concept of TA begins with the discussion of ego states that constitute the personality of an individual.

Table 8.2 Differences Between Male and Female Managers on Their Communication Styles

Males	Females
Do not ask men to do something and do not order as they don't appreciate it.	Listen to women more as they just need to share their feelings.
Do not challenge men when they make declarations.	Soften your orders and directions as women communicate less directly.
Do not give men free unsolicited advice, they will reject it.	Do not give only answers and solutions as women often want to be nurtured.
Give them the bottom line for clarity.	Show empathy and discuss their experiences
Give praise when warranted as they look forward to it which keeps them going.	Treat women as a respected equal because it motivates them.
Do not send them messages when they are working or stressed as they will not receive it.	Give details along with the summary because they expect details.
	Look beyond a woman's literal words because sometimes the message is subtle.

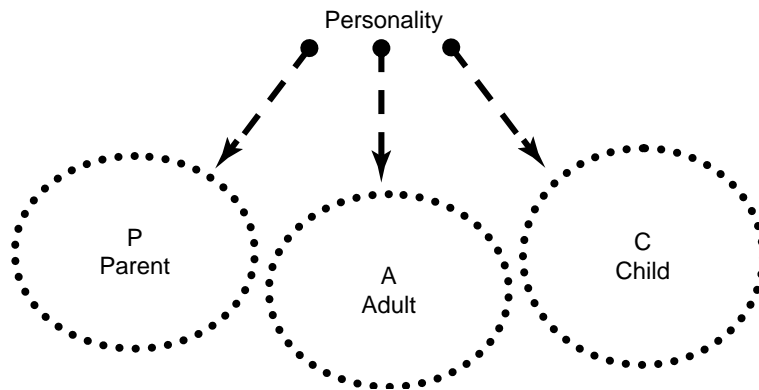


Figure 8.4
Human Personality
Comprising of Three
Ego States

Ego States

According to TA, all people have, in differing degrees, three ego states—Parent, Adult, and Child. As Berne (1964) states, “Although we cannot directly observe these ego states, we can observe behaviour and from this infer which of the three ego states is operating at that moment.” The three ego states are shown in Figure 8.4.

The parent ego state is an emotional state in which people unconsciously mimic the behaviour of parents, older siblings, teachers, and persons providing early religious experiences in their formative childhood. A person is operating from a parent ego state when that individual plays back “old tapes” that say such things as “It’s right, It’s wrong”, “It’s bad! It’s good” or “You should, You shouldn’t”. It is the evaluative part of us all. The two main types of parent ego states are the nurturing parent and the critical parent.

The adult ego state behaviour could be described simply as rational decision making or problem-solving analysis. People operating from the adult ego state are taking the emotional content of their child ego state and the value-laden content of their parent ego state and checking them out in the reality of the external world. These people are examining alternatives, probabilities, and values prior to engaging in behaviour.

The child ego state is a set of behaviours, thoughts, and feelings which are replayed from our own childhood. A person’s child ego state contains the “natural” impulses and attitudes learned from child experiences. The two kinds of child ego states are happy child and destructive child.

All of us evoke behaviour from these three ego states at different times. A healthy individual maintains a balance between all three ego states. And yet, many people seem dominated, at times, by one or two of them. Such people create problems for managers who have to work with them.

Child-dominated people do not engage in such rational problem solving. They have learnt in their formative years that they can get things by screaming and being emotional. These people are very hard to reason with in many situations. Parent-dominated people also do not engage in much rational problem solving because they think that they already know what is right and what is wrong. They seem to have an answer for everything.

Adult-dominated people can be very boring people to work with. They are often “workaholics.” They are never able to “let their hair down” and have fun. Thus, a balance between the three ego states makes for a healthy person with whom to work.

Analysis of Transactions

Transactional analysis identifies and analyses the ego states of the leader and the follower involved in a transaction to help each person communicate and interact more effectively. In TA, two types of transactions are possible—complementary and non-complementary or crossed transactions.

Parent Ego State: The parent ego state is an emotional state in which people unconsciously mimic the behaviour of parents, older siblings, and teachers.

Adult Ego States: The adult ego state behaviour could be described simply as rational decision-making or problem-solving analysis.

Child Ego State: The child ego state is a set of behaviours, thoughts, and feelings which are replayed from our own childhood.

As shown in Figure 8.5, in complementary transactions, the lines of communication are parallel because the follower's ego state complements that of the leader and the leader gets an expected response. Box 8.3 gives examples of different complementary transactions.

In a non-complementary, or crossed, transaction, the leader and the follower do not get an expected response. Each person gets a response that the person neither wants nor expects because the person is interacting with someone who is not in a complementary state, as shown in Figure 8.6.

For example, a leader in the adult state might say that by increasing sales by 10%, the salesperson could boost her commission correspondingly. To this, the salesperson or the follower might respond, "Quit picking on me." In this case, the leader was in the adult state and expected the subordinate to be in the same state. Instead, the salesperson was in the child state and answered as if the manager were in the parent state.

In an ineffective dyadic relationship, there are four elements that make the entire situation appear hopeless. The disputes between a leader and a follower or between leaders involve the following common elements:

- One person in the dispute always has the feeling that he is right and the other is wrong.
- There is a breakdown of communication. Either one person is unable to or either or both are unwilling to listen to what the other person says.

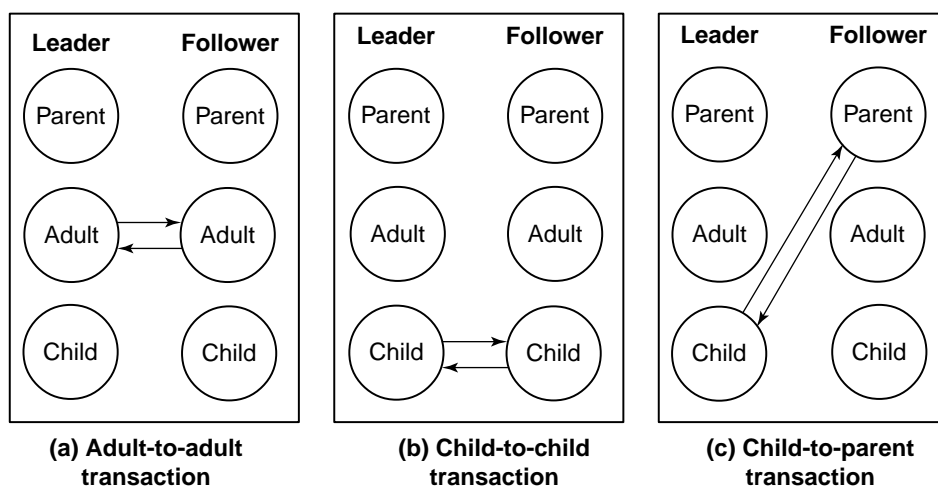


Figure 8.5
Complementary Transactions

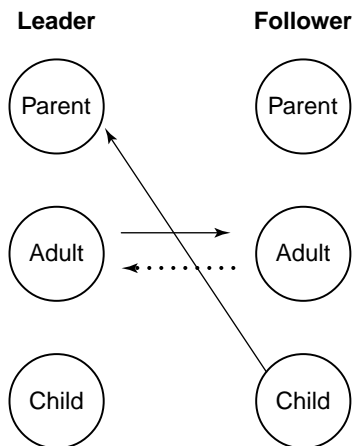


Figure 8.6
Non-complementary Transactions

BOX 8.3 EXAMPLES OF COMPLEMENTARY TRANSACTIONS

Adult (Leader)–Adult (Follower), as shown in Figure 8.5(a): In this case, the leader and the follower are in the adult state. For example, the leader might say, “Sales increased by 10% last year because of our improved sales-incentive programme.” To this, the follower might respond, “Yes, and studies show that the incentive plan works especially well for the salespeople in urban areas.”

Child–Child, as shown in Figure 8.5(b): For example, the leader might say, “I’ll show them we won’t work with

those people. Stop the machines.” And the follower might respond, “Great! Let’s take a coffee break.”

Child–Parent, as shown in Figure 8.5(c): In this case, the leader might say, “I’ll show them I won’t work with those people. Stop the machines.” To this, the follower might respond, “It’s against the rules to stop the machines. The plant manager will be mad at you if you stop the machines.”

- There are distortions in perceptions. Words, actions, and responses are shaped and decided by the needs of each person and may not match with each other.
- There is an element of distrust. Each doubts the other’s intentions.

In spite of all these problems, there are elements of knowledge and skill that can be applied in these situations. A person who will listen empathically and understand the attitudes of each disputant may be able to solve the dispute.

Life Positions

In the process of “growing up,” people make assumptions about themselves and other significant people in their environment that may or may not be generalized to other people later in life. These are basic assumptions that individuals make about themselves and about others. The concept of life positions, which is an important part of TA theory, was explored by Thomas Harris (1969) as a way of understanding behaviour. The life-positions concept provides a conceptual framework for understanding people in terms of whether they see themselves and others as either “OK” or “not OK.” OK feelings are feelings of power, capability, well-being, and personal worth. Not-OK feelings are the opposite: feelings of weakness, incompetence, helplessness, insignificance, anxiety, unworthiness of love, and worthlessness.

Harris calls the combination of an assumption of oneself and another as a life position. Further, these life positions tend to be more permanent than the ego states. The positions are learned as a result of reinforcements received throughout one’s life for expressions of need and responses to expressed needs. There are four positions that result from these possibilities: neither party has value (I’m not OK, You’re not OK); you have, but I do not have value (I’m not OK, you’re OK); I have value, but you do not (I’m OK, you’re not OK). Each of these life positions are described in the following section.

Four Extreme Positions The concept of life positions is based on the theory that, early in life, people adopt a fundamental belief about their own self-worth and about the worth of others. People who decide that they or others, generally, are good and worthwhile are said to have adopted an OK life position. Likewise, people who decide that they or others, generally, are bad or worthless are said to have adopted a not-OK life position. People rarely abandon their basic life positions; in fact, the basic life positions, which usually are reinforced, occur when a person consciously decides to replace his dysfunctional life position with the fourth and healthiest life position: “I’m OK, You’re OK”.

The initial and most common life position is adopted soon after birth. Birth is a traumatic and terrifying experience, and there is a brief period of time during which no stroking (physical contact, warmth, nourishment, and so on) occurs. The infant is moved abruptly from a warm, dark, safe environment to one that is bright, cold, loud, and uncomfortable. This new environment is, simply, “not OK.” This not-OK-ness is the first feeling that the infant has about herself. The person who provides warmth, food, and stroking is, therefore, OK. The first life position is “I’m Not OK, You’re OK”.

Following are descriptions of the four life positions, which are made up from the combinations of OK or not-OK perceptions of oneself and others (Figure 8.7(a-d)):

I'm Not OK, You're OK: A person who holds this life position believes that she is inferior to others, especially in situations that concern competence, influence or personal power. Burdened with self-defeating attitudes and a lack of confidence, a person in this position feels unable to measure up to other people. Figure 8.7(a) is a presentation of the "I am not OK, You are OK" life position.

I'm Not OK, You're Not OK: This position, often, is a symptom of a highly maladjusted personality. A person who holds this life position believes that he is worthless and so is everyone else. Suspicious of others, such people become anxious about what they or others might do that will be harmful to them. They feel disconnected from other people and alienated from their environments. But they have little motivation to try to overcome their negative feelings towards themselves and others. Figure 8.7(b) is a presentation of the "I am not OK, You are not OK" life position.

I'm OK, You're Not OK: People who hold this life position believe that they cannot rely on anyone but themselves. They believe that other people are worthless and may be enemies and that their lives would be fine if people would leave them alone. No matter what happens to this type of person, it is always someone else's fault. Because they feel unable to depend on anyone but themselves, such people soon learn to provide their own internal satisfactions. Figure 8.7(c) is a presentation of the "I am OK, You are not OK" life position.

I'm OK, You're OK: The fourth life position is considered the healthiest and requires conscious effort to achieve. People who hold the "I'm OK, You're OK" viewpoint see themselves as interdependent with others and with their environments. Messages from others confirming that they are OK are accepted and appreciated but are not essential to their feelings of self-worth. Because they realize that self-esteem is an individual responsibility, it is easy for people in the "I'm OK, You're OK" life position to see others as OK as well. Figure 8.7(d) is a presentation of the "I am OK, You are OK" life position.

Figure 8.7(a)
"I am not OK, You are OK" Life Position

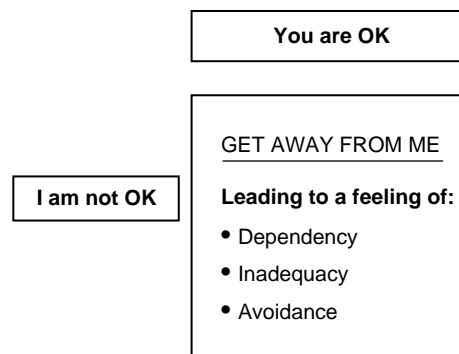
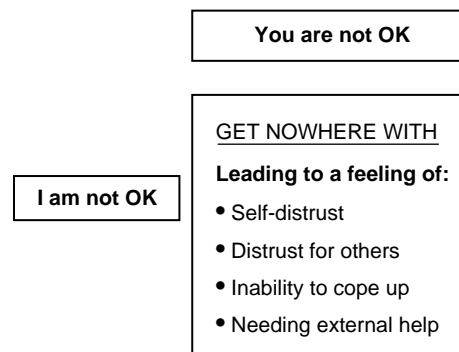


Figure 8.7(b)
"I am not OK, You are not OK" Life Position



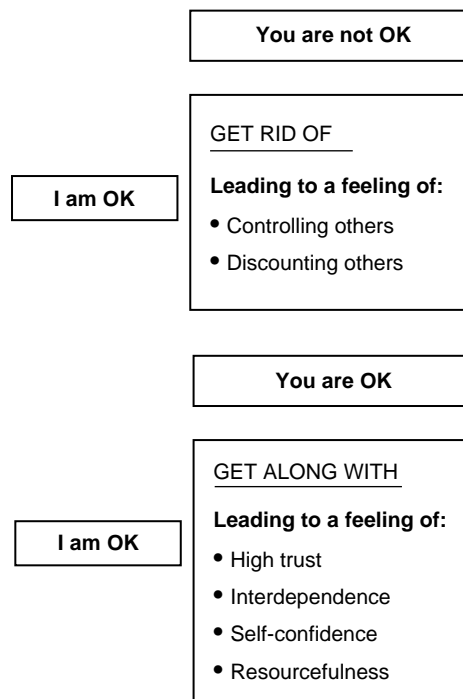


Figure 8.7(c)
“I am OK, You are not OK” Life Position

Figure 8.7(d)
“I am OK, You are OK” Life Position

Berne postulates that the first three life positions result from childhood experiences. In contrast, the fourth position represents a perceptual jump. The “I’m OK, You’re OK” position can be reached only through conscious re-evaluation of one’s self-conception.

Development of life positions An analysis of the development of the basic life positions can lead to an understanding of the nature and consequences of each life position. Infants have a mixture of OK and not-OK feelings, with the not-OK feelings predominating. Infants feel OK when their physical needs are satisfied and when they receive positive stroke (physical attention, recognition, and affection) from parents or other caregivers. When their needs are not met, they feel not OK. Because they are small, powerless, and inept, babies’ early experiences provide them with many negative strokes. Withheld or negative stroking is not necessarily deliberate on the part of the caregivers and may result from the babies’ inability to communicate their needs. Because adults can choose whether or not they wish to satisfy babies’ needs, babies perceive adults as all-powerful and, therefore, OK. For most people, the early “I’m Not OK, You’re OK” life position becomes a habit. Because the events in most people’s lives do not force them to re-evaluate their position, they remain with what is comfortable and familiar.

A preponderance of negative or withheld strokes may force the child to withdraw and perhaps to switch to one of the other two basic life positions. The battered child on whom adults inflict pain may eventually conclude that other people are not OK. The child may find that she can satisfy the need for strokes better than adults can, thereby concluding that she is OK and that others are not OK. The child comes to believe that all would be well if it were not for the existence of other people.

The third life position, “I’m Not OK, You’re Not OK”, occurs when the child’s strokes are negative or withheld but are not devastating enough to cause the child to adopt the “I’m OK, You’re Not OK” position in self-defence. Instead of being beaten, for example, the child may be denied affection or neglected. In this case, the child will continue to feel not OK and will decide that others also are not OK.

Use of the ok-not ok principles The strengths of the life-positions theory are its uncomplicated terminology and the fact that relevant examples of the basic life positions can be elicited from almost any group. Unfortunately, the popularity of this concept has lessened its impact. The concepts are widely known but are not necessarily widely understood. The terms OK and not OK have become household words for many people, thus diluting the impact of the theory.

Harris (1969) stresses that the “I’m OK, You’re OK” life position is not a cure-all; it will not heal all wounds or provide instant popularity, love, self-fulfilment or happiness. Rather, an attempt to adopt this life position should be undertaken from a mature, thoughtful decision to approach life from a rational perspective to persist even if success is not immediate and to realize that the decision will require a great deal of personal energy and hard work. After all, it takes work to overcome a lifetime of feeling worthless or feeling that others cannot be accepted as they are.

Stroke: Stroke is a form of recognition (social, physical or emotional) that we receive from people around us.

Strokes

Another important concept in TA is strokes. Stroke is a form of recognition (social, physical or emotional) that we receive from people around us. The strokes have been classified into three categories:

- **Positive:** When the other person is viewed positively and appreciated in different ways.
- **Negative:** The other person is viewed negatively and reprimanded for his behaviour.
- **Indifference:** No attention is paid to the person either positively or negatively.

There is a fundamental assumption in TA that negative strokes are better than no strokes or indifference. In other words, when we are young, we will seek negative recognition rather than be ignored, because it at least indicates that we are alive.

Stroke economy The concept of stroke economy has taught us to economize on giving strokes or recognition to other people around us. This results in creating a barrier between people in organizations. This notion has been ingrained into an individual’s personality from a very young age as a result of socialization. There are certain rules of stroke economy that have to be understood in order to unlearn them.

Stroke economy consists of five basic rules as follows:

1. Don’t give positive strokes just because you have them to give. In other words, don’t freely give your good feelings to others.
2. Don’t ask for positive strokes when you need them.
3. Don’t accept positive strokes. Even if, deep down, you want to bear good things about yourself, reject the positive strokes you are offered.
4. Don’t reject strokes just because you don’t want them. For example, women get strokes for beauty, while an increasing number of number of them are interested in getting strokes for being intelligent or powerful and don’t want to hear about their looks all the time.
5. Don’t give yourself strokes. Our society puts a lot of pressure on people not to brag or otherwise share with others the good things about themselves.

The cultural message underlying these rules is that positive strokes are limited in supply, while negative strokes are abundant.

Transactional Games

Developed from Berne's (1964) theory of TA, the transactional games concept describes a highly structured and socially dysfunctional form of interaction. A transactional game is a sequence of manipulative messages or transactions that result in a psychological "win" for the initiator of the game and a loss for his unwitting partner.

The transactional game represents one type of transaction, of which there is a wide range of possibilities. Berne (1964) divides the range of transaction, of which there is a wide range, each characterized by a different level of involvement and by different behaviour. The six stages of interpersonal involvement are (Table 8.3) as follows:

- Withdrawal
- Rituals
- Pastimes
- Activities
- Games
- Intimacy

The illustrations below depict the behaviours and actions associated with each stage of involvement.

The transactional games concept utilized a component of TA theory: the three ego states of individual personality (Parent, Adult, and Child). An ego state is a pattern of thought and feelings. According to Berne (1964), the parent ego state provides us with moral, social, and personal values as well as with traditional standards of behaviour. The adult ego state is concerned with gathering, analysing, and testing information. The child ego state is responsible for basic emotions such as fear, joy, and anger. Berne theorizes that these three ego states are present within each person and that each transaction (interaction) with another person is dominated by one of the ego states.

Figure 8.8 illustrates the use of ego states to analyse a transactional game. The numbered arrows indicate the ego state from which each sender's "message" originated, the ego state of the person to whom the message was directed, and the order in which the messages were

Transactional Games:

A transactional game is a sequence of manipulative messages or transactions that result in a psychological "win" for the initiator of the game and a loss for his unwitting partner.

Table 8.3 Levels of Interpersonal Involvement

Level	Typical Behaviour
Withdrawal	Physical departure from a threatening situation Psychological withdrawal if physical departure is not feasible Silence, preoccupation, pretending to be not there
Rituals	Standard behaviour Discussions or conversations that deal with information known to both parties Social rituals such as greeting, leave-taking, and small talk Ceremonies, highly structured group behaviour (plays, weddings, funerals, etc.)
Pastimes	Passing the time, small talk, light conversation, recreation (e.g. sports, card games)
Activities	Task-oriented processes Attending to everyday business Carrying out business activities, commerce, social activities, meeting social obligations Communicating, negotiating, and working together
Games	Complex interpersonal transactions Statements about each other, rather than about processes Subtle psychological attacks, diversions, and "Not OK" feelings
Intimacy	Sense of privacy, physical contact Pleasurable stroking, nurturing, and being nurtured In some situations, sexual arousal and/ or sexual intercourse

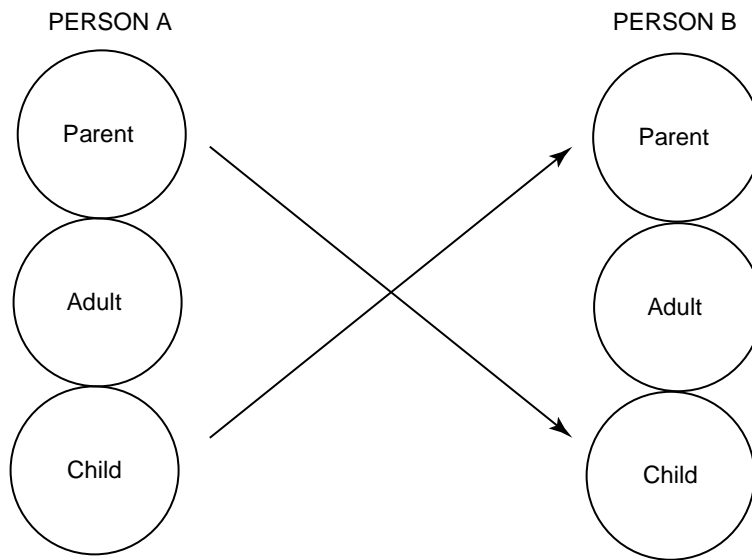


Figure 8.8
Use of Ego States to
Analyse a Transactional
Game

Message	Person
1. "Tell me you love me"	(A)
2. "Stop making a scene"	(B)
3. "You never show any affection!"	(A)
You only care about yourself!"	
("I feel guilty.")	(B) (Internal feeling of guilt)
("Take that, you bum!")	(A) (Psychological superiority)

sent and received. The game depicted here is called "Kick Me." (Whimsical titles for games are characteristic of transaction games theory). Berne labels other games as:

- "If it weren't for you"
- "I'm only trying help"
- "NIGYSOB" (Now I've Got You, You Son-of-a-Bitch)
- "See what you made me do"
- "Poor me"
- "Let you and him fight"

Analysis of "Kick Me"—A Game

Situation: A very formal dinner party.

The Transactional Game Process

Message number one: "Tell me you love me," is person A's attempt to begin the game. This message is directed from A's child state to B's parent state. It is the beginning of a setup because A realizes that the highly formal situation (the dinner party) probably will constrain B from giving the requested response or "stroke."

Message number two: Person B agrees to participate in the game and responds with “Stop making a scene,” a message from B’s Parent to A’s Child. So far, the transaction is a Parent–Child exchange.

Message number three: In the third message, A introduces a switch or crossed transaction in which A’s Parent berates B’s Child: “You never show any affection! You only care about yourself!” With this transaction A gains psychological superiority. B feels guilty for having scolded A, accepts a one-down status (a child ego state) and has lost the game.

The crossed-arrow configuration of the illustration is the characteristic of transactional games. Transactional games often veer away from the original subject of the transaction because one player always introduces a message that is conceptually different from the preceding messages. In the “Kick Me” game, for example, the subject shifts from A’s desire for affection to B’s selfishness. Unprepared for the switch, B is caught off guard.

Berne’s (1964) approach to games implies the following: a self-actualized person should be able to move freely along the continuum of emotional involvement without relying on games as the vehicle for his transactions. People use transactional games to keep themselves from becoming intimate with others. By establishing a “one-up” status with the other person, the player can create and maintain a “safe” state of psychological separation.

Implications

The concept of transactional games focuses on the dysfunctional strategies that many people use to protect themselves from the emotional risks of intimacy. Familiarity with the game player’s manipulation also can be useful for people who do not wish to become unwitting partners. If a person realizes that he is enticed into a game, firm adherence to the adult ego state, analysis of the transaction, and proposal of alternatives to the initiator can squelch the game before it becomes destructive.

Uses of TA in Organizations

The obvious point of application of TA is at the level of relationships in the organization, although it does have implications for structure, systems, and resources. For example, many of our organizations are characterized to a lesser or greater degree by exploitation not only of people but also of the environment in the service of industrial and economic growth. They have grown in size and complexity by taking this position, but TA confronts this exploitation. Consequently, its widespread use may have consequences for the way in which we structure our organizations.

TA as a Tool for Improving Interpersonal Skills in Specific Situations

While the use of TA in such situations may constitute only a minimal effort, it does have a general applicability for the development of interpersonal skills. One particularly important area of application is team building, using TA to improve the relationships in an existing organizational team or department. Intervention at the level of team building and team relationships is one of the most effective approaches to developing organizations and has become a major change strategy. TA concepts, though essentially personal and interpersonal, can be “extrapolated” to a group and organizational level. The concept of Parent itself and transactions between Parent and Child give us an important way of looking at authority issues in organizations.

Summary

Communication is the most widely dealt area in the entire field of organizational studies, but it is seldom clearly understood. No group can exist without communication, which involves transference of ideas, content, and their meaning to other people. Any idea or information can be passed on only through transmission of meaning. Communication, therefore, must include both the transference and the understanding of the meaning. Communication is a process of transmitting and understanding between two or more people; it involves at least two parties—a sender and a receiver. Individuals in organizations can communicate in a number of ways. Every process of communication has its definite advantages in organizations and plays a significant role. Different ways in which people can communicate in organizations are oral and written communication, non-verbal communication, and by the use of technology.

The functions which communication serves within a group or organization are to control, to motivate, to pass on information, and to give vent to emotional feelings. Communication begins when a sender identifies the need to send a message; he, then, formulates the message and places it in the channels headed to transmit it. Communication concludes when a receiver accepts the message and interprets its meaning. Selecting a communication channel to transmit a timely, accurate, and completely understandable message is very important. People are channels who use speech, sight, and body motions to communicate. Mechanical channels go beyond the capabilities of the human body and include newsletters, magazines, telephones, radio, television, and computers. The characteristics of the communication channel can be categorized as channel capacity, channel modifiability, channel duplication, channel speed, channel feedback, and channel appropriateness.

A linkage is a communication between people or groups. A communication network is a series of interconnected linkages. Together, these linkages connect individuals or groups for communication process. The networks can be classified into two broad categories, formal communication networks and informal communication networks. Formal communication networks can be divided into vertical communication, horizontal communication, and diagonal communication. Informal communication networks can be classified into grapevine, social gatherings, and management by wandering around.

Communication, though intended to be smooth and effective, is not always flawless and sometimes tends to become ineffective. Ineffective communication may be attributed to many different types of human or technical barriers. Intrapersonal communication barriers include selective perception, individual differences in communication skills, emotions, frame of reference, and preconceived ideas. Interpersonal communication barriers include climate, trust, credibility, sender-receiver similarity, interpersonal sensitivity, selective listening, and semantic problems.

Organizational barriers comprise of status, hierarchical transmission, group size, and spatial constraints. Technological barriers include language and meaning, non-verbal cues, channel effectiveness, and information overload. To overcome these barriers, management has to ensure that the communicators set the goals of communication in advance, use proper language, improve sender's credibility, encourage feedback, develop a trusting climate, select appropriate channel, avoid evaluative judgement, listen to the entire message, and provide appropriate feedback.

People understand the message when they perceive the same meaning that was intended. They accept the message when it becomes part of their belief system and changes their opinions and behaviours. The elements of persuasive communication include characteristics of the communicator, message content, communication medium, and the audience being persuaded. The process of carefully tuning in to the sender's messages and responding accurately to the meaning behind the message has been referred to as active listening. Real active listening is very difficult and is very tiring because it requires an extremely high level of concentration. The process of active listening involves the use of encouragers, echoing and key-word repetition, and reflecting. Communication has to be managed effectively at the level of diverse cultures, as today's organizations operate with a mix of employees from different countries, ethnic groups, and gender.

Transactional analysis is a method that helps two persons communicate and behave on the job in a mature manner by understanding each other's motives. According to TA, all people have, in differing degrees, three ego states—Parent, Adult, and Child. Child-dominated people do not engage in rational problem solving. These people are very hard to reason with in many situations. Parent-dominated people also do not engage in much rational problem solving, because they think that they already know what's right and what's wrong. Adult-dominated people can be very boring people with whom to work. They're often "workaholics". Thus, a balance between the three ego states makes for a healthy person with whom to work. TA identifies and analyses the ego states of the leader and the follower involved in a transaction to help each person communicate and interact more effectively. In TA, two types of transactions are possible—complementary and non-complementary or crossed.

The life positions concept provides a conceptual framework for understanding people in terms of whether they see themselves and others as either "OK" or "not OK". OK feelings are feelings of power, capability, well-being, and personal worth. Not-OK feelings are the opposite: feelings of weakness, incompetence, helplessness, insignificance, anxiety, unworthiness of love, and worthlessness. Stroke is a form of recognition (social, physical or emotional) that we receive from people around us. Strokes have been classified into three categories: positive, negative, and indifference.

A transactional game is a sequence of manipulative messages or transactions that result in a psychological “win” for the initiator of the game and a loss for his unwitting partner. There is a wide range of transactions, each characterized by a different level of involvement and by different behaviour. The six stages of interpersonal involvement are withdrawal, rituals, pastimes, activities, games, and intimacy.

■ Key Terms

Active listening: The process of carefully tuning in to the sender’s messages and responding accurately to the meaning behind the message has been referred to as active listening.

Adult ego states: The adult ego state behaviour could be described simply as rational decision making, or problem solving analysis.

Chain: It is the simplest of networks. It is more often used vertically. In vertical configuration, the person with the greatest power is usually located at the top of the chain.

Channel: Any medium capable of transmitting a message is a communication channel, including mail system, phones lines, and computers.

Channel appropriateness: This refers to using the channel appropriately depending upon the demands of the situation.

Channel capacity: This refers to the amount of information that a channel can transmit without significant distortion.

Channel duplication: Duplication involves the use of sub-channels to repeat or elaborate on a message.

Channel feedback: Some channels allow for feedback and thus two-way communication.

Channel modifiability: This is the degree to which transmission can be changed while in progress.

Channel speed: The speed at which a message can be sent is determined by channel speed.

Child ego state: The child ego state is a set of behaviours, thoughts, and feelings which are replayed from our own childhood.

Circle: The circle network allows each member to communicate directly with two other members.

Communication: Communication is a process of transmitting and understanding between two or more people; it involves at least two parties—a sender and a receiver.

Complementary transactions: In complementary transactions, the lines of communication are parallel because the follower’s ego state complements that of the leader and the leader gets an expected response.

Decoding: The process by which a receiver interprets a message to derive meaning from it.

Diagonal communication: It is the network in an organization in which the information flows across both vertical and horizontal components across hierarchies and boundaries.

The obvious point of application of TA is at the level of relationships in the organization, although it does have implications for structure, systems, and resources. TA concepts, though essentially personal and interpersonal, can be “extrapolated” to a group and organizational level. The concept of parent ego itself and transactions between Parent and Child, gives us an important way of looking at authority issues in organizations.

Echoing and key-word repetition: Echoing is simply repeating the last few words spoken, and key-word repetition is picking out important words from statements and repeating them.

Encoding: It is the process of converting an intended message into a transmittable form, such as speech, a written message, computer code or any other form that could be sent to the receiver.

Encouragers: Encouragers are the short phrases and noises that we make to tell people that we are listening, that we are interested, and that we want them to continue.

Grapevine: It is an informal channel of communication not controlled by the management and serves as a foundation for all the gossips and rumours in the organization.

Horizontal communication: This type of communication represents flow of information between individuals or groups who occupy positions at the same hierarchical level.

I’m Not OK–You’re Not OK: A person who holds this life position believes that he or she is worthless and so is everyone else.

I’m Not OK–You’re OK: A person who holds this life position believes that he or she is inferior to others, especially in situations that concern competence, influence, or personal power.

I’m OK–You’re Not OK: People who hold this life position believe that they cannot rely on anyone but themselves.

I’m OK–You’re OK: People who hold the “I’m OK–You’re OK” viewpoint see themselves as interdependent with others and with their environments.

Ideation: This involves the person’s decision to communicate and draft the nature and content of the intended message based on the person’s reasons for communication.

Indifference: No attention is paid to the person either positively or negatively.

Information overload: Information overload occurs when the volume of information exceeds the person’s capacity to process it.

Life positions: Life positions provide a conceptual framework for understanding people in terms of whether they see themselves and others as either “OK” or “not OK.”

Management by wandering around: Instead of limiting themselves to their own offices and maintaining an official distance from their subordinates and colleagues, managers can move around in the office premises and informally chat with people.

Message: The actual information which needs to be sent across to the receiver.

Negative strokes: The other person is viewed negatively and reprimanded for his behaviour.

Non-complementary, or crossed, transaction: In a non-complementary, or crossed, transaction, the leader and the follower do not get an expected response. Each person gets a response that the person neither wants nor expects because the person is interacting with someone who is not in a complementary state.

Non-verbal cues: The non-verbal stimuli are silent messages that may communicate inaccurate transfer of meaning; for example, degree of eye contact between communicators may indicate interest, liking, involvement or aggression.

Not-OK feelings: Not-OK feelings are the opposite: feelings of weakness, incompetence, helplessness, insignificance, anxiety, unworthiness of love, and worthlessness.

OK feelings: OK feelings are feelings of power, capability, well-being, and personal worth.

Parent ego state: The parent ego state is a result of the kind of conditions (set of “recordings”) that people have received from their parents, older siblings, and teachers.

Positive strokes: When the other person is viewed positively and appreciated in different ways.

Reflecting: Reflecting is a way of showing understanding, without agreeing or disagreeing.

Selective perception: The way in which we perceive a subject or an event affects the way in which it is converted into a form of meaningful communication.

Social gatherings: Organizations need to create opportunities for employees to meet at a social level away from the formal culture of the organization.

Star: The star communication network allows a member to communicate directly with any other member in the network.

Stroke: Stroke is a form of recognition (social, physical or emotional) that we receive from people around us.

Stroke economy: The concept of stroke economy has taught us to economize on giving strokes or recognition to other people around us.

The “Y” network: It is a modification of chain. Two equal-status members are positioned either at the top or at the bottom as in inverted “Y.”

Transactional analysis (TA): Transactional analysis (TA) is a method that helps two persons communicate and behave on the job in a mature manner by understanding each other’s motives.

Transactional games: A transactional game is a sequence of manipulative messages or transactions that result in a psychological “win” for the initiator of the game and a loss for his or her unwitting partner.

Vertical communication: This type of communication can flow downward, upward or in both directions. It cuts across organizational levels and may allow feedback.

Wheel: The wheel network has the greatest amount of centralization of all the networks. The person in the centre of the wheel can communicate directly with all other network members.

Discussion Questions

1. Why is it essential for an effective manager to be an effective communicator too? How well do you communicate? What functions does communication serve?
2. Identify and discuss the components of the communication process. What is the role of feedback in determining the effectiveness of this process?
3. Discuss the types of channels used to communicate in organizations. What are the characteristics of these channels?
4. What is a communication network? How do informal communication networks affect the functioning of business organizations?
5. What are the barriers to effective communication? How many types of such barriers exist in organizations? How can they be overcome?
6. How does the process of persuasive communication aid in the acceptance of information? What are the factors influencing it?
7. What are the benefits of active listening? How can you enhance the effectiveness of active listening?
8. Why is it essential to understand the diversity amongst employees with respect to different nationalities and gender? What basic differences exist in the communication styles of male and female managers?
9. Define transactional analysis. Discuss the types of transactions based on different ego states.
10. How does the concept of strokes get translated to life positions? What are the different life positions that an individual may experience?

Exercise

Are You a Good Listener?

Read the following 14 statements and rate yourself on each by using the following scale:

A—Always

B—Almost always

C—Usually

D—Sometimes

E—Rarely

F—Almost never

G—Never

	Statement	Rank
1.	Do you let the other person speak completely without interrupting in between?	
2.	Do you get upset or excited when the other person's words do not match your own?	
3.	Are you able to avoid noise in the environment from disrupting your ability to listen?	
4.	Do you try to keep taking down notes when the other person is speaking?	
5.	Are you able to decipher the unspoken content of the message being delivered to you?	
6.	During boring or redundant conversations, do you switch yourself off and not receive any message being delivered?	
7.	Do you let the other person collect his thoughts by maintaining a long silence while she is doing it?	
8.	Do you find yourself trying to pull together what the speaker is saying, by thinking of what has been said and what seems to be coming while listening?	
9.	While listening to the speaker do you also try to read the body language to incorporate this into your interpretation?	
10.	Do you immediately react when you disagree with what the other person is saying by shaking your head in disagreement?	
11.	Do you make a lot of body movements like changing your posture, crossing your arms and/or legs, and sliding back and forth in your chair when you are listening to the other person?	
12.	While listening, do you continuously glare into the other person's eyes and maintain this direct contact through the conversation?	
13.	When the other party has finished speaking, do you ask pointed and direct questions designed to clarify and amplify what was said?	
14.	If the speaker has been critical to you, do you take immediate revenge by trying to humiliate him?	

Interpretation of "Are You a Good Listener?"

Take your answers provided for each question and using the scoring key below, determine the total number of points earned:

	A	B	C	D	E	F	G	Score
1.	7	6	5	4	3	2	1	
2.	1	2	3	4	5	6	7	
3.	7	6	5	4	3	2	1	
4.	1	2	3	4	5	6	7	
5.	7	6	5	4	3	2	1	
6.	1	2	3	4	5	6	7	
7.	7	6	5	4	3	2	1	
8.	7	6	5	4	3	2	1	
9.	7	6	5	4	3	2	1	
10.	1	2	3	4	5	6	7	
11.	1	2	3	4	5	6	7	
12.	1	2	3	4	5	6	7	
13.	7	6	5	4	3	2	1	
14.	1	2	3	4	5	6	7	
Bonus point								+2
Total								

Source: Singh, K. (2007). *Counselling Skills for Managers*, pp. 209–210. New Delhi: Prentice Hall of India.

Field Projects

1. In groups of 3–4, study the barriers to communication in an organization or in the specific department of an organization. What attempts, if any, are made by the organization to overcome these barriers? Suggest a plan of action to manage these barriers effectively so as to improve the efficiency of the communication process.
2. Select an organization with a diverse environment with employees of different countries, ethnic groups, and gender. In groups of 3–4, diagnose the difficulties experienced by employees while communicating with each other. Identify the role played by management in alleviating these problems. Prepare a report and present your findings in the class.

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CHAPTER 9

Managing Group Dynamics

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concept of group and identify the types of groups that exist.
2. Elaborate on the functions of a group.
3. Outline and discuss different models of group development.
4. Discuss different types of dynamics that take place in a group namely, group norms, group roles, and group cohesiveness.
5. Identify common threats to group effectiveness namely, groupthink, risky shift, and social loafing.
6. Outline and discuss the factors that lead to the evolution of groups into teams.

Handling Rajeev at Spectra

Spectra, a leading IT company, started its operations in India a few years ago. It is now aggressively looking to scale up its workforce.

As part of its effort to increase headcount, the firm is looking for the right mix of people. On the one hand, it needs a high number of entry-level software engineers, and on the other hand, it needs employees with significant work experience to manage them. It has, thus, started an employee referral programme to recruit lateral-entry candidates with work experience of more than 3 years.

Rajeev Saxena joined the company in January 2006 with more than 3 years of software development experience behind him. Rajeev was an engineer from a prestigious engineering institute in Delhi and had been the institute topper. He was also the recipient of the best employee award from his previous employer. He had previous experience in Java programming for mobile devices.

At Spectra, he joined a small project team, headed by Rajesh, which also included an entry-level resource, Vikram, who had four months experience in working on the project. The project was on testing and fixing bugs in a module developed in Java for a new data transfer algorithm for Internet protocol.

Rajeev seemed aloof from the work he was assigned to right from his first day at work. He was hesitant about asking Vikram questions and clarifications about the project. Interaction with Vikram would have enabled him to

come up to speed with the project work. However, when Vikram would explain some specific details about the project, Rajeev would often interrupt him, citing that he already knew the details. Both Vikram and Rajesh were MCA graduates from a private college in Andhra Pradesh. Hence, both of them had developed an inferiority complex and had great belief in the capabilities of Rajeev.

The time Rajeev was putting into the job was also not adequate. He would invariably turn up late to office, go for long coffee breaks, and leave early. He would often be seen by colleagues continuously talking on his cell phone while working. There were speculations that these conversations were unrelated to his work at Spectra. All this was going unnoticed by the manager in charge, since Vikram compensated for Rajeev's work by putting in extra hours.

A month into the project, Rajeev's work was found to be much below satisfactory level, with elementary mistakes committed in the work that he delivered. He would often miss a lot of the components or details in the documents and the code that he delivered. The client was extremely disappointed with the careless errors that had been delaying the project and stretching the timelines. A lot of work also had to be redone because of the fundamental errors in the design documents prepared by Rajeev. Moreover, Vikram was having a tough time doing most of Rajeev's work apart from his own. The onus to do the rework had also been put on him by the manager, who now distrusted Rajeev's ability to work effectively and efficiently.



The head of the department, Ms Kirti Mukerji, on being notified of the progress of the project and on the complaints from the client, organized a meeting to find a solution to the problem. During the meeting, Rajesh, in order to prevent creating a negative image of the team, stated that the project required more people with the requisite skill sets and that the current skill sets of the team members did not match the project.

After analysing the situation, Kirti decided to shuffle team members. She moved some senior programmers into the project and decided to move Rajeev to a new project. Kirti had to make the difficult decision of moving Rajeev to another project because there were no other projects that focused on mobile devices. A close competitor of Spectra was a pioneer in mobile devices and Spectra did not want to venture into mobile devices because of the high competition in the field. The company wanted to maintain its leadership position in Internet technologies. Kirti decided to call a meeting with all the department heads and the HR manager to discuss the issue and find a suitable project for Rajeev.

The management decided to move Rajeev to a team that was working on wireless technologies. The team wanted to expand and was on the lookout for new

members. Swapnil, a B.Tech graduate from IIT Delhi, headed the team. It consisted of members from NIT, IIT, and BITS, and the team was working on the latest wireless technologies.

Rajeev was not given a mentorship role in the new team. He joined as a core member of the team and was happy with the egalitarian culture of the team. He could interact with all members of the team and participate as well as offer suggestions and advice. Rajeev's work required strict adherence to deadlines. Here, Rajeev reported better performance, though his performance relative to the team was low. However, he was recognized as an individual with a high potential. He seemed enthusiastic about taking suggestions from other team members and there was a marked improvement in his listening skills.

For Discussions

1. How do the two groups differ from each other?
2. Comment on the impact of the first group on Rajeev's performance. Why was his performance and motivation so low in the group?
3. Highlight the influence of the second group on Rajeev's performance. Why was there a significant improvement in his performance?

Introduction

Most of us have had or will have the opportunity to work in groups and teams. Whenever we are assigned to a group or team to work on a project, many doubts begin to arise in our minds. Many of us feel, "Is there any way I can get out of this project team? I don't want to coordinate and depend on other people for my work. I think I could do it faster myself." Still others may think, "Wow, it's nice that I don't have to do all the work! May be I can just be free and let others do the task." Same or similar thoughts arise in the minds of managers when they are placed on committees, work teams, task forces, and other organizational groups.

People are social beings, and they form, join, and work together in groups to satisfy their needs. Groups generally help people to satisfy their need for affiliation, affection, and emotional support and help them to achieve other goals like recognition, performance, and training. An organization comprises of many groups, and all its activities are carried out through these groups. For many tasks, groups accomplish much more in less time than if the same tasks were carried out by individuals separately. Employers can also grow more quality conscious through group interaction as they learn about other people's experiences, expectations, and problems (Gates 1989). When group members do not work like teams and ultimately have a dissatisfactory relationship with each other, it is because the members lack the necessary attitude, knowledge, and skills to work together. Therefore, it becomes imperative to understand how these groups function and how they can be more productive and contribute to organizations.

Group: A group can be defined as a collection of two or more people who meet regularly and influence one another over a period of time, perceive themselves as a distinct entity distinguishable from others, share common values, and strive for common objectives.

What Are Groups?

A great amount of our time is spent in group interactions. In our lifetime, we join a number of groups. The membership to some groups is mandatory whereas others are undertaken voluntarily. Work groups become the major channel for achieving organizational goals (Yammarino and Dubinsky 1990). Groups also satisfy personal needs for friendship, self-esteem, and identity (Ashforth and Mael 1989). A group can be defined as a collection of two or more people who meet regularly and influence one another over a period of time, perceive themselves as a distinct entity distinguishable from others, share common values, and strive for common objectives (Shaw 1981). When members of a group subscribe to common values, beliefs, and objectives and when there is a high level of agreement between them on these matters and how best to achieve the objectives of the group, a state of cohesiveness is said to exist. Cohesive groups emphasize the need for close cooperation in order to complete different tasks in an effective way and to create conditions in which the personal needs of members are satisfied.

Types of Groups

In most organizations, several different types of groups are present. The major classification is in the form of formal groups and informal groups.

Formal Group: A formal group is established by the management and is expected to perform well-defined tasks to achieve organization's objectives.

Task Group: It is a temporary formal group that is established to solve specific issues.

Command Group: It is a form of permanent group in the organization dictated by the structure of the organization.

Informal Groups: Informal groups grow out of the need for friendship, affiliation, companionship, and communication between people.

Friendship Groups: Friendship groups are based on common characteristics like age, common values, and college affiliations.

Formal Groups

A formal group is established by management and is expected to perform well-defined tasks to achieve organizational objectives. At the organizational level, formal groups help to accomplish complex, interdependent tasks and to create new ideas (Schein 1980). At the individual level, formal groups help to satisfy the person's need for affiliation, confirm his identity and enhance self-esteem. Formal groups are further classified into task groups and command groups.

Task group: It is a temporary formal group that is established to solve specific issues. The example of a task group would include a curriculum revision committee in the university and a disciplinary committee constituted to look into specific disciplinary issues in the organization. The members of task groups do not have a reporting relationship, and the group comprises of people from different departments who possess complementary skills in the area of expertise required. As soon as the task is complete, the members disintegrate and revert to their original groups or organizations.

Command group: It is a permanent group in the organization dictated by the structure of the organization. A typical command group comprises of a supervisor exercising his authority over a set of subordinates. Different departments like finance, sales, and human resources are examples of command groups. Most organizational objectives are accomplished by command groups.

Informal Groups

Informal groups grow out of the need for friendship, affiliation, companionship, and communication between people. The membership of this group is not defined by the organization, but it is dependent upon the common values and interests shared by the employees. Some of the common examples of informal groups are "tea or coffee groups" and clubs. Members of this group are often found to be more powerful than the members of formal groups (Meer 1985). At the organizational level, informal groups aid in solidifying common social values and provide guidelines for right behaviour. They also help to provide a sense of identity and access to information. At the individual level, they satisfy the social and affiliation needs and may lead to enhanced feelings of self-esteem and status (Lunt 1991). Some examples of informal groups found in organizations are friendship groups and interest groups.

Friendship groups: Friendship groups are based on common characteristics such as age, common values, and college affiliations. They help to satisfy the affiliation needs of the members. Effective managers try to maintain good relationship with these groups as they have tremendous influence on their members (Hussein 1989).



◀ The student body at the Faculty of Management Studies, University of Delhi, supervises and organizes a gamut of activities. The group of students operate as an intelligent democracy and plan and execute their endeavours in unison. Effective team work has led to the development of effective induction programmes, building corporate relationships, and enhancing industry interactions.

Photo courtesy Faculty of Management Studies, University of Delhi. Reproduced with permission.

Interest groups: These groups comprise of individuals who share a mutual interest and group together to try to achieve their objectives. These groups may not have any relationship with the formal task groups of the organization. For example, individuals who come together to fight for a common cause such as smoking or alcoholism form an interest group.

Interest Groups: These groups comprise of individuals who share a mutual interest and group together to try to achieve their objectives.

Functions of a Group

Groups tend to help individuals and organizations in a number of ways. Broadly, groups serve two kinds of functions in an organization: task and maintenance (Schein 1980).

Task Functions

Groups carry out certain task functions to achieve organizational goals. These are:

- **Handling complex tasks:** When the task is too complex for an individual to perform alone, perhaps because it requires competence and expertise from different areas, it requires the help of a number of individuals working together.
- **Liaison or coordinating function:** Groups also serve to act as coordinating mechanism among the members of their own group as well as with groups outside.
- **Implementation of complex decisions:** Implementation of complex decisions requires the understanding and contribution of a large number of employees of the organization. A group acts as a catalyst to implement such decisions.
- **Generating new and creative ideas:** The interaction between group members results in the generation of a large number of new and creative ideas.
- **Vehicle for training new employees:** In a group context, it becomes easier for the new member to get socialized and understand the norms of the group and the organization. As jobs in organizations have become complex and interdependent, the role of groups cannot be underestimated.

Functions of a Group:

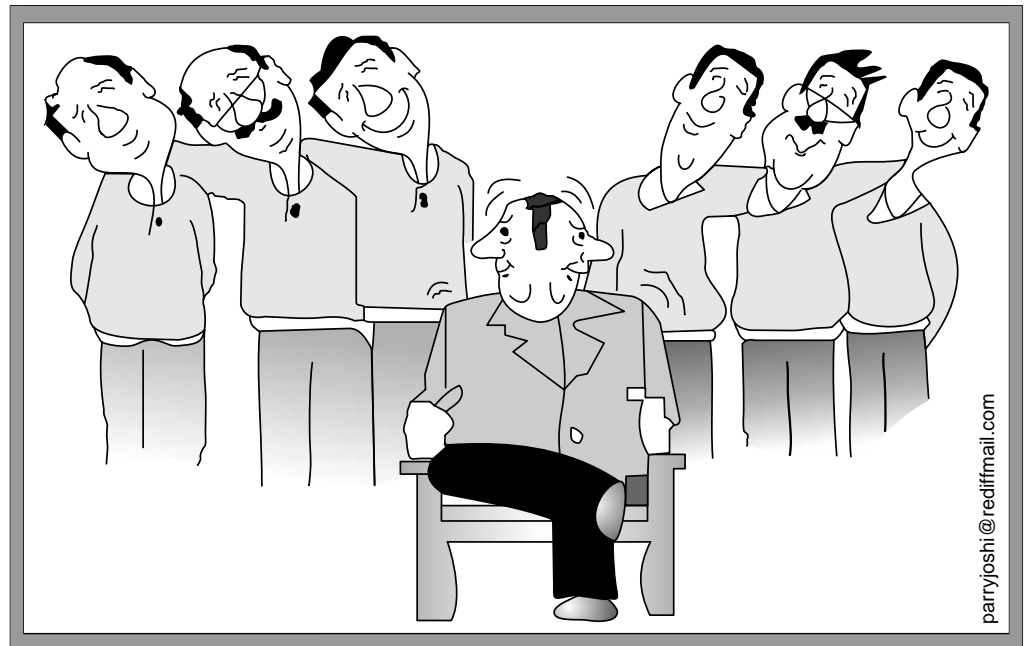
- **Task functions:** Groups carry out certain task functions to achieve organizational goals.
- **Maintenance functions:** These functions are performed to take care of the personal needs and expectations of the individual members.

Maintenance Functions

These functions are performed to take care of the personal needs and expectations of the individual members. They include:

- **Fulfilling the need for social interaction:** Individuals have an innate need for care, friendship, affiliation, and support. Groups help them fulfil these needs.
- **Providing a sense of identity and self-esteem:** If the group that one belongs to in an organization has a high status, the individual members derive a sense of identity and self-esteem from their membership.

A STILL FROM AN OFFICE WITH GROUPISM



Courtesy Parimal Joshi. Reproduced with permission.

- **Solving personal problems:** Groups provide emotional support and help individuals confront personal problems and crisis.
- **Reducing anxiety and uncertainty:** Groups help people to reduce their anxiety and uncertainty by allowing individuals to share and discuss their concerns with other members.

Models of Group Development

Groups are formed and developed through several stages. Once formed, working relationships develop within groups, some groups grow and mature, and others become stagnant. Different models of group development have been suggested. A few of these are discussed in this section.

Tuckman's Model of Group Development

A permanent group in its evolution has to pass through five distinct stages (Tuckman 1965). Each of these stages is identified with dominant task-related and maintenance issues. In a temporary group, a fifth phase is also added. These phases are:

1. **Forming:** The first stage in group formation is the inclusion of members in a group for a definite objective. The primary consideration during this stage is to focus on the task in hand and the utilization of resources to complete it. Members are just trying to know each other, to develop rapport. Most people are very cautious at this stage and each one is looking for guidance about how to go ahead. The search for the power-centre or leader also may begin at this stage.
2. **Storming:** As members receive clarity about the techniques of doing the job, there may be disagreements about the process involved, the way resources are being used, and their

Stages of Tuckman's Model of Group Development:

- *Forming:* During this stage, the focus is on the task at hand and the utilization of resources to complete it.

own lack of skills and abilities to do the job. Among the members themselves, there may be personality clashes, ego hassles, friction in the interpersonal relationship, inability to accept the leader's power, thereby creating some degree of dissonance among the group members. Members try to assert their own personal needs and requirements instead of accepting group influence.

3. **Norming:** As the differences begin to resolve, members develop mutual understanding and clarity with respect to the task in hand. There is an open invitation to exchange feelings and ideas which results in the acceptance of each other's opinions. Cohesion also develops at the social level. Members develop their own set of formal and informal norms (through consensus) and try to abide by these norms. There is an emphasis on harmony and mutual support. They start identifying with their group and make a conscious effort to avoid or handle conflict-producing situations.
4. **Performing:** As members develop norms for work and interpersonal relationship, solutions to the problems begin to emerge and constructive attempts are made to complete the job. Members relate with each other while performing the tasks with flexibility. Since interpersonal differences have been handled well, the energy of the group gets channelized in a positive direction, leading to effective and efficient performance.
5. **Adjourning:** This stage is more apparent in temporary groups, where the members have to abandon their membership in the group once the tasks have been completed. This stage creates a lot of mixed feelings in terms of excitement for being able to complete the task effectively and melancholy for terminating the existence of membership in the group.

Figure 9.1 is a presentation of Tuckman's model of group development. Tuckman's model is a linear model of group formation. Time is an important factor in determining the effectiveness of this model. If one tries to cover all the five stages in quick succession, it gives the impression of speed but most of the issues remain unresolved. These issues tend to go underground but are likely to surface later and hamper the functioning of the group. In practice, a number of stages may occur simultaneously, as when a group storms and performs at the same time, or regresses to a previous stage.

Woodcock Model of Group Development

A slightly different four-stage model has been given by Woodcock (1979). The stages in Woodcock's model are as follows:

1. **Stage of lack of clarity:** This is a stage characterized by unnecessary level of authoritarian management and bureaucratic control. The objectives of the group are not very clear, and there is very low level of involvement of members in the activities of the group. There is very little amount of listening, feelings are not considered, and there are attempts to cover up the weakness.
2. **Stage of experimentation:** During this stage, the group plans to experiment and go ahead with risky ventures and considers wider options. People are allowed to express their personal feelings, with more concern and listening.
3. **Stage of establishment of rules:** In continuing with the second stage, the members become more methodical with agreed-upon procedures. Ground rules are established which are applicable to everyone.
4. **Stage of development:** The principles of stages 2 and 3 are continued. There is now in-built flexibility in the system and creative use of the energy of members. There is appropriate leadership, and the group is sensitive to the needs and requirements of the members. Principles are religiously followed, and this leads to the development of group activities.

- *Storming:* As members receive clarity about the techniques of doing the job, there may be disagreements among them.
- *Norming:* As the differences began to resolve, members develop mutual understanding and clarity with respect to the task in hand.
- *Performing:* As members develop norms for work and interpersonal relationships, solution to the problem begin to emerge and constructive attempts are made to complete the job.
- *Adjourning:* This stage is more apparent in temporary groups, where the members have to abandon their membership in the group once the tasks have been completed.

Stages of Woodcock Model of Group Development:

- *Stage of lack of clarity:* This is a stage characterized by unnecessary level of authoritarian management and bureaucratic control.
- *Stage of experimentation:* During this stage, the group plans to experiment and go ahead with risky ventures and considers wider options.
- *Stage of establishment of rules:* The members become more methodical with agreed-upon procedures.
- *Stage of development:* There is now in-built flexibility in the system and creative use of the energy of members.

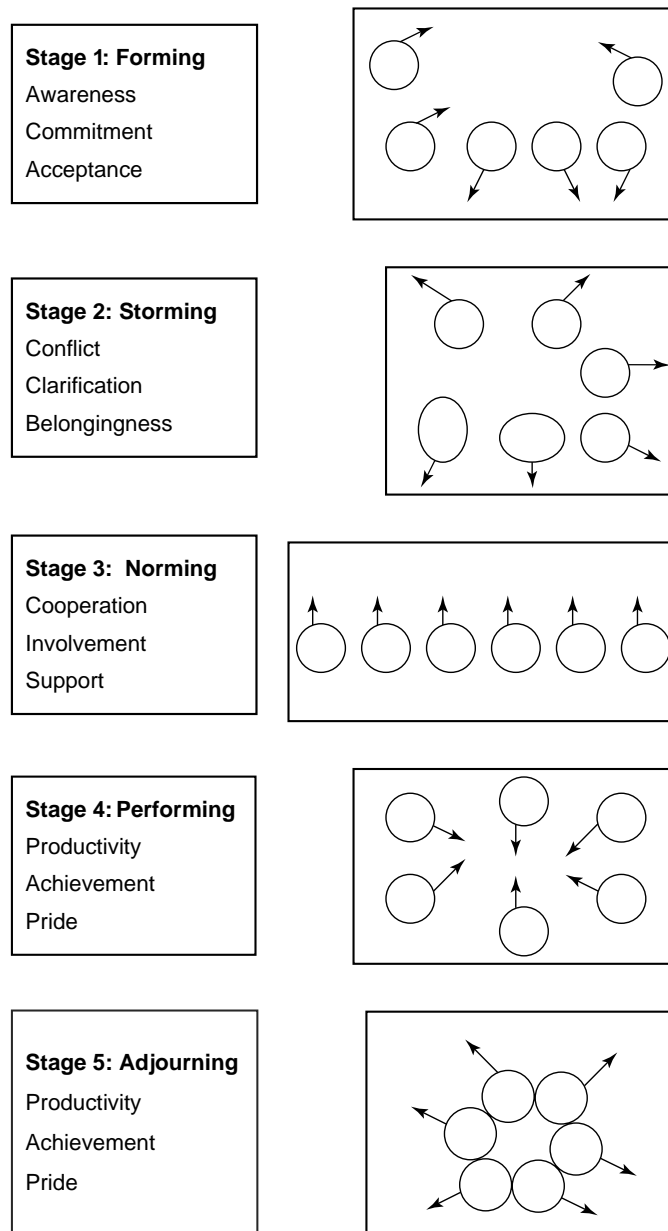


Figure 9.1
 Tuckman’s Model of Group Development

Stages of Punctuated Equilibrium Model:

- *Stage of activity:* There is a flurry of activity with the beginning of deliberations.
- *Stage of inertia:* Period of inertia as the group puts into action the plans that were made in the earlier stage.

Punctuated Equilibrium Model

Another approach to group development has been given by Romanelli and Tushman (1994). This model is characterized by the following stages:

1. **Stage of activity:** At this stage, there is a flurry of activity with the beginning of deliberations. There is an attempt to change old practices and introduce new ones.
2. **Stage of inertia:** The first stage is followed by a substantial period of inertia as the group is trying to put into action the plans that were made in the earlier stage.
3. **Stage of termination:** The last stage of development is aimed at finishing the tasks assigned, and this stage is again full of activities but in a defined direction.

This model combines the stages of forming and norming of Tuckman’s model. Then there is a stage of low performance followed by storming leading to high performance. The group formation finally ends at adjournment.

Group Processes

There are certain inherent processes existing within each group. After a group has progressed through the stages of development, it is assumed that certain stable patterns of relationships exist among its members. Bonds of intimacy and interpersonal attractions have emerged and influential members have been identified. Appropriate behaviours for individual members have been established, and these result in creating a definite structure for the group with certain important processes which also characterize the “dynamics” within groups. Some of the important dynamics of the group are discussed in this section:

- **Stage of termination:** It is the last stage of development aimed at finishing the tasks assigned.

Group Norms

Groups develop common expectations called *norms* to reinforce the behaviour of people and prevent dysfunctional behaviours. Social norms regulate the relationship between individuals in groups; in fact, they are a guide to behaviour on a number of issues ranging from how tasks are done and level of output to appropriate level of tardiness (Blau 1995). Norms are defined as a set of expectations about appropriate individual and group behaviour commonly agreed on by its members (Feldman 1984). They are established over time for behaviours that have significant impact on a group, like facilitating its survival, increasing predictability of member behaviours, ensuring member satisfaction, expressing values important to the group's identity, and preventing embarrassing interpersonal problem (Feldman 1984).

Norms: Norms are defined as a set of expectations about appropriate individual and group behaviour commonly agreed on by members.

Types of norms Norms have been classified in a number of ways. The first classification is into formal norms and informal norms. Formal norms exist as written rules and procedures for all employees to adhere to. Informal norms develop as a result of members' own behaviours and experiences which help or hinder their performance and satisfaction. Norms can also become functional or dysfunctional on the basis of the purpose they serve.

Formal Norms: Formal norms exist as written rules and procedures for all employees to adhere to.

Most work groups exhibit some common forms of norms (Goodman et al. 1987). Performance-related norms indicate the level of performance expected from the members of the group. Anyone exceeding or not meeting the standard is likely to be alienated by the group. Groups can also have norms about appearance, which dictate the dress code to be followed, and how to communicate one's presence in the organization. There are norms related to informal social arrangements which facilitate members to choose the people they would like to have informal conversations with, joke around with, or have lunch with. Someone who chooses to ignore the group norms is generally labelled as a deviant. Pressures are put on the deviants to conform to group norms, and these pressures can take the form of verbal abuse, physical assault, blacklisting, and also exclusion from the group.

Informal Norms: Informal norms develop as a result of the members' own behaviours and experiences which help or hinder their performance and satisfaction.

Norms are associated with the internal workings of the group. For an outsider, only the group's external image is visible; the private language of the group, the technical slang, and the internal jokes appears to be alien. Some norms are beneficial from the organization's point of view when they help to maintain the quality of output, that is, the desire to do a good job. Other norms are considered counterproductive if they go against the values and mission of the organization, for example norms supportive of restrictive practices in organizations.

Characteristics of Norms

According to Chell (1993), the norms established by the group members have the following characteristics:

- They are acceptable to the majority of the members of the group.
- The focal point of the norm is the group behaviour as compared to the feelings and attention of individual members.
- The tolerance of deviation from the norms varies to a great degree among the members of the group.
- The norms facilitate the process of management of the group.

- The process of evolution of norms is rather slow and gradual and the same is true about changing the norms.
- Sometimes, the conformity to norms is dependent upon the individual's status within the group. Some members of the group who have a higher status when compared to the other members of the group are given the leverage to deviate.
- Compliance with the norms results in an accepted level of rewards; similarly, non-compliance results in punishment.

Functions of Norms

According to Feldman (1984), the existence of norms within a group serves the following purposes:

- Norms provide a reflection of the nature of the group and also its central values to outsiders.
- Norms make the expected behaviour of the members more explicit, therefore, leading to the anticipation of members' behaviours. This results in a high level of clarity and smoother functioning of the group.
- Norms help groups to survive especially in instances of deviancy. When the group rejects the deviant behaviour of some members, it may make other members come closer to each other to sustain and support each other.

Role: A role is defined as a set of recurring behaviour that is expected from a member by others in a group.

Task Roles: Task roles directly help the group to achieve its goals and objectives and are focused towards that.

Maintenance Roles: Maintenance roles are geared towards establishing and maintaining good interpersonal relations.

Personal Roles: Personal roles are based on individual needs and are generally detrimental to group effectiveness.

Expected Role: This is an unwritten agreement that exists between the employer and the employees, and it expresses itself in terms of what management expects from the staff and vice versa.

Perceived Role: Perceived role includes the activities that the role incumbent believes are necessary to fulfil the expected role.

Enacted Role: This is a representation of how a person actually behaves in a given situation.

Group Roles

Each member plays a particular role in a group, and the way employees perceive and perform their role in a group has an influence on how the group functions. A role is defined as a set of recurring behaviour that is expected from a member by others in a group. Some roles performed by group members are functional as they guide and propel the group towards achieving their objectives. Some roles which are derived out of the personal needs of individuals are dysfunctional in nature and block the group from achieving its efficiency and effectiveness (Benne and Sheats 1948). In general, some of these roles have been identified as *task roles* which directly help the group to achieve its goals and objectives and are focused towards that. There are other categories of roles identified as *maintenance roles*, geared towards establishing and maintaining good interpersonal relationships. There are a few *personal roles* that are based on individual needs and are generally detrimental to group effectiveness. A description of these roles has been provided in Table 9.1(a–c).

Frequently, a role is prescribed by the role holder's job description. There are three aspects of roles that have been identified. The first is the *expected role*. For example, a HR manager's role is to manage the HR functions of the organization. Expected role is based on the concept of "psychological contract." This is an unwritten agreement that exists between the employer and the employees, and it expresses itself in terms of what management expects from the staff and vice versa (Robinson et al. 1994). Management is expected to take care of its employees and help them grow. Employees are expected to add value to the organization and contribute to its growth and development. If any of the parties fail to live up to their expectations, it results in loss of commitment and motivation, thereby resulting in lowered productivity and poor morale.

The second aspect of the role is the *perceived role*, which includes the activities that the role incumbent believes, is necessary to fulfil the expected role. In ideal situations, there is a perfect compatibility between the expected and the perceived roles. Incompatibility between them leads to confusion and anxiety. The third aspect to the role is *enacted role*. This is a representation of how a person actually behaves in a given situation, which may be quite similar to his expected and perceived roles or differ greatly. In case there is a wide gap

Table 9.1(a) A Classification of Task Roles

Task Roles (Roles essential for carrying out a task to achieve the goals of the group)
<ul style="list-style-type: none"> • <i>Initiator</i>: Proposing solution, giving new ideas, redefining the problem in a novel way, and dealing with the problem in a novel way. • <i>Information seeker</i>: Trying to collect more information, requesting for additional information and clarification. • <i>Opinion seeker</i>: Taking opinions from others regarding the problem at hand, inviting suggestion and ideas. • <i>Information giver</i>: Passing on information to other people, relating one's own experience, if any. • <i>Opinion giver</i>: Offering facts or opinions, giving suggestions. • <i>Elaborator</i>: Elaborating on the issue to provide clarifications, if others don't understand. • <i>Summarizer</i>: Putting together related ideas or suggestions and paraphrasing.

Table 9.1(b) A Classification of Maintenance Roles

Maintenance Roles (Roles required for maintaining the harmony among the group members)
<ul style="list-style-type: none"> • <i>Encourager</i>: Being responsive to others with praise and recognition for their ideas and accepting their contribution. • <i>Gatekeeper</i>: Giving chance to other members to make their contribution. • <i>Standard setter</i>: Acting as a reminder to the group not to defy the standard set by the group. • <i>Follower</i>: Acting as audience to the activities of the group and accepting the ideas generated. • <i>Expresser</i>: Trying to express the feelings of the group members verbally and describing people's reactions to each other. • <i>Tension reliever</i>: Helping people drain off their negative feelings and creating jest and excitement in the group.

Table 9.1(c) A Classification of Non-functional or Personal Roles

Non-Functional Roles (Roles which damage the effectiveness of the group because they are more focused towards the self and try to satisfy personal needs)
<ul style="list-style-type: none"> • <i>Aggressor</i>: Critiquing or blaming others, sharing anger towards others, humiliating and letting down others. • <i>Blocker</i>: Acting as a block to the progress of the group by indulging in sharing unrelated experiences, arguing, and rejecting other people's ideas. • <i>Confessor</i>: Using the group as a sounding board, expressing personal feelings, thereby interfering with group processes. • <i>Competitor</i>: Competing with other members of the group for resources, importance, and gaining favouritism. • <i>Sympathy seekers</i>: Trying to seek sympathy from other members of the group by acting as a martyr. • <i>Pleader</i>: Lobbying for one's own ideas, principles, and philosophies. • <i>Withdrawal</i>: Being indifferent and passive, day dreaming, whispering to other people in case of rejection of one's ideas.

between the three aspects of roles, it leads to a number of issues that need to be handled in group situations. Some of these are as follows:

- **Role ambiguity**: When people are uncertain about their duties, responsibilities, and authority, it causes role ambiguity (Peterson 1995). It may be because of unclear directions about the expected role, inability to obtain clarity about the perceived role or difficulty in converting the ideas into real actions. In all these situations, the result is conflict, confusion, and lowered levels of performance.

Role Ambiguity: When people are uncertain about their duties, responsibilities, and authority, it causes role ambiguity.

Role Conflict: Role conflict arises when an individual's performance of one role is made difficult by the performance of another role.

Types of Role Conflicts:

- *Person–role conflict:* This conflict arises when there is a conflict between the personal values and beliefs of the person and the demands of the organization.
- *Interrole conflict:* This conflict is because of the incompatible expectations of the two roles that the individual is expected to play.
- *Intrasender conflict:* This results because of contradictory messages sent by the source to reach the receiver.
- *Role overload:* Role overload arises when an individual is overloaded with job responsibilities which she is not capable of performing.

Group Cohesiveness: In situations of high levels of agreement among group members with regard to values and beliefs, cohesiveness is likely to exist in the group.

- **Role conflict:** Role conflict arises when an individual's performance of one role is made difficult by the performance of another role (Peterson 1995). For example, an individual may experience role conflict when his role as senior executive affects his role as a spouse or parent. There are different types of role conflict including:
- **Person–role conflict:** This conflict arises when there is a conflict between the personal values and beliefs of the person and the demands of the organization. For example, if an individual believes in maintaining his integrity at all cost but the organization or the group expects him to compromise on some of his values, it creates intrarole conflict.
 - a. **Interrole conflict:** This conflict is because of the incompatible expectations of the two roles that the individual is expected to play. For example, a clash between his role as a manager and his role as a friend of an individual in the organization.
 - b. **Intrasender conflict:** This results because of contradictory messages sent by the source to reach the receiver.
 - c. **Role overload:** Role overload arises when an individual is overloaded with job responsibilities that she is not capable of performing. In such cases, it is important to prioritize the various activities in order to handle them at the acceptable level (Jackson and Schuler 1985).

Group Cohesiveness

In situations of high levels of agreement among group members with regard to values and beliefs, cohesiveness is likely to exist in the group. Cohesiveness promotes sharing of similar ideas and the mutual acceptance of these ideas. In high-cohesiveness groups, the close interpersonal bonds of its members who highly value their association and want to maintain it hold all the members together (Keyton and Springston 1990). The more cohesive a group, the more effective it will be in meeting member needs and the more conformity it can demand from its members.

Sources of Cohesiveness

There are factors that have been identified to help to induce and sustain the cohesiveness of the group. Some of these factors are as follows (Summers et al. 1988):

- **Similarity in attitude and goals:** The assumption is that people with similar attitudes and goals will find each other's company comfortable. Cohesion is also likely to be high if the goals of the groups are clearly specified and are compatible with the person's needs. Incompatibility between the personal and the organizational goals will bring about disagreements and, therefore, lower the degree of cohesiveness.
- **Successful attainment of the goal:** If the goals are accomplished successfully, it results in generating positive feelings among members and, therefore, the members generally like to be together. If there are a series of failures, members tend to point fingers at each other, therefore, lowering the group cohesiveness.
- **Size:** With an increase in size, there are fewer opportunities for interaction among members. The communication begins to break down and cohesiveness decreases. Smaller groups tend to create conditions conducive for cohesiveness because of the greater degree of interaction between members. The ideal size of the group is between five and seven members who can contribute effectively to the group, while retaining cohesiveness. A group of more than 10 members tend to create anonymity among the group members and results in the creation of sub-groups, thereby reducing the cohesiveness.

- **Charismatic leader:** If the group has a leader who is charismatic or has members who are personally attracted towards each other, cohesiveness is likely to be high. Attraction may be based on common values, common interest, and support for each other.
- **Threats:** The cohesiveness of the group is expected to improve in situations of external competition or threats. In such conditions, the importance of interdependency is underlined. For example, in situations where unreasonable demands are made by the management for change in work practices, the members may become more cooperative and try to fight it together. This results in the creation of shared resistance, increased commitment to the group, and tighter bonds among members. Cohesiveness increases as the members dedicate themselves to the common threat.
- **Membership to high-status group:** Membership to high-status groups are valued by the members of the group. If the group has been relatively successful in the past and indulges in activities that bring fame and are regarded important, the particular group is said to possess high status. Since entry to this group is a difficult process, individuals possessing the membership would like to retain it and make the group cohesive.
- **Rewards:** Incentives based on group performance cultivate a group-centred perspective, where cooperation rather than competition prevails. As a result of this, the cohesiveness among the members of the group increases.
- **Gender:** Women are thought to be more cooperative and less competitive with people whom they see as friends or team mates. Many studies conducted report that all female groups are more cohesive than all male or mixed-sex groups (Bettenhausen 1991).

Consequences of Group Cohesiveness

In a cohesive group, members have common goals and values to satisfy their needs and they value their membership. As a result, there is a high degree of conformity to group norms and a high influence of the group on its members. High cohesiveness can have both positive as well as negative influences on the members in the areas of productivity, job satisfaction, and growth.

Group cohesiveness and productivity In the relationship between cohesiveness and productivity, it is found that highly cohesive groups are more effective in meeting their objectives when compared to groups low in cohesion (Mullen and Cooper 1994). For this, it is important for the group's goals to be compatible with organizational goals if the relationship between the two is to continue (Moorhead and Griffin 1998).

Another interesting variable that can interfere with this relationship are the performance-related norms within the group (Robbins 1998). If performance-related norms related to quality and quantity is high, a cohesive group tends to be more productive. On the other hand, if the performance-related norms are low, productivity will be on a decline. The interaction between cohesiveness and performance norms resulting in variable levels of productivity can be depicted in the form of a 2×2 matrix as shown in Figure 9.2.

	High		
Performance norms	High	Medium productivity	High productivity
	Low	Low productivity	Low productivity
		Low	High
		Cohesiveness	

Sources of Group Cohesiveness:

- *Similarity in attitude and goals:* People with similar attitudes and goals are assumed to find each other's company comfortable.
- *Successful attainment of the goal:* This results in generating positive feelings among members.
- *Size:* Smaller groups tend to create conditions for advancement of cohesiveness.
- *Charismatic leader:* If the group has a leader who is charismatic, cohesiveness is likely to be high.
- *Threats:* The cohesiveness of the group is expected to improve in situations of external competition or threats.
- *Membership to high-status group:* Membership to high-status groups are valued by the members and increases cohesiveness.
- *Rewards:* Incentives based on group performance cultivate a group-centred perspective.
- *Gender:* Women are thought to be more cooperative and less competitive with people whom they see as friends or team mates.

Figure 9.2
Interaction Between Cohesiveness and Performance Norms to Predict Productivity

Figure 9.3
Interactive Effects of
Cohesiveness and
Performance Norms on
the Growth of Individual
Members

Performance norms	High	Moderate growth	High growth
	Low	Low to moderate growth	Low growth
		Low	High
		Cohesiveness	

Consequences of Group Cohesiveness:

- *Group cohesiveness and productivity:* Highly cohesive groups are more effective in meeting their objectives than groups low in cohesion.
- *Group cohesiveness and satisfaction:* Cohesive groups generally have a higher reputation in the eyes of their members because of the high premium they place on the successful completion of the task.
- *Group cohesiveness and growth:* In a highly cohesive group, members learn from each other and they take pride in the success of the group.

Some people believe that the overwhelming emphasis on high productivity generates stress, whereas others acknowledge the job security that success brings in its wake. It has been found that Japanese management practices in a car plant of high cohesiveness resulted in greater efforts by employees, lower rate of absenteeism, and low rate of employee turnover (Hodgetts 1991). The danger is that too much cohesion could lead to insufficient explanation of the issue, thereby resulting in one of the threats to group effectiveness, that is, groupthink, which would be discussed later in the chapter.

Group cohesiveness and job satisfaction Cohesive groups generally have a high reputation in the eyes of their members because of the high premium they place on successful completion of the task. A high degree of acceptance and mutual attraction among the group members results in less friction among the members and, therefore, less tension, and a more genuine desire to help and support each other. Because of all these, the average level of satisfaction of individual members tends to be high in cohesive group irrespective of whether or not the objectives of the group are aligned with the objectives of the organization.

Group cohesiveness and growth In a relatively less cohesive group, there is little support among the members for each other and consequently, little or no sharing of knowledge and information with each other. In a highly-cohesive group, members like to learn from each other as the major emphasis is on being successful in accomplishing the objectives of the group, and they take pride in the success of the group. In situations where highly cohesive groups have low performance norms, the level of growth of the individual members remains stunted as they are not allowed to grow. The interactive relationship between cohesiveness and performance norms influencing the growth of individual members can be represented as shown in Figure 9.3. Box 9.1 illustrates how the dynamics between groups can lead to a situation that affects the outcome of a decision.

BOX 9.1 ROLE OF GROUP DYNAMICS IN THE INDO-US NUCLEAR DEAL

The Indo-US nuclear deal raised issues pertaining to group dynamics within and outside the country. At the national level, it became a bone of contention between the Left parties and the United Progressive Alliance (UPA). The Left parties raised issues regarding the contradictions between the 123 Agreement, the controversial Hyde Act, and the US legislation that made the Indo-US nuclear deal possible. At one stage, the differences between the Left parties and the Congress-led UPA government over the deal pushed the government to the edge. The UPA government was committed to developing

nuclear energy, while the Left parties wanted the government to properly evaluate the implications and objections. The policy and ideological differences between the two parties over the issue created a rift between them. The Left felt that the Congress party was joining hands with the United States on foreign policy, while the Congress party suspected that the Left was toeing China's line of keeping India away, not only from the United States strategically, but also from its legitimate status as a major international player. Media and overall political opinions were also divided along these lines.

Common Threats to Group Effectiveness

The threat to group effectiveness can be ascribed either to individual members' needs and expectations or to the systemic failure, that is, inability of the group to maintain its procedures and function effectively. Some common threats to group effectiveness are discussed in this section.

Groupthink

Groupthink exists when pressures for conformity are so great that they tend to overpower the members' concern for realistic appraisal of the alternative course of actions (Aldag and Fuller 1993). It has been observed that when consensus seeking becomes a dominant force, groupthink develops. Groupthink amounts to an unintentional erosion of one's critical faculties as a result of trying to adopt group norms. Under the influence of groupthink, members generally make decisions following the ideas and suggestions of the leader for the fear of being ostracized. They exercise a control on their freedom of thought. The internal environment of the group is very congenial without any altercation, giving a sense of we-feeling. The cohesiveness of the group is on the rise, which persuades individuals to accept whatever proposals are promoted by the leader or a majority of members (Neck and Moorhead 1995). Janis (1982) proposes a list of characteristics that can be ascribed to groupthink. Any group likely to exhibit any of these characteristics is prone to be experience groupthink.

Groupthink: Groupthink exists when pressures for conformity are so great that they tend to overpower the members' concern for realistic appraisal of alternative course of actions.

- **Illusion of invulnerability:** The members of the group have a feeling of invulnerability. This feeling helps them avoid the dangers, which are likely to be present in the external environment. As a result, they fail to respond to any clear hearing signals. Groups have so much belief in the designed course of action that any information contrary to what they have accepted is rejected immediately. The group also tries to provide reasons for their inaction.
- **Illusion of unanimity:** This is a kind of misperception where members believe that their judgements are unanimous as they all subscribe to the majority view. This unanimity is generated when members tend to always agree with the influential figure or the leader in their department or group. This is an outgrowth of the feeling that if members respect each other, they will not disagree with each other or have differing view points. This can lead to serious errors of judgements. Members generally would not like to indulge in it as a minor disagreement could give rise to anxieties about the likelihood of making serious errors, and once the unanimity is broken, the group may never be able to regain the confidence. The onus, then, falls on the members to confront the uncertainties and assess the seriousness of the risks.
- **Belief in the rectitude of the group:** A group experiencing groupthink is likely to develop an unquestionable belief in the morality or self-righteousness of the group. The members are likely to ignore the ethical or the moral issues related with the decision. A management group, which has taken a decision to layoff certain employees in order to reduce the cost to the company, believes the decision to be ethical and justifiable. If an individual tries to offer a contrary viewpoint, the rest of the members snub him. Attempts are made to tame this person and not permit him to go ahead with questioning and doubting the management's action.
- **Negative views of the competitor:** There is a tendency to subscribe to negative, stereotyped views about the leaders of enemy or competitor groups. It is the prevailing attitude of mind supporting the view that leaders are either too weak or stupid to meet the challenges of the in-group. This can often be found in organizations competing for scarce resources, and in the external context, when policy-making groups make certain assumptions about the quality of the company's competitors.

- **Sanctity of group consensus:** Members try to keep away from the situation when there is a deviation from the group consensus. Even if there is an element of doubt, members try to convince themselves of the lack of substance in these doubts.
- **Erecting a protective shield:** Members try to create a false protective shield around them to keep away from adverse information that may shatter their belief about the morality and the effectiveness of their decisions. As and when a doubt is raised, the leader of the group will retort by questioning the legitimacy of the assumptions underlying it or ensuring that insufficient time is devoted to discussing it, finally concluding by declaring the original decision to be the best decision.

Consequences of groupthink There is very little discussion and evaluation of alternatives in situations of groupthink. There is, generally, no realistic assessment of the cost incurred or the gains expected out of the alternatives rejected or accepted. No serious attempt is made to obtain the views of the experts on the issues under consideration. There are no contingency plans available in case there is failure because of issues, such as bureaucratic inertia, mistakes or subtle political manoeuvring by the opponents, which could pose a threat to the successful outcome of the course of action chosen.

Counteracting groupthink Because of the dysfunctional consequences of groupthink, a number of steps have been suggested to combat and manage groupthink effectively. Some of these are as follows:

- **Encourage critical discussion:** As a leader or the influential member of the group, one should place a high priority on an open discussion of doubts and objections when it is appropriate to be sceptical. The leader should also be prepared to accept criticism for his judgements so that members do not resort to unwilling consensus.
- **Exercise impartiality:** The leader of the group should exercise impartiality from the beginning of the group activity and avoid stating preferences and expectations with regard to outcome. The leader also should try to have a realistic appraisal of all alternative courses of action and encourage members to offer suggestions so that a quick and incomplete evaluation of alternatives does not result in the ineffectiveness of the decisions.
- **Reappraise the first decision:** After a decision has been taken, allowing the members to rethink and report back later helps to clarify certain cloudy issues. Exposing the problems to the outsiders with different special interests from those of group members and asking them to challenge the group's assumption and content also helps gain a newer and, maybe, a better perspective to the decision.
- **Break groups into subgroups:** Breaking the groups into subgroups helps to examine the feasibility and effectiveness of the proposed policy alternative. This also helps in providing more options to work with, thus arriving at a better solution.
- **Keep a check on the competitor's reaction:** Try to monitor information provided by the competitor group and develop alternative models of the rival group's intention.

Risky Shift: Some groups are equipped to take greater risk than individuals and the phenomenon is called the "risky shift" phenomenon.

Risky Shift

Are groups prepared to take more risky or conservative decisions? It has been observed that some groups are equipped to take greater risk than individuals and the phenomenon is called the "risky shift" phenomenon (Stoner 1961). When individuals take decisions in groups, certain factors determine the degree of risky shift. The first factor is an upward influence on the level of risk an individual proposes to take, and it emanates from information about the risks that other members are prepared to take. This explains the effect of peer group on an

individual's decision to take a relatively riskier decision when he is a part of a group where all members are ready to go ahead with a similar proposition. The emotional interaction during discussion may also create a situation that facilitates a shift towards a high-risk decision.

When individuals take decisions as a group, they do not have the responsibility for the outcome at the individual level. They pass on this responsibility to the entire group, therefore, lowering the commitment to the group. Because each member feels less personal responsibility for the potential failure of the decision, consensus is likely to move towards acceptance of higher risks (Wallach and Kogan 1965).

Another dimension associated is that of "cautious shift," which is generally embedded in the culture of the organization. Certain issues in the organization might have to be interpreted in a cautious manner. After a discussion, the members may proceed with a more conservative view. Risky or cautious shift is referred to as "group polarization." Group polarization occurs when the attitudes and opinions of the group, in connection with an issue, change during a group discussion (Moscovici and Zavalloni 1969). The change or shift could be risky or cautious.

Social Loafing

One of the assumptions of group dynamics is that the productivity of the group should always be more than that of the individuals contributing singly. If not more, at least it should be equal to the efforts made by individual members. However, research studies have proved that individual efforts sometimes actually decline as the size of the group increases (Sheppard 1993). The tendency for individuals to exert less effort while working in a group, as compared to when they are working alone, is called *social loafing*.

Possible Reasons for Social Loafing

Some of the possible reasons for social loafing are as follows:

1. An individual may reduce his effort towards accomplishing a group goal when he finds that other members of the group are not contributing their fair share to establish the perceived equity of effort in the group (Jackson and Harkins 1985).
2. Some individuals may become "free riders" if they find out that individual contributions are not recognized, therefore, dispersing their responsibilities (Williams et al. 1981).
3. Motivation to contribute may decrease further if the members find out that the task performed by the group is unimportant or boring (George 1992).

Managing a Culturally Diverse Group

People tend to feel comfortable with people whom they perceive to be similar to themselves. However, the reality is that people are different and this difference is the root of diversity. Differences in gender, age, race, and language are clearly identifiable. Today, most developing countries are multi-cultural societies. Diversity is defined as mutual acceptance and value placed on differences among people with respect to age, class, ethnicity, physical and mental ability, race, sexual orientation, spiritual practice, and other human attributes. Workplace diversity provides new opportunities for both employees and employers. In today's world, it is imperative to capitalize on the talents of employees from diverse backgrounds because it is their differences that enrich, expand, and provide the competitive edge. They enable organizations to tap new markets while increasing effectiveness and productivity.

A group which comprises of culturally diverse individuals generally gets isolated in a homogeneous organization. The exclusion of the talented members from the activities of the group can result in reduced performance and efficiency of the group. This alienation can also result in high employee dissatisfaction, thus leading to high employee turnover. Because of the different style of working and learning of these employees, managers may sometimes

Cautious Shift: Interpretation of issues in a cautious manner so that members may proceed with a more conservative view.

Social Loafing: The tendency for individuals to exert less effort while working in a group as compared to working alone is called *social loafing*.

Diversity: Diversity is defined as mutual acceptance and value placed on differences among people with respect to age, class, ethnicity, physical and mental ability, race, sexual orientation, spiritual practice, and other human attributes.

consider these employees to be misfit for the organization. However, if a manager is able to recognize and value these differences, it can enhance the productivity of the organization.

In recent years, the Indian workforce has become increasingly diverse with the addition of workers who do not hold the traditional values of Indian employees. At the same time, organizations are confronted with problems that cannot be effectively dealt with by staying within conventional hierarchical and functional boundaries, and thus we see a growing use of work groups, or teams, that span these boundaries. Multiple sources of identity in such diverse work teams—gender identity, ethnic identity, racial identity, and functional group identity—have to be identified, and it should not be assumed that one can be a surrogate for the other (Skevington and Baker 1989; Tinsley 1994). Diversity in a work group can occur as a result of five clusters of attributes (McGarth et al. (1995). They are as follows:

- Personal demographics
- Knowledge, skills, and abilities
- Values, beliefs, and attitudes
- Personality and cognitive and behavioural style
- Organizational demographics

Dealing with Culturally Diverse Work Team:

- *Contact:* A good manager in an organization attempts to create contact with the team members.
- *Super-ordinate goals:* This relates to the use of super-ordinate goals, which are the goals larger than the self.
- *Blending of categories and functions:* Work teams are often structured in such a way that roles or functions within the team are correlated with identity groups.

Conditions for Evolution of Groups into Teams:

- *Supportive organizational conditions:* An organization needs to provide a conducive environment to help a group evolve into a team.
- *Skilled team members:* The team's success depends upon the complementary skills possessed by the individual members.

Dealing with Culturally Diverse Work Teams

There is a well-known tendency for group members to treat some people as insiders and others as outsiders. This is termed as in-group/out-group dynamics. According to social-identity theory, the simple act of categorizing people into distinctive groups has debilitating effects on attempts to achieve collective goals. In-group/out-group dynamics can result in stereotyping, intergroup competition, distrust and prejudice, all of which can inhibit effective group functioning. A number of techniques of dealing with culturally diverse work groups have been suggested. A few of them are given here:

Contact: A good manager in an organization attempts to take care of these dynamics by creating contact with the team members. A long-standing belief in group theory is that contact or increased exposure to others, promotes harmony and minimizes differences. To reduce the intergroup conflict; another important aspect is the type of contact and the context in which the group exists. The type of contact needed is similar to the contact used in negotiations. The language and strategies of negotiation can be useful in helping team members turn differences into win-win strategies.

Super-ordinate goals: In situations of social dilemmas between “individual self-interest” and “collective welfare”, the cause of collective welfare takes precedence over individual interest. The collective welfare will be preserved if each individual restrains self-interest, thus promoting the common good. This relates to the use of super-ordinate goals, which are the goals larger than the self.

Blending of categories and functions: Work teams are often structured in such a way that roles or functions within the team are correlated with identity groups. In a multifunctional team, it is likely that gender and role are correlated. Box 9.2 presents some of the threats and challenges faced by multi-cultural project teams.

Evolution of Groups into Teams

The effectiveness of any organization depends upon effective teamwork. Effective teams evolve from effective group functioning in organizations, and it requires trust and support of individual members. If members do not trust or support each other, group meetings easily degenerate into fights and arguments with no cooperation at all (Dyer et al. 1990). For a group to evolve into a team, it is essential to reach to the performing stage. At that stage, the group needs to possess the following characteristics: agreement with the mission of the team, shared leadership, collective sharing of accountability, problem solving, and measurement of

BOX 9.2 MANAGING MULTI-CULTURAL PROJECT TEAMS: THREATS AND CHALLENGES

With the advent of globalization, many projects are designed and developed in locations thousands of miles away from the actual construction site. This has led to the rise of multi-cultural project teams with members from diverse cultures and nationalities required to work together as a team to achieve the project's objectives.

Some of the challenges faced by such teams are:

Lack of proximity: Despite advancements in information technology, absence of face-to-face communication hampers the building of trust and confidence between members of a multi-cultural team. There are also hidden costs in terms of recovery from jet lag, lost time because of travel, etc.

Language differences: When team members do not speak the same language, communication becomes slow and inefficient.

Differences in skills and competencies: The level of education and the comprehension of members may vary from one place to another in different parts of the world. Also, some team members may find it difficult to work effectively away from their home environment.

Risks associated with location: Challenges that arise when the project is executed in a place where security is a concern. There are also problems that arise because of the incorrect understanding of local laws.

Difficulties in financing: Variations in currency exchange rates as well as variable inflation rates in different countries can play havoc on the overall project cost. Hidden costs especially in shipping, logistics, customs and import duties, and agent fees need to be factored into the project cost, when the project is executed in some countries. In addition, companies may have difficulties in repatriating profits from projects executed in some parts of the world.

Cultural differences: These differences can be multi-faceted and can be because of nationality, ethnic differences, and organizational culture or professional differences.

These differences can lead to major divergence in work practice and can dramatically affect the outcome of the project. In some cultures, status and hierarchy are very important and can lead to a lack of empowerment of more junior staff. Different views of age and experience, revered in some cultures, or attitude towards women can lead to difficulties. Decision making can be very different too: some cultures make decisions by consensus; others make decisions in a more autocratic way. Religious observance varies around the world and can be very significant in getting a project completed.

Ethics and values: Differences in ethical standards and values will bring about a difference in the attitude towards work. In some countries, bribery and corruption have become institutionalized and are the only means by which some local officials can earn a living. Undue preference may be given to local suppliers or contractors and planning laws and approvals can be very bureaucratic. In some countries, the government-approval process can become the critical path on the project programme.

Besides these, differences in the attitude towards health and safety can be a matter of concern. Also, families of expatriate workers who accompany them overseas can encounter many difficulties relating to standard of living, accommodation, security, education of children, and language. These factors result in additional pressure on the members of the project team.

Despite the many difficulties, it is possible to get project teams comprising of team members from different companies and diverse cultures to work together effectively. The key is to understand that the secret to success lies in the effective team-building process.

Source: Adapted from Weatherley, Stephen. "Managing Multicultural Project Teams". Available at www.gdsinternational.com/infocentre/artsum.asp?lang=en&mag=182&iss=149&art=25863 (accessed November 2008).

effectiveness by collective accomplishment (Katzenbach and Smith 1993). Some of the conditions essential for evolving a group into team are as follows:

Supportive organizational conditions: An organization needs to provide a supportive environment to help a group evolve into a team. Some of the conditions conducive to the evolution of teams include management's unconditional support to the team, team's support to the organizational goals, appropriate skills possessed by the team member to carry out activities of the team effectively and whether the organization can afford to postpone task accomplishment till members learn to work together (Smither 1991).

Skilled team members: The team's success depends upon the complementary skills possessed by the individual members. The set of skills that need to be possessed by the individual members comprises of *technical skills*, to be able to complete the job requirement; *problem-solving skills*, the ability to solve any problem at a given point of time; *decision-making skills*, the ability to take appropriate decisions to solve the problems; and *interpersonal skills* so as to develop better relationships with superiors, colleagues, and subordinates in the work environment. Other skills include skills of active listening, mutual influence, and constructive confrontation to establish common goals and collaborate to achieve them (Katzenbach and Smith 1993).

- **Common values:** For cooperative and collaborative effort, it is essential that the team members possess some common core set of values to reinforce accountability.
- **Matching team roles and preferences:** For managing a team effectively, there has to be perfect compatibility between the roles performed by individual members and the task in hand.

BOX 9.3 CHANDRAYAAN—A TEAM EFFORT

ISRO scientists at an awards function after the successful launch of the *Chandrayaan* (Photo courtesy ISRO. Reproduced with permission.)

India entered an elite club of three countries and a space agency that have sent successful unmanned missions to the moon with the success of Project *Chandrayaan*. The two-year mission seeks high-resolution images of the moon's surface as well as evidence of water or ice and will attempt to identify the chemical breakdown of certain lunar rocks.

Millions of Indians cheered when the polar satellite launch vehicle launched an impact probe emblazoned with the

Indian flag on the lunar surface on 14 November 2008. The success achieved by the Indian Space Research Organization (ISRO) led by G. Madhavan Nair is the culmination of two years of hard work and meticulous planning. A team of nearly 3000 scientists and engineers from across the world were instrumental in making India's moon mission a success. The team worked relentlessly in the face of several challenges in the regime of technology denials, by adopting several innovative techniques. The main members of the team are Project Director Mayilsamy Annadurai, who worked tirelessly for years to see the outcome of his efforts, P. Sreekumar, the chief scientist responsible for overseeing the instruments used in the project, and T. K. Alex, head of the ISRO centre in Bengaluru, who is immensely proud of his team. The members of the team are so well-knit and hardworking that they tend to stay back at work even after their working hours are over.

Project *Chandrayaan* is a message to the world that India too can do it. The main credit goes to the scientists who worked together tirelessly in a team to convert this dream into a reality.

Source: Adapted from "The Chandrayaan Team", Zee News. Available at www.zeenews.com/chandrayaan/story.aspx?aid=477110 (accessed November 2008).

Common values: For cooperative and collaborative effort, it is essential that the team members possess some common core set of values to reinforce accountability. Such common values help members to listen and respond constructively to others, give the benefit of doubt, provide support, see the interest of others and acknowledge their contributions (Katzebach and Smith 1993).

Matching team roles and preferences: For managing a team effectively, there has to be perfect compatibility between the roles performed by individual members and the task in hand. A manager has to accomplish the goals by linking differentiated roles held by motivated team members (Davies 1990). Box 9.3, using the example of Project *Chandrayaan*, describes how a collection of people forming a team can convert a dream into reality.

Types of Teams:

- **Top-management teams:** These teams comprise of members of the top management and help to coordinate the activities of the work team, which are drawn from number of areas.
- **Cross-functional teams:** Cross functional teams comprise of individuals from the same hierarchical level but different functional areas, to perform a specific task.

Types of Teams

The teams in organizations can be classified into different types. Some of these are discussed here.

Top-management teams: These teams help to coordinate the activities of the work teams that are drawn from a number of different areas. Members of the top management may find it difficult to coordinate as members of a team as they are generally apprehensive about diluting their individuality for the sake of group effort, particularly if there is a past record of success (Hart 1996). On the basis of their experience as McKinsey management consultants in the United States, Katzenbach and Smith (1993) concluded that although teams have an advantage over individuals, there are instances where factors such as the time-consuming nature of teamwork and a culture of individual rather than collective effort make it difficult for teams to form, particularly at the top-management level.

Cross-functional teams: Cross-functional teams comprise of individuals from the same hierarchical level but different functional areas, to perform a specific task. As individuals come from diverse backgrounds, it takes some time for trust to be established among them (Denison et al. 1996).

Quality circles: A quality circle is a small group of employees (4–15) who do similar work and report to the same supervisor. The group meets regularly on a voluntary basis to identify and analyse work problems and provide solutions. Quality-circle teams are

BOX 9.4 THE MAKING OF A GLOBAL WORKPLACE

At the Sun Microsystems software development centre located in Bengaluru, development work is carried out by geographically dispersed teams composed of software engineers and managers located both in Bengaluru and in the United States, who must be in constant communication with one another in order to coordinate their activities. One of the main problems faced by such companies is to ensure smooth functioning of teams composed of people from different cultural backgrounds. In order to create a sense of integration with the parent company and to overcome geographical and cultural distances, Sun, like other MNCs operating around the world, has put in efforts to reproduce its distinctive corporate culture within the Indian subsidiary.

Some of the techniques it has adopted are induction workshops for new employees, “soft skills” training programmes

including communication skills and cross-cultural sensitivity classes, which are designed to overcome the communication problems and cultural gaps that are considered to create problems in the functioning of multi-cultural teams. While these programmes, in theory, aim to create better understanding and communication on both sides (American and Indian), their primary purpose appears to be to mould Indian software engineers to fit into the global workplace, by teaching them to adjust their behavioural and communication styles according to “global,” or American, norms. This raises questions about the cultural transformations that are being wrought by globalization at the workplace and their impact on employees.

Source: Adapted from Sonti, Gautam and Carol Upadhy, www.codingculture.com. Reproduced with permission.

concerned with improving quality and effectiveness. The quality circle works on the premise of setting joint objectives through the process of participation and consequently working together to remove the blocks in the achievement of objectives. A significant consequence of the implementation of quality circles is the enhanced commitment to necessary changes in work practices. It is used to improve productivity, product quality and safety at work, and the benefits claimed following its use are reduced waste, improved communication between management and workers, the creation of a problem-solving environment, increased job involvement, and improved morale.

Self-managed teams: These teams or groups, consisting of 10–15 employees, are the fallout of the autonomous work groups, and they take on the responsibilities of their former supervisors (Cohen et al. 1996). The activities of the self-managed teams consist of planning and scheduling work, controlling the pace of work, taking decisions, and solving problems. An important feature of the real self-managed team is the selection of people to join the group and allowing members to evaluate each other’s performance. However, the latter, according to Golzen (1993), could be a contentious issue.

Virtual teams: In a virtual team, information among the members is shared through the Internet, e-mail, and teleconferencing. The members may not have to meet each other, but they relate and communicate with each other by means of technology. Through these facilities, all members have access to the same information before making a decision and can move in and out of teams according to the requirement. Virtual teams are required when organizations are desirous of placing their best talent across the country on temporary task forces or product development groups. Box 9. 4 illustrates the team work at the Indian subsidiary of the American company Sun Microsystems’s Indian Engineering Centre (IEC).

- *Quality circle:* A quality circle is a small group of employees (4–15) who do similar work and report to the same supervisor.
- *Self-managed teams:* These teams or groups, consisting of 10–15 employees, are the fall-out of the autonomous work groups, and they take on the responsibilities of their former supervisors.
- *Virtual teams:* In a virtual team, information among the members is shared through the Internet, e-mail, and teleconferencing.

Summary

A great amount of our time is spent in group interactions. In our lifetime, we join a number of groups. A group can be defined as a collection of two or more people who meet regularly and influence one another over a period, perceive themselves as a distinct entity distinguishable from others, share common values, and strive for common objectives. In most organizations, several different types of groups are present. The major classification is in the form of formal groups and informal groups. Formal groups have been further classified into task groups and command groups. Informal groups have been divided into friendship groups and interest groups.

Groups tend to help individuals and organizations in a number of ways. Broadly, groups serve two kinds of functions in an organization, task and maintenance functions.

Groups are formed and developed through several stages. Some groups grow and mature, and others become stagnant. Different models of group development have been suggested. Some of the examples include the Tuckman’s model of group development consisting of five stages: forming, storming, norming, performing, and adjourning. Another model is the Woodcock model of group development, which includes the stage of lack

of clarity, the stage of experimentation, the stage of establishment of rules, and the stage of development. The third model is the Punctuated Equilibrium model comprising of the stage of activity, the stage of inertia and the stage of termination.

After the group has passed through the development process, it is assumed that the appropriate behaviours for individual members have been established and these result in creating a definite structure for the group with certain important processes that also characterize the “dynamics” within groups. Some of these processes are group norms, group roles, and group cohesiveness. Group norms are established over time for behaviours that have a significant impact on a group, like facilitating its survival, increasing predictability of member behaviours, ensuring member satisfaction, expressing values important to the group’s identity, and preventing embarrassing interpersonal problems. Norms have been classified in a number of ways. The first classification is in terms of formal norms and informal norms. Group roles are defined as a set of recurring behaviour that is expected from a member by others in a group. Some roles performed by a group member are functional as they guide and propel the group towards achieving their objectives. Some roles, which are derived out of personal

needs of individuals, are dysfunctional in nature and block the group from achieving its efficiency and effectiveness. Group cohesiveness promotes sharing of similar ideas and the mutual acceptance of these ideas.

Today, most of the developing countries have become multicultural, giving rise to diversity at workplace. Diversity has been defined as mutual acceptance and value placed on differences among people with respect to age, class, ethnicity, physical and mental ability, race, sexual orientation, spiritual practice, and other human attributes. Diversity in a work group can occur as a result of five clusters of attributes: personal demographics; knowledge, skills and abilities; values, beliefs and attitudes; personality and cognitive and behavioural style; and organizational demographics. A number of techniques of dealing with culturally diverse work group have been suggested, which include contact, super-ordinate goals, and blending of categories and functions.

Effective teams evolve from effective group functioning in organizations, and it requires trust and support of individual members with each other. Conditions for evolution of groups into teams include supportive organizational conditions, skilled team members, common values, and matching team roles and preferences.

■ Key Terms

Cautious shift: Interpretation of issues in a cautious manner so that members may proceed with a more conservative view.

Command group: It is a permanent group in the organization dictated by the structure of the organization.

Contact: A good manager attempts to create contact among the team members.

Cross-functional teams: Cross-functional teams comprise of individuals from the same hierarchical level but different functional areas, who work together to perform a specific task.

Diversity: Diversity has been defined as mutual acceptance and the value placed on differences among people with respect to age, class, ethnicity, physical and mental ability, race, sexual orientation, spiritual practice, and other human attributes.

Enacted role: This is a representation of how a person actually behaves in a given situation.

Expected role: This is an unwritten agreement that exists between the employer and the employees, and it expresses itself in terms of what the management expects from the employees and vice versa.

Formal group: A formal group is established by the management and is expected to perform well-defined tasks to achieve organizational objectives.

Formal norms: Formal norms are written rules and procedures that all employees need to adhere to.

Friendship group: Friendship groups are based on common characteristics such as age, common values, and college affiliations, etc.

Group: A group can be defined as a collection of two or more people who meet regularly and influence one another over a period of time, perceive themselves as a distinct entity distin-

guishable from others, share common values, and strive for common objectives.

Groupthink: Groupthink exists when pressures for conformity are so great that they tend to overpower the members’ concern for realistic appraisal of alternative course of actions.

Group cohesiveness: Cohesiveness is likely to exist in groups which exhibit high levels of agreement among group members with regard to the shared values and beliefs.

Informal group: Informal groups grow out of the need for friendship, affiliation, companionship, and communication between people.

Informal norms: Informal norms develop as a result of members’ own behaviours and experiences, which help or hinder their performance and satisfaction.

Interest group: These groups comprise of individuals who share a mutual interest and group together to try to achieve their objectives.

Interrole conflict: This conflict is because of the incompatible expectations of the two roles that the individual is expected to play.

Intrasender conflict: This results because of contradictory messages sent by the source to reach the receiver.

Maintenance functions: These functions are performed to take care of the personal needs and expectations of the individual members.

Maintenance role: Maintenance roles are geared towards establishing and maintaining good interpersonal relationships.

Norms: Norms are defined as a set of expectations about the appropriate individual and group behaviour commonly agreed on by members.

Perceived role: Perceived role includes the activities that the role incumbent believes are necessary to fulfill the expected role.

Personal roles: Personal roles are based on the individual needs and are generally detrimental to group effectiveness.

Person–role conflict: This conflict arises when there is a conflict between the personal values and beliefs of the person and the demands of the organization.

Quality circle: A quality circle is a small group of employees (4–15) who do similar work and report to the same supervisor.

Risky shift: Some groups are equipped to take greater risk than individuals and the phenomenon is called the “risky shift” phenomenon.

Role: A role is defined as a set of recurring behaviour that is expected from a member by others in a group.

Role ambiguity: When people are uncertain about their duties, responsibilities and authority, it causes role ambiguity.

Role conflict: Role conflict arises when an individual’s performance of one role is made difficult by the performance of another role.

Role overload: Role overload occurs when an individual is overloaded with job responsibilities which he or she is not capable of performing.

Self-managed teams: These teams or groups, consisting of 10–15 employees, are the fallout of the autonomous work groups, and they take on the responsibilities of their former supervisors.

Social loafing: The tendency for individuals to exert less effort while working in a group as compared to working alone is called social loafing.

Super-ordinate goals: This relates to the use of super-ordinate goals which are the goals larger than the self.

Task functions: Groups carry out certain task functions to achieve organizational goals.

Task group: A temporary formal group established to solve specific issues.

Task roles: Task roles directly help the group to achieve its goals and objectives and are focused towards that.

Top-management teams: These teams comprise of members of the top management and help to coordinate the activities of the work team, which are drawn from a number of areas.

Virtual teams: In a virtual team, information among the members is shared through the Internet, e-mail, and teleconferencing.

Discussion Questions

1. Define groups and give examples of different types of groups.
2. Think of some groups of which you are a member or have been a member. Identify the specific norms of the group. What group functions do these norms serve? How are these norms enforced?
3. How would you go about forming a new team to complete a class project that will determine one-third of your grades? What kinds of roles would you expect members to play? Would your composition change if the project determines three-fourth of the grades? Why or why not?
4. Give reasons as to why you joined a favourite group other than your family.
5. With reference to decision-making process, explain the following with examples from your real-life experiences: (a) groupthink, (b) risky shift, and (c) social loafing.
6. What are the symptoms of groupthink? What specific steps can managers take to counteract the groupthink evolving in their groups?
7. Why has it become imperative to learn to manage workplace diversity? What are the threats and challenges that it poses for the management in the current scenario?
8. Identify and discuss the factors responsible for the evolution of groups into teams. How do they improve the functioning of the team?

Exercise

Selection of the Class Representative

Objective: To identify the group process in a group decision-making situation and outline the dynamics that take place as well as to observe the roles played by individual members to help or hinder the group in reaching its decision.

Situation: You, along with five other members of the class, have been given the responsibility to select your class representative for the purpose of ensuring the smooth completion of the courses in your master’s class. Before you begin the process of selection, you are required to go through the list of characteristics given below and arrange them in the order of importance. After a discussion with your group members, order the following list from the first (most important) to the last (least important).

Action for the Rest of the Members of the Class

As the decision is being taken, few observers (selected by the facilitator) will observe the group process. Observe the

individuals in the group as well as the activities of the entire group. Mark your observation on the tables provided below. After the discussion and decision, report the observation to the entire class.

List of characteristics for the class representative:

1. Strong class loyalty
2. Ability to discipline the class
3. Ability to communicate with the faculty member
4. Calm and composed personality
5. Ability to get along with other students
6. Ability to take decisions
7. Moderate to high intelligence
8. Professional competence
9. Ability to get along with the staff
10. Ability to comprehend instructions

Group observation: Observe the behaviour of the group on the basis of the following factors and report to the class.

Group Process	Details
Group norms.	
Group roles	
Role conflicts	
Group cohesiveness	
Groupthink	
Risky shift	
Social loafing	

Individual role observation: Observe different individuals in the group and comment on the roles played by them on the basis of the table given below.

Role	Name of the person and details
Initiator	
Information seeker	
Opinion seeker	
Information giver	
Elaborator	
Summarizer	
Encourager	
Gatekeeper	
Standard setter	
Follower	
Expresser	
Tension reliever	
Aggressor	
Blocker	
Confessor	
Competitor	
Sympathy seeker	
Pleaser	
Withdrawal	

■ Field Projects

1. Identify any group of which you have been a part at your college or workplace. Trace the stages of development of this group based on the learning in this chapter. Diagnose the major problems and opportunities of each of the stages and prepare a report.
2. Divide yourself in groups of 3–4 students. Visit an organization and identify the group processes (one or more) in any one of the departments. Analyse how these processes are handled in the department and prepare a report. Present it in the class.

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CHAPTER 10

Leadership

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Define leadership and outline the differences between leadership and management.
2. Discuss the trait theory and identify the traits of an effective leader.
3. Diagnose the behavioural perspective of leadership with the help of different theories.
4. Highlight the contingency theories of leadership.
5. Outline the differences between transactional and transformational leaders.
6. Identify the role of a leader as a mentor and discuss ethical leadership.

The Caring Dictator

By any measure, Sameer Khanna, the president of Easy to Palate Corporation, is a successful man. Khanna owns 54 franchises of the Easy to Palate hamburger chain, which generate huge revenues for the company. The restaurants make 18% more than the national average, and the employee turnover is incredibly low for the fast-food industry, with a supervisor's average tenure at 12.4 years. He knows what he wants, how to retain his employees, and how to run his business for high profit.

In a management world where everyone will tell you that you need to be soft, participative, open to ideas, and empower employees, Sameer Khanna appears to be an anachronism. He runs his business on his own principle, "My Way!" He tolerates little deviance from what he wants, his instructions, and his training. He is absolutely sure he knows the best way, and more than one employee is scared of disagreeing with him. He likes keeping people a little off balance and a little queasy so they will work harder to avoid his wrath. Khanna even has his own rules, and he will fire those who break any one of them twice. The last Khanna rule is, "I will only tell you one time."

Khanna restaurants run like clockwork. He does the top-level hiring himself and is reputed to spend as long as 10 gruelling hours with prospective managers and their spouses. He wants to know about their personal lives and their financial health, and looks for right responses and any signs of reticence to answer questions. Khanna says, "I want them to understand this is not a job to me.

This is a lifetime of working together. I want partners who are going to die with me." If you are one of the selected few, you are expected to be loyal and obedient. Once a quarter, you can also expect a Khanna "lock-in" meeting, where Sameer will take you away along with other supervisors to a secret location with no chance of escape. You can expect to be blindfolded, put through survival exercises, and sleep in tents before you go to a luxury resort to discuss business.

For all their trouble and unquestioning obedience and loyalty, Khanna employees and supervisors find a home, a family, a community, and a place to grow. If you have problems with your husband, like Kamini, the wife of one Khanna's supervisors, you can call him. He will listen to you, chew your spouse out, and send him home for a while. Khanna says, "I don't want you to come to work unhappy, upset, or mad about anything, because I don't think you can be totally focused on making money if you're worried." He pays his employees considerably above national averages, plays golf with them, and gets involved with their personal lives. Khanna wants to create a bond that lasts. A few years ago, he spent thousands of rupees to take 54 managers and their families to Ooty, Tamil Nadu, for 4 days. They were trained on better time management and marketing techniques, and on how to be a better spouse.

Khanna also likes to have fun. Practical jokes, including gluing supervisor's shoes to the floor, are common. But he also works hard. Eighty-hour weeks are common,



and he starts his days earlier than most. He is not above taking on the most menial jobs in the restaurants and is willing to show the way, no matter what. His presence, his energy, and his unbending confidence in “his way” make converts. Khanna has created an organization that is consistent and that simplifies everyone’s life.

For Discussion

1. How would you describe Sameer Khanna’s leadership style?
2. Why is he successful? Would you work for him?

Introduction

Leadership remains a complex issue that generates plenty of interest and discussion. A literature review on leadership suggests that scholars do not agree on the definition of leadership (Barker 1997). It can be proposed that anyone can be a leader in an organization. Leadership can be defined as a process in which a person tries to influence a set of individuals in the pursuit of achieving individual, group, and organizational objectives. Effective leaders help groups of people define their goals and find ways to achieve them (Selznick 1957). Compatible with this definition is another definition that states that leadership is the ability to inspire confidence and support among people who are needed to achieve organizational goals (Kim and Maubourgne 1992).

Leadership is not confined to people who occupy top positions in organizations. Leadership is needed at all levels in an organization and can be displayed even by a person who has not been assigned a formal position in the organization. The ability to lead others effectively is a rare quality. It becomes more difficult at very senior positions as it requires the interplay of lots of different skills. One manifestation of this problem is that companies in search of new leadership seek out a select group of brand-name executives (Barrett and Lavella 2000). Another manifestation of this problem is that companies now emphasize leadership training and development to create a new supply of leaders in the organization. Box 10.1 discusses the need to emphasize leadership grooming in corporate India.

Leadership: Leadership can be defined as a process in which a person tries to influence a set of individuals in the pursuit of achieving individual, group, and organizational objectives. Effective leaders help groups of people to define their goals and find ways to achieve them.

BOX 10.1 LEADERSHIP IN INDIA INC.

Leadership is one of the most important challenges facing corporate India. Most companies do not invest in preparing their employees for future leadership roles. The training and education provided in schools and colleges fall short of preparing individuals to face challenges later on in the corporate world.

Indian companies rely either on hiring expatriate managers for filling leadership roles or on hiring “good line managers” from companies considered to be breeding grounds for future leaders. Expatriates hired at astronomical salaries flounder while dealing with employees from a new and highly diverse culture. The new line manager sometimes gets lost in his new-found power and the new role of being a leader. Indian companies have a lot to learn from American companies that have perfected the art of succession planning.

American companies have dominated the world stage primarily because of the importance they give to grooming

their future leaders. GE had groomed three leaders to take over from their legendary CEO Jack Welch. After Jeffrey Immelt was announced as Welch’s successor, 3M, and Home Depot snapped up the other two incumbents, James McNerney and Robert Nardelli, respectively, GE was able to fill the top three positions from within its ranks.

Corporate India must focus on succession planning and move towards professional management. Leaders selected from family and friends tend to limit vision and also breed a culture of mistrust between employees and management. There is a change in the way leadership is being groomed in India. Some companies like Infosys, Wipro, and the Tata group are showing the way.

Source: Adapted from Singh, Jasjeet (2008). “Leadership: India Inc.’s Biggest Challenge”, 5 June. Available at www.rediff.com/money/2008/jun/05lead.htm (accessed November 2008).

Jack Welch, CEO of General Electric, is reported to have called his direct reports together one day. He issued a three-word dictum—“Don’t manage! Lead!”—and then promptly left the room. Many were left wondering, “What’s the difference?”

That’s an important question, so it seems logical that we begin by examining the difference between management and leadership, between a manager and a leader.

Leadership and Management: Leadership has more to do with the interpersonal aspects of the job, while management is more concerned with planning, organizing, and controlling.

Leadership and Management

To gain a better insight into leadership, it is important to differentiate it from management. Broadly speaking, leadership has more to do with the interpersonal aspects of the job, while management is more concerned with planning, organizing, and controlling. Leadership deals with change, inspiration, motivation, and influence.

According to John P. Kotter (1990), managers must know how to lead as well as manage. Management can be differentiated from leadership in the following ways:

Management is more scientific and formal than leadership. It is based on explicit set of tools and techniques that are used in different situations. On the contrary, leadership involves having a vision of where to take the organization from its present state and influence members to live up to that vision.

Leadership requires voluntary cooperation and teamwork by means of influence, persuasion, and charisma. Management relies on control as a mechanism to influence people.

Leadership may produce a dramatic change such as bringing out an innovative product; management is more likely to produce a predictable change.

Leadership may result in transforming an organization. Management only maintains the status quo.

In the light of the above differences, it can be concluded that a leader is an inspirational figure and the manager is a bureaucrat caught up in his status quo. A description of what managers and leaders do in an organization will help us to understand the differences more clearly.

What Does a Manager Do?

The classic definition of a manager is one who gets the work done through other people. A manager plans, directs, controls, hires, delegates, assigns, organizes, motivates, disciplines, or does any number of other things on a daily basis. He is working towards a goal by helping others do their work. These are certain activities performed by a manager that differentiates him from a leader:

1. **Manager directs the work, rather than perform it:** If a manager tries to do all the work himself, rather than delegating it, he is not spending his time wisely. He is hired to manage the work and not to be a part of the staff.
2. **Manager is responsible for hiring, firing, training, and disciplining employees:** Staff development is an important part of the manager’s job. Such development often determines whether staff members stay with an organization or leave for better opportunities. In addition to regular performance appraisals, a manager should work with each person he manages to determine a career path.
3. **Manager exercises authority over the quality of work and the conditions under which it is performed:** A manager’s first obligation is to his people. This obligation means that the manager has to work to ensure a safe environment for them and to uncover potential threats to that environment. The obligation also means that he owes his customers—internal or external—the highest quality outputs.
4. **Manager serves as a liaison between employees and upper management:** Managers wear many hats. Among them are traffic cop, psychologist, coach, minister, diplomat,

and envoy. In this role, he serves as the link between those doing the work and those who need or benefit from the work being done.

5. **Manager has to motivate employees and contribute to a culture of accomplishment:** A manager has to be totally committed to his job, and for this, he has to motivate his employees and create a culture in which people can experiment and innovation can flourish.

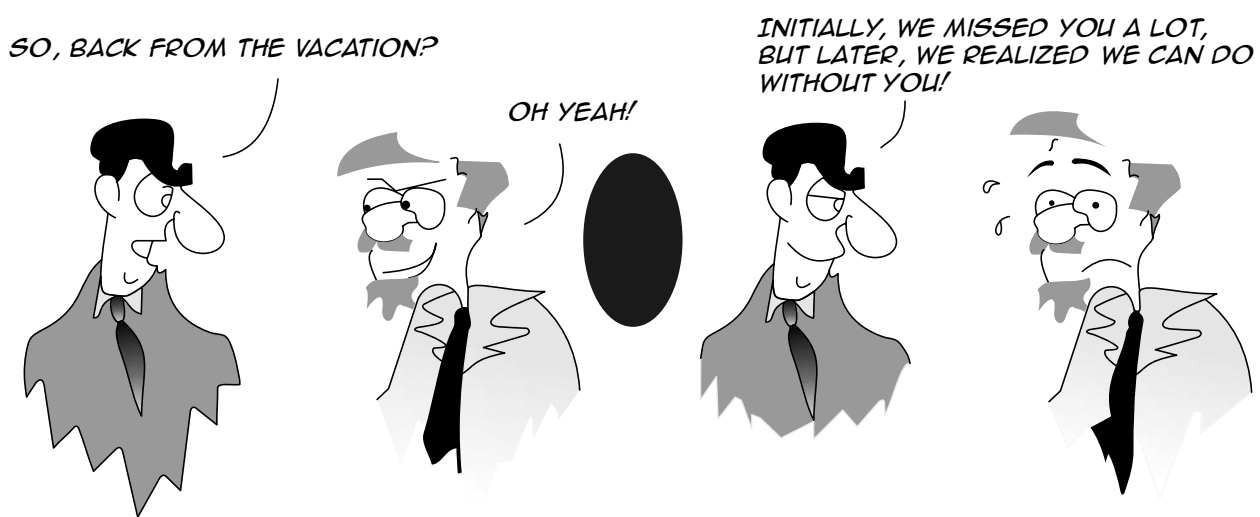
What Does a Leader Do?

While the manager works to carry out the aims of the organization, the leader serves to create new aims and initiate new courses of action. The leader challenges the status quo, in the most positive and diplomatic of ways, in order to continuously improve. It is the leader we turn to when we feel that “good enough” is not enough. A leader has certain characteristics that distinguish him from a manager. These are as follows:

1. **A leader works with others to make the difference:** Leaders strive to make a difference. They are willing to make sacrifices and to inspire others to do the same. When John F. Kennedy inspired Americans to give up their lifestyle and join the Peace Corps, he admitted he was asking them to accept the “toughest job you’ll ever love.” Similarly, when Mahatma Gandhi encouraged people to take the path of non-violence (ahimsa), he was creating a difference in the whole nation and the society.
2. **A leader creates something of value that did not exist before:** When a person creates a leading edge or does something that has not been tried earlier and it stands out by virtue of being first or being different, he is exhibiting the traits of a leader.
3. **A leader exhibits positive energy:** There are certain individuals who exude confidence and possess magnetic personalities that make people gravitate towards them. Such individuals easily lead others by virtue of their passion for accomplishment, charisma, and enthusiasm.
4. **Leaders encourage change:** Through his commitment to action, the leader treads virgin territory. He spots vacuums and works to fill them. He sees what is invisible and inspires others to make the ideal real. Leaders know that change is progress. They know that they must take an “I’ll go first” approach to convince others that change is not only necessary, but it can be good. Table 10.1 gives a tabular presentation of the difference between a leader and a manager.

Table 10.1 Difference Between a Leader and a Manager

Leader	Manager
A leader works with others to make a difference.	A manager directs the work, rather than perform it.
A leader creates something of value that did not exist before.	A manager is responsible for hiring, firing, training, and disciplining employees.
A leader exhibits positive energy.	A manager exercises authority over the quality of work and the conditions under which it is performed.
A leader encourages change.	A manager serves as a liaison between employees and upper management. A manager has to motivate employees and contribute to a culture of accomplishment.



Courtesy Parimal Joshi. Reproduced with permission.

Perspectives on Leadership

Even a quick reading of the history and mythology of any civilization makes it evident that leaders are considered to be special. Their physical characteristics are described in detail and their personalities dissected. Long lists of traits and personal exploits are provided. This detailed information about leaders focuses our attention on the person. It also represents a common belief that there is something out of the ordinary about leaders. There is something within them. Many believe that there are in-born natural elements in leaders. All of us may be able to produce a list of personal characteristics of effective leaders.

Leaders are courageous, they have initiative and integrity, they are intelligent and perceptive, and so forth. However, research findings do not clearly support many of our popular lay theories about personal characteristics of leaders. The results of hundreds of studies do not yield a specific profile for the leader, despite the fact that certain characteristics are correlated to leadership, if not directly linked to leadership effectiveness.

In more recent years, the interest in understanding the individual characteristics and personalities of leaders has been revived. Many new case studies of and interviews with successful business leaders have refocused the attention on the role of individual style, demographic background, personality traits, and other characteristics in understanding leadership. For example, Bennis (1992), through numerous interviews and observations, highlights leaders' charisma and personal style and their effects on organizations. Other examples of the continued focus on individual traits are theories of charismatic leadership (Conger 1991), transformational leadership (Bass 1985), and the work of Kouzes and Posner (1993) about credibility as the heart of leadership. The major difference between earlier research works on traits and these more recent efforts is the more complex point of view adopted by the researchers. The search is not simply for one individual trait or a combination of traits. Instead, modern theories not only focus on traits; they also consider the complex interaction between traits, behaviour, and situational characteristics such as expectations of followers. Taken in this light, it is important to understand the role that several personality traits play in determining leadership style and behaviour.

Trait Perspective of Leadership:

The term *trait* refers to a variety of individual attributes, including aspects of personality, temperament, needs, motives, and values. Personality traits are relatively stable disposition to behave in a particular way.

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The term *trait* refers to a variety of individual attributes, including aspects of personality, temperament, needs, motives, and values. Personality traits are relatively stable disposition to behave in a particular way. Examples include self-confidence, emotional maturity, emotional stability, energy level, and stress tolerance.

The early leadership researchers were not sure about what traits and skills would be essential for leadership effectiveness but were confident that they could be identified with empirical research. Trait research was facilitated by the rapid development of psychological testing from 1920 to 1950. The kinds of traits studied more often in the early leadership research included physical characteristics (for example, height, appearance), aspects of personality measured by psychological tests (for example, self-esteem, dominance, emotional stability) and aptitudes measured by psychological tests (general indulgence, verbal fluency, creativity).

In a review by Stogdill (1948) of 124 trait studies conducted from 1904 and 1948, a number of traits were found to differentiate repeatedly between leaders and non-leaders. Traits relevant to the assumption and performance of the leader's role included intelligence, alertness to the needs of others, understanding of the task, initiative and persistence in dealing with problems, self-confidence, desire to accept responsibility, and occupy a position of dominance and control. In 1974, Stogdill again reviewed 163 trait studies conducted from 1949 to 1970. Not only were many of the same traits again found to be related to a leader's effectiveness, some additional traits were found to be relevant. Stogdill (1974) suggested that the following trait profile is a characteristic of successful leaders.

The leader is characterized by a strong drive for responsibility and task completion, originality in problem solving, drive to exercise initiative, self-confidence and sense of personal identity, willingness to accept consequences of decisions, readiness to absorb interpersonal stress, and the ability to influence the other person's behaviour.

However, it may also be noted that possession of particular traits increases the likelihood that a leader will be effective, but it does not guarantee effectiveness. The relative importance of different traits is dependent on the nature of the leadership situation.

Kirkpatrick and Locke (1991) have proposed a new approach to understanding the role of traits in leadership, proposing that although several key traits alone are not enough to make a leader; they are a precondition for effective leadership. They list a number of traits that facilitate a leader's acquisition of needed leadership skills. Some of the key traits are drive, desire and motivation to lead, honesty, self-confidence, intelligence, and knowledge of the business.

Some of the traits such as intelligence and drive cannot be acquired through training. Others such as knowledge of the business and self-confidence can be acquired with time and appropriate experience. The trait of honesty is a simple choice. Recent studies of managers and leaders in other cultures have found similar traits present in successful leaders. For example, successful Russian business leaders are characterized by "hard driving ambition, boundless energy, and keen ability" (Puffer 1994). Similarly, Chinese business leaders value hard work and an impeccable reputation for integrity.

The recent approach to understanding the role of leadership traits suggests that, as many of us believe, leaders are indeed gifted in at least some areas. However, those gifts and talents alone are not enough. Experience, correct choices, and exposure to the right situations are also keys to allowing those gifts to blossom. Companies in India have invested heavily in leadership grooming. Boxes 10.2 and 10.3 describe efforts put in by two highly respected Indian companies to groom their future leaders.

Leadership Traits and Effectiveness

Some personality traits that are consistently associated with leadership are discussed here:

Self-confidence Leaders with high self-confidence are more likely to attempt difficult tasks and to set challenging objectives for themselves. Leaders who have high expectations of themselves are likely to have high expectations for subordinates as well. These leaders are more persistent in their pursuits of difficult objectives, despite initial problems and setbacks. Self-confidence is related to an action-oriented approach for dealing with problems. Leaders with low self-confidence will put off the difficult problems or pass on the responsibility to others. However, a leader with high self-confidence is sometimes inclined to be arrogant, autocratic, and intolerant of dissenting viewpoints, especially if he is not emotionally mature.

Self-confidence: Leaders with high self-confidence are more likely to attempt difficult tasks and to set challenging objectives for themselves.

BOX 10.2 LEADERSHIP AT INFOSYS

Successful organizations are built and sustained by great leaders. The transition of leadership at Infosys Technologies when its CEO N. R. Narayana Murthy retired in August 2006 seemed effortless because it was meticulously planned by the company years in advance. Firmly committed to grooming its future leaders, Infosys set up the Infosys Leadership Institute in a sprawling campus in Mysore in 2001. A visionary, Murthy realized the importance of setting up a leadership training institute when he realized that young professionals in the company were diffident about airing their suggestions to senior management.

Leaders at Infosys are identified on the basis of parameters such as “performance, commitment to surpassing customer expectations, setting standards in business and transactions, and being a paradigm for the industry and the company.” In addition to this, creativity, devotion to ethics, sincerity in dealings, and the commitment to strive relentlessly in pursuit of excellence are also major criteria.

Training programmes are designed to enable company professionals to enhance their skill sets in tune with their respective roles. Encouragement from top management takes away fears of transgressing the chain of command. Young Infosians are urged to give vent to their creative talent and share their innovative ideas and plans.

The aim of the leadership institute is to prepare executives to handle the external and internal business environment and create better customer value through “thought leadership.” Chosen leaders, called “high potential Infosians” have to undergo a 3-year leadership journey. There are nine pillars of leadership development which have to be imbibed by these young Infosians. The nine pillars are:

1. *360-degree feedback*: To gather data about the individual’s performance and abilities.
2. *Development assignments*: To train people for various functions and cross-functional assignments.
3. *Infosys culture workshops*: To inculcate the Infosys culture among its employees and develop values and processes involved in leadership development.
4. *Developing relationships*: To have one-to-one interaction for better sharing of knowledge with mentoring being a part of it.
5. *Leadership skills training*: To acclimatize to the next level in the leadership role about the responsibilities of the leader.
6. *Feedback intensive programmes*: To give formal and informal feedback to employees.
7. *Systemic process learning*: To gain an overall view of the company and its diverse and complex systems, business, operations, and processes.
8. *Action learning*: To solve problems in real-time conditions in a team.
9. *Community empathy*: To stress the need to give back to society through involvement in various developmental, educational, and social causes.

Current CEO Kris Gopalakrishnan believes that Infosys’s ability to achieve profitable growth legally and ethically and its values will be enduring because of the efforts it has put in to groom future leaders.

Source: Adapted from Bhate, Shishir (2006). “How Infosys Grooms Its Future Leaders”, 3 August. Available at www.rediff.com/money/2006/aug/03mspec.htm (accessed November 2008).

BOX 10.3 LEADERSHIP AT WIPRO

From its inception, Wipro Technologies has placed great stress on grooming its employees for leadership roles in the company. One of its earliest leadership development initiatives called Wipro Leaders’ Qualities Survey was started in 1992. The survey has played an important role in identifying and nurturing leadership qualities among its employees. The company has shortlisted eight leadership qualities based on its values, vision, and business strategy. It adopts a 360-degree survey process to identify these qualities. The programme starts with the process of identifying feedback from the relevant respondents and ends with each leader drawing up a Personal Development Plan (PDP) based on the feedback received. A seven-step programme “Winds of Change” helps in identifying strengths and improvement areas and determining action steps.

The company has also designed a leadership training programme that helps mould employees at various stages of

their career with Wipro. Campus hires and lateral hires are put through an Entry-level program (ELP) with the objective of developing managerial as well as leadership qualities. Employees who show the potential of becoming future leaders within the group are put through the New Leaders’ Program (NLP). Middle-level managers, who have people, process, business development, and project management responsibilities are put through the Wipro Leaders’ Program (WLP). Employees from the senior management who have revenue generation and profit-and-loss responsibilities are put through the Business Leaders’ Program (BLP). Top management employees are also put through the Strategic Leaders’ Program (SLP) conducted as part of its tie-ups with international business schools of repute.

Source: Adapted from “Leadership Program”. Available at www.wiprocorporate.com/People/Leadership_Program.asp (accessed November 2008).

Emotional stability and maturity The term emotional maturity may be defined broadly to encompass several inter related motives, traits, and values. Emotionally mature people have a more accurate awareness of their strengths and weaknesses, and they are oriented towards self-improvement rather than denying weaknesses and fantasizing success. Such people have the ability to interact well with followers, satisfy their emotional needs and motives, and inspire them. This opens up a new perspective which is added to the concept of intelligence and is termed as emotional intelligence, or EQ (emotional quotient). The concept has been discussed earlier in the chapter on attitude and values.

Individuals with a high EQ are in touch with their emotions and demonstrate self-management in their ability to control their moods and feelings productively and in staying motivated and focused even when facing obstacles. They can calm themselves when angry and stay balanced. They are also able to read others' emotions, feel empathy for them, and put themselves in their place. The last component of EQ is the ability to develop productive and positive interpersonal relationships through understanding, conflict resolution, and negotiation (Goleman 1998).

Personal integrity Integrity means that a person's behaviour is consistent with the espoused values and that the person is honest, ethical, and trustworthy. Different indicators of integrity are the extent to which one is honest and truthful, keeps promises, and the extent to which he fulfils the responsibility of service and loyalty to followers. Other determinants of integrity are the extent to which a leader's behaviour is consistent with the values articulated repeatedly to followers and taking responsibility for one's actions and decisions.

Achievement motivation This includes a set of related attitudes, values, and needs: needs for achievement, desire to excel, desire to succeed, willingness to assume responsibility, and concern for the task's objectives. Leaders with strong achievement motivation are likely to have a strong concern for task objectives; they are more willing to assume responsibility for solving task-related problems; they are more likely to take initiatives in discovering these problems and acting decisively to solve them; and they prefer solutions that involve moderate levels of risk rather than solutions that are either very risky or very conservative. However, sometimes if it is a very dominant motive, it is likely that the leader's effort will be directed towards individual achievements and advancements rather than towards the achievement of the team or work unit. It is especially difficult for this type of person to function effectively in a management team in which leadership responsibility is shared.

Power motivation A strong need for power is relevant to managerial roles that involve the use of power and influence. Leaders in large organizations must exercise power to influence subordinates, peers, and superiors. Those with high need for power have the desire and assertiveness necessary to organize and direct group activities, negotiate favourable agreements, to lobby for necessary resources, to advocate and promote desirable changes, and to improve necessary discipline.

Affiliation motivation People with strong need for affiliation receive great satisfaction from being liked and accepted by others and enjoy working with people who are friendly. Leaders with high need for affiliation like to avoid controversy and conflict and generally follow a populist approach in taking decisions. They generally play favourites in organizations and sometimes leave their subordinates feeling let down and confused. Leaders with a low need for affiliation motivation avoid people and get alienated in the organization. They are not able to evolve effective interpersonal relationships with the subordinates, peers, or superiors. Thus, an optimal level of affection motive is desirable for effective leaders.

Leadership Styles

One of the major works with respect to styles of leadership is based on the study carried out in 1939 and 1940 by two American researchers, White and Lippitt (1960), and is now regarded as one of the classical experiments in social psychology. They compared the two contrasting ways of behaving or styles of leadership—the autocratic and democratic. These terms largely

Emotional Stability and Maturity: The term emotional maturity may be defined broadly to encompass several inter-related motives, traits, and values.

Emotional Intelligence: Individuals with high EQ are in touch with their emotions and demonstrate self-management in their ability to control their moods and feelings productively and in staying motivated and focused even when facing obstacles.

Personal Integrity: Integrity means that a person's behaviour is consistent with the espoused values and that the person is honest, ethical, and trustworthy.

Achievement Motivation: This includes a set of related attitudes, values, and needs: needs for achievement, desire to excel, desire to succeed, willingness to assume responsibility, and concern for the task's objectives.

Power Motivation: A strong need for power is relevant to managerial role requirements that involve the use of power and influence.

Affiliation Motivation: People with strong need for affiliation receive great satisfaction from being liked and accepted by others and enjoy working with people who are friendly.

CEO Vineet Nayar's leadership and change-management initiatives have transformed HCL Technologies into one of the fastest growing IT services companies in the world. Nayar had a tough initiation, with HCL losing four clients in the very first week of his taking over as CEO, but within 18 months of his appointment as the CEO, the "Employee First" initiatives undertaken at HCL had won Nayar universal praise. In August 2007, *Harvard Business Review* published a case study on the transformation at HCL under Nayar's leadership.

(Photo courtesy HCL Technologies.
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Autocratic Style: Autocratic, or task-directed, leaders initiate structure, provide the information, determine what is to be done, issue the rules, promise rewards for competence, and threaten punishments for disobedience.

Democratic Style: Democratic leaders solicit advice, opinions, information from their followers, and share decision making with their followers.

Laissez-faire Style: Laissez-faire leaders give group members complete freedom of action, provide them with material, and refrain from participating except to answer questions when asked.

speak for themselves: the autocratic leader takes decisions and imposes them on the group, expecting group members to put them into effect without questioning the reason for them. The democratic leader, on the other hand, encourages the members of his group to share the decision-taking process and sees himself as a coordinator of group effort, rather than as the decision taker. In a subsequent experiment, a third style was also examined which was described as laissez-faire. This third type of leader, as the use of the term indicates, plays a passive role in group affairs and normally interacts with group members only on their initiative.

Autocratic, or task-directed, leaders initiate structure, provide the information, determine what is to be done, issue the rules, promise rewards for competence, and threaten punishments for disobedience. Leader-focused, or task-focused, leaders use their power to obtain compliance with what they have decided. Such directive and "regulative" leaders depend on their knowledge of policies and regulations and their official ranks to regulate the behaviour of their subordinates and their technical knowledge to solve problems to gain their subordinates' respect and willing compliance with their directives (Nelson 1950). They are often more charismatic than consensual.

Democratic leaders solicit advice, opinions, information from their followers, and share decision making with their followers. Democratic leaders use their power to set the constraints within which followers are encouraged to join in deciding what is to be done. Democratic leaders depend on their followers' skills, as well as their own interpersonal ability and knowledge of their followers' needs, interests, and capabilities (Nelson 1950).

Laissez-faire leaders give group members complete freedom of action, provide them with material, and refrain from participating except to answer questions when asked.

One criticism of the early work on leadership styles, such as that of White and Lippitt, and of Stogdill, was that they identified leadership in terms of extremes: either autocratic and democratic style, or task-oriented and relationship oriented style, whereas in practice the behaviour of most of the leaders in business lies somewhere between the two extremes. Tannenbaum and Schmidt (1958) have given a continuum model, which proposes that leadership behaviour varies along a continuum and as one moves away from autocratic extreme, the

amount of subordinate involvement and participation in decision making increases. Using this continuum model, four leadership styles can be located at points on the continuum.

The autocratic The leader makes the decision and announces it and the subordinates have to comply with the decision. In case of non-compliance, the consequences can be severe for the subordinates.

The persuasive This leader also makes the decision without consultation and tries to persuade people into accepting the decision. A lot of “selling” of the decision is done to avoid any possible resistance. Enthusiasm is created for the goal or sets of goals evolved by the leader by investing lots of energy.

The consultative The leader consults the group members before taking any decision and considers their feelings and viewpoints. The leader has some trust and confidence in the followers and believes that their contribution to the decision-making process can improve the quality of the decision. The ultimate responsibility for the decision lies on the leader but participation by the subordinates is much greater.

The democratic The leader presents the problem to the subordinates and invites them for the discussion and then takes up the role of the facilitator and supervises the process of decision making. The leader allows the decision to emerge out of the process of group discussion, instead of imposing it on the group as its boss.

The effectiveness of each of these styles is determined by the situation in which it is implemented. The fact that different styles are appropriate to different situations implies that the skilled leader varies his style according to the nature of the situation facing the group. The research findings in the field indicate that individual leaders tend to employ one style more consistently than the other, which helps to describe them characteristically with that particular style.

Leadership Skills

A skill is an acquired talent that a person develops related to a specific task. Skills change with training and experience and from one task to another. Leaders cannot be trained to develop an ability or aptitude, but they can be trained for a new leadership skill. Different leadership skills for which a leader can be trained can be identified as follows:

Administrative skills A good leader has the skill to organize work more effectively and to make high-quality decisions. Top management in any organization is concerned with broad policies, objectives, and plans. Administrative skills provide them with the ability to handle those situations effectively in such organizations.

Communication skills One of the very important components of the process of leading is the skill to communicate effectively. Leaders possessing good communication skills are able to reach out to their subordinates with great ease. With this skill to communicate, they can also persuade and influence their subordinates effectively. An effective leader, in addition to being able to communicate, should also be able to give and receive feedback. This helps him to build up a good rapport with subordinates and gives him a chance to understand them well.

Interpersonal skills They are also called “social skills” and include knowledge about human behaviour and group processes; ability to understand the feelings, attitudes, and motives of others; and ability to communicate clearly and persuasively. Interpersonal skills such as empathy, social insight, charm, tact and diplomacy, and persuasiveness are necessary to maintain good relationships in organizations. They are also important for influencing people. They should show a concern for human feelings and worth. The leader with high interpersonal skills is generally readily acceptable to the subordinates, and they support him in achievements of the task objectives.

Administrative Skills: A good leader has the skill to organize work more effectively and to make high-quality decisions.

Communication Skills: Leaders possessing good communication skills are able to reach out to their subordinates with great ease.

Interpersonal Skills: They are also called “social skills” and include knowledge about human behaviour and group processes; ability to understand the feelings, attitudes, and motives of others; and ability to communicate clearly and persuasively.

Chairman of the Indian Space Research Organization (ISRO) and a leading technologist in the field of rocket systems, G. Madhavan Nair, has made significant contributions towards fulfilling India's goal of developing indigenous space technologies. An outstanding leader, Nair and his team have surmounted difficult challenges by adopting several innovative techniques.

(Photo courtesy ISRO. Reproduced with permission.)



Conceptual Skills:

Conceptual, or cognitive, skills include inductive and deductive reasoning, analytical ability, and logical thinking.

Conceptual skills Conceptual, or cognitive, skills include inductive and deductive reasoning, analytical ability, and logical thinking. They are essential for planning, organizing, and problem solving. A leader has to be aware of and receptive to internal and external activities of the organization to be able to understand their impact on the organization. They are able to evolve mental models through their conceptual skills of how organizations should operate in complex situations.

Behavioural Perspective of Leadership

The trait approach to leadership defines leadership as a quality anchored in particular individuals, to enable them to play roles in society, where the exercise of influence is required. This could not always be effective, as a leader's style and behaviour are not always predisposed but can be cultivated. This gave rise to another approach to leadership known as behavioural approach to leadership, which concluded that the leadership process did not reside solely in the person but could be developed as distinctive patterns of behaviour. This approach became popular from the late 1930s onward and was promoted by the work of Kurt Lewin. The results of the study showed that the effectiveness of the leadership style depended on what criterion of effectiveness was used—one criterion of effectiveness could be the morale of the group or productivity. For instance, the morale of the group is better under democratic leadership, whereas the task gets completed effectively under autocratic leadership. The outcome of these studies had a significant effect on the development of leadership research in the United States after the Second World War.

Both the autocratic and democratic leadership styles have been considered in an organizational setting (Lewin 1968). In the autocratic model, there is a noticeable absence of credit for suggestions emanating from subordinates and a lack of formal recognition of the efforts of subordinates. The subordinate does not have the opportunity to participate in the decision-making process and is, therefore, deprived of feedback that could contribute to a useful learning experience. He is prevented from developing an insight into the factors that must be considered in choosing among alternatives in a decision situation. If the subordinate makes a contribution and gets no credit for it, the motivation to work gets minimized.

Under the ideal democratic system, participation by subordinates is more frequent and more constructive. Leaders are more prepared to discuss relevant issues with subordinates and to respect their suggestions. When suggestions are received and evaluated, the reaction

Table 10.2 Managerial Leadership—Ideal Behavioural Style

Autocratic Style	Democratic Style
<ul style="list-style-type: none"> • Direction/ obedience • Close supervision • Control and accountability • Absence of participation and feedback • Subordinates are poorly informed • Absence of credit for suggestions • Minimum level of motivation 	<ul style="list-style-type: none"> • Open communication/ positive attitude • Frequent and constrictive dialogue • Evaluation of suggestions/availability of feedback • Consensus, rather than coercion/compromise • Self-direction/ self-control • Atmosphere that permits emotional expression • Conflict is confronted • Group-based problem solving • Influence (based on technical expertise) • Personal/organizational goal congruence

is transmitted to the subordinate in the form of feedback. This is believed to contribute to a desirable level of motivation and to promote the quality of future suggestions. It is also said to lead to greater involvement and to contribute to high performance standards. A summary of the characteristics of the two styles are presented in Table 10.2 (adapted from Lewin 1968).

The major approaches that have been covered under the behavioural approach include Ohio State University Studies, Managerial Grid, and the Likert System—4 Management.

Ohio State University Studies: Consideration and Initiating Structure

Research at Ohio State University (Fleishman and Harris 1962) identified consideration and initiating structure as the dimensions of leadership behaviour.

Consideration indicates friendship, mutual trust, respect, and worth. A leader with this kind of behaviour is likely to be friendly and approachable, and likely to have a good rapport with subordinates. There is a two-way communication with subordinates and willingness to help with subordinates' personal problems. In addition, the leader adopts an employee-oriented style that is participative. Let's take the example of Samira Bahl, the manager of a transnational team in an outsourcing company. She receives information from the corporate office that three more regions would be reporting to her and two new claims personnel would be assigned to her office. After realizing that this would require some re-assignment for everyone in her district, she called a meeting of her entire team in her office. She explained what was going to happen, acknowledged that the transition would be rough, and encouraged people to come and discuss their concerns.

Initiating structure indicates a concern about defining the roles or relationships in an organization, establishing well-defined norms of organizations, channels of communication and ways of getting a job done, and trying out new ideas and practices. A person with this kind of behaviour plays an active role in directing group activities through planning, communicating information, scheduling, assigning group members to particular tasks, and expecting employees to meet particular standards of performance and deadlines. When a new online system was installed, Harleen Kaur provided an initiating structure for the members of her department by explaining that she had undergone training at the corporate-management information-system (MIS) department to work on the new online system. She provided step-by-step instructions for working with the new system and was instrumental in ensuring that all members adapted to the new technology comfortably.

The job-centred, or task-oriented, manager appears to rank high on initiating structure and low on consideration. The Ohio studies found that consideration and initiating structure were independent of each other. This means that what a leader scores on one factor has no influence on what the leader scores on the other.

Initially, it was believed that if a leader scores high on initiating structure, the leader could not be considerate and if the leader was considerate, that leader was not good at initiating structure. It did not take long to recognize that a combination of two behaviours was possible. Figure 10.1 shows that a leader's behaviour can include any combination of consideration and initiating structure.

Consideration: Consideration indicates friendship, mutual trust, respect, and worth. A leader with this kind of behaviour is likely to be friendly and approachable, and likely to have a good rapport with subordinates.

Initiating Structure: Initiating structure indicates a concern about defining the roles or relationships in an organization, establishing well-defined norms of organizations, channels of communication, and ways of getting a job done, and trying out new ideas and practices.

Ohio State University researchers expected that a leader who has High IS–High C would be most effective in all situations. This research expectation is known as “High–High Hypothesis”. Years of empirical research failed to validate such “High–High Hypothesis”.

Management Grid

Another approach to depicting various leadership styles is the managerial grid developed by Blake and Mouton (1985). In this concept of leadership styles, concern for people and production are treated as separate dimensions. Leadership style is not shown as a point on the leadership continuum, but as a point on a two-dimensional grid.

In Figure 10.2, the horizontal dimension of the grid represents the leader’s concern for production, and the vertical dimension represents the leader’s concern for people.

Table 10.3 describes the managerial grid and depicts the leadership styles represented by various letters.

In the managerial grid, an individual can score anything between the maximum number D (9, 9) and the minimum number A (1, 1) on either dimension. The idea of the managerial grid is to move towards the D (9, 9) style or team management where there is an integrative concern for production and people.

Blake and Mouton advocated a phased organization-development programme with the adoption of the D (9, 9) style. The E (9, 1) style, or task management style, focuses wholly on production. The leader in this category has acute problems in handling people but is excep-

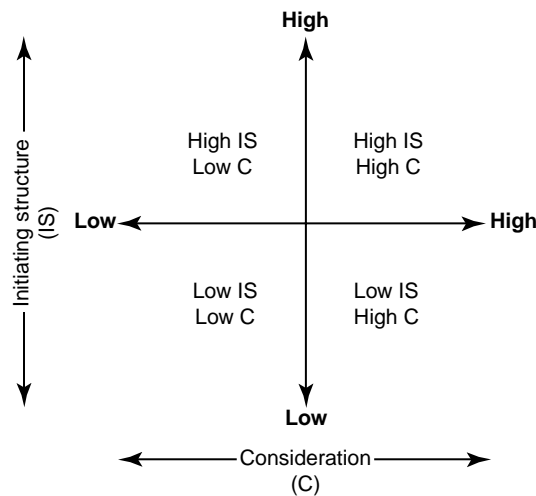


Figure 10.1
Consideration and Initiating Structure

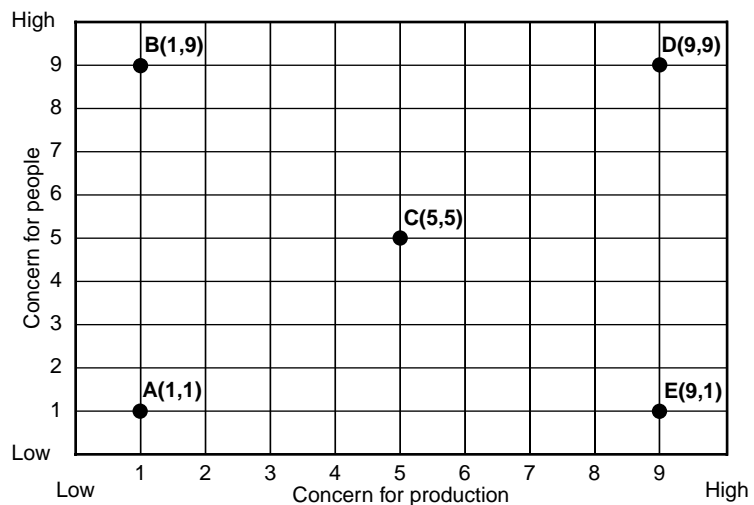


Figure 10.2
Managerial Grid

Table 10.3 Managerial Grid

Letter	Horizontal–Vertical Grid Position	Leadership Style
A	1,1	<i>Impoverished management:</i> Application of minimum effort to get required work done is appropriate to sustain the organizational membership.
B	1,9	<i>Country-club management:</i> Thoughtful attention to the needs of people for satisfying relationships leads to a comfortable and friendly organizational atmosphere.
C	5,5	<i>Middle of the road:</i> Adequate organizational performance is possible through balancing the need to get work done with maintaining the morale of people at a satisfactory level.
D	9,9	<i>Team management:</i> Work is accomplished through committed people and interdependence through a “common stake” in organizational objectives leading to a relationship of trust and respect.
E	9,1	<i>Task management:</i> Efficiency in operations results from arranging conditions of work in such a way that the human interface is limited to a minimum degree.

tionally competent technically. This style is geared to a high level of productivity, at least in the short term. The superior makes the decision, and the subordinate carries it out without questions. Traditional, shop-floor conditions in the motor industry were considered to be good examples of the E (9, 1) leadership style. This style of leadership is a major contributor to the polarization of superiors and subordinates, resulting in the “them” and “us” thinking that is the root of many disputes.

By contrast, the B (1, 9) style, or country-club management style, emphasizes people to the exclusion of their performance. People are encouraged and supported, but their mistakes are overlooked because they are doing their best. The maxim of “togetherness” applies. This style of leadership can evolve easily when competition is limited.

Likert’s System—4 Management

Elaborating on the idea that leadership style consists of two extreme positions, autocratic and democratic; Likert (1967) enumerated four styles of leadership to capture the management culture of an organization:

1. **System 1: Exploitative authoritative**—the leader uses fear and threats, communication is downward, superiors and subordinates are psychologically distant, and almost all decisions are made by the top management of the organization. In system 1, or exploitative authoritative, leaders do not treat their employees with warmth and empathy; therefore, superiors and subordinates are psychologically distant.
2. **System 2: Benevolent authoritative**—the leader uses rewards to encourage performance. The upward flow of communication is limited to what the boss wants to hear, and subservience to superiors is widespread. Although most decisions are made at the top of the organization, some decision making is delegated.
3. **System 3: Consultative**—the leader uses appropriate rewards, and communication may be two-way. Although upward communication is cautious and limited largely to what the boss wants to hear, some involvement is sought from employees. Subordinates have a moderate amount of influence on some decisions, but broad policy decisions are restricted to the top management.
4. **System 4: Participative**—the leader discusses economic rewards and uses group participation and involvement in fixing high-performance goals and improving work methods

Exploitative Authoritative: The leader uses fear and threats, communication is downward, superiors and subordinates are psychologically distant.

Benevolent Authoritative: The leader uses rewards to encourage performance.

Consultative: The leader uses appropriate rewards, and communication may be two-way.

Participative: The leader discusses economic rewards and uses group participation and involvement in fixing high-performance goals and improving work methods and procedures.

and procedures. The emphasis is on the network of accurate information. Subordinates and superiors are psychologically close, and group decision making is common throughout the organization. There is the tendency for several individuals belonging to more than one workgroup to promote intergroup links and understanding.

To provide empirical research to back up which style is most effective, Likert and his colleagues asked thousands of managers to describe, in terms of performance, the highest producing and the lowest producing departments with which they had experience. Quite consistently, the high-producing units were described according to system 3, the consultative style, and system 4, the participative style. The low-producing units fell under system 1, exploitative authoritative style, and system 2, benevolent authoritative style.

There are three classes of variables that affect the relationship between leadership and performance in a complex organization (Likert 1967):

1. **Causal variables:** Include the independent variables under the control of management, for example, the organizational structure and management policies.
2. **Intervening variables:** Reflect the internal climate of the organization. Performance goals, loyalties, attitudes, perceptions, and motivation are some of the important intervening variables. They affect interpersonal relations, communication, and decision making in organizations.
3. **End-result variables:** Include dependent variables and reflect the outcome of the organization. For example, productivity, service, costs, quality, and earnings are end-result variables.

Likert pointed out that there is no direct cause-and-effect relationship between leadership style, which is a causal variable, and earning, which is an end-result variable. The intervening variables play an important role. For example, in moving to the system 1 style of management, you may initially observe an improvement in profits, but a deterioration of the intervening variables, such as loyalty and attitude. Over a period of time, these intervening variables may lead to a decrease in profits. In the case of system 4, profits may initially dip, but because of the impact of intervening variables, there may be an increase in profits over a period of time. Box 10.4 gives a description of a successful entrepreneur and business leader, Anil Ambani.

BOX 10.4 ANIL AMBANI—A SUCCESSFUL LEADER

Anil Ambani is the second son of legendary business tycoon Dhirubhai Ambani. He joined Reliance in 1983 as a co-chief executive officer and before the split in Reliance group, was vice-chairman and managing director of Reliance Industries Limited (RIL). After the split, he incorporated Anil Dhirubhai Ambani Group (ADAG), of which he is the chairman and includes companies such as Reliance Communication, Reliance Capital, Reliance Energy, and Reliance Natural Resources Ltd. He is a man of courage and conviction. He is credited with many pioneering innovations in the stock market. He believes, "It is hope in this wider sense which enabled my father to build, from scratch, one of India's largest modern enterprises. His was an undertaking powered by hard work, initiative, self-belief but, above all else, the capacity, as he would often say, 'to dream with your eyes wide open'."

He is the president of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, and a member of Wharton Board of Overseers; The Wharton School, USA; Board of Governors, Indian Institute of Man-

agement (IIM), Ahmedabad; Board of Governors, Indian Institute of Technology (IIT), Kanpur; Executive Board, Indian School of Business (ISB), Hyderabad.

He raised \$3 billion from the highly anticipated initial public offering of Reliance Power in less than 15 months, which is the biggest in Indian history. As of October 6 2007, his total net worth is US \$42 billion and his personal stake in Reliance Communication is 66%. *Forbes* magazine listed him as the sixth richest man in the world after his brother Mukesh Ambani. Since his wealth tripled in only one year in percentage terms, he was the world's fastest-growing multi-billion-dollar individual.

His success mantra is, "I think you have to work with people, and when I talk about managing relationships, don't think the derogatory 'managed relationships'. It is a question of sharing emotions and feelings. The common denominator of everything can't be money, and it should not be money."

Source: Jain, Rupal (2008). "Mukesh Dhirubhai Ambani: The Business Maharaja", 22 July. Available at http://EzineArticles.com/?expert=Rupal_Jain. Reproduced with permission.

Contingency Perspective of Leadership

The process of leadership involves intricate social relationships, which are affected by a wide range of factors. However, effective leadership is essential for the success of organizations. Recognizing the effectiveness of leadership is the foundation for several modern theories of leadership.

All the theories classified under the contingency perspective recognize and communicate that there is no single preferred style of leadership. As a result, the task is to identify the leadership style that is most appropriate in a specific situation or vice versa or change the situation to accommodate the leader's style.

All contingency theories deal with leader effectiveness. These theories seek to identify the conditions and factors that determine whether and to what degree leaders enhance the performance of their subordinates. The different contingency theories are as follows:

- Fiedler's LPC (Least Preferred Co-worker) Contingency Theory
- Situational Leadership Theory (SLT)
- Path-Goal Theory
- Leadership-Substitute Theory

Fiedler's LPC (Least Preferred Co-worker) Contingency Theory

The most widely discussed leadership theory of the last four decades is the LPC contingency model of leadership effectiveness postulated by Fiedler (1967). This theory proposes that leadership does not occur in a social or environmental vacuum. Instead, leaders attempt to exert their influence on the members of a group within the context of specific situations. As the demands of different contingency situations can vary greatly, a single contingency style or approach to leadership may not always be the best.

The LPC contingency model assumes that a leader's contribution to the success of the group is determined by the leader's competency and by the situation. Both factors are important in understanding the effectiveness of leaders.

Fiedler identified esteem (liking) for the least preferred co-worker (LPC) as the most important trait in leaders. The LPC is a person with whom the leader has found it most difficult to work. The LPC score refers to the leader's tendency to evaluate the person favourably or unfavourably.

Leaders who perceive their LPCs in negative terms are called low-LPC leaders. These leaders are primarily concerned with successfully completing tasks. Leaders who perceive their LPC in positive terms are called high-LPC leaders. These leaders are mainly concerned with establishing good relationships with subordinates. Leaders with high-LPC ratings are psychologically close to their group; leaders with low-LPC ratings are psychologically distant. Leaders who describe LPCs favourably tend to be employee centred in their dealings with subordinates. Leaders who describe LPCs unfavourably tend to be autocratic, task-centred, and less concerned with human relations.

Situational variables Which type of leader, low-LPC or high-LPC, is more effective? Fiedler's answer is that the effectiveness of leaders depends on several variables and factors. Three major variables decide which type of leader will be more effective in a specific situation. These variables, which are also called situational control variables and can impede or facilitate a leader's attempt to influence group members, are as follows:

Leader-member relations: The most important of the three variables is leader-member relations. A leader who is liked and respected has the subordinates' confidence, works in a smoothly functioning group, and can enhance the effectiveness of the group. Good leader-member relations suggest that leaders can depend on the group, which ensures that the work group tries to achieve the goals and objectives.

Task structure: Clearly defined task goals and roles for both leaders and subordinates need to be in place. The organization supports leaders by structuring jobs with the help of procedures, rules, and regulations. Leaders find it easier to influence subordinates to comply with their responsibilities under structured job situations in which the activities to be performed are specific and clear.

LPC Model: The LPC contingency model assumes that a leader's contribution to the success of the group is determined by the leader's competency and by the situation.

Least Preferred Co-worker (LPC): The LPC is a person with whom the leader has found it most difficult to work.

Leader-member Relations: A leader who is liked and respected has the subordinates' confidence, works in a smoothly functioning group, and can enhance the effectiveness of the group.

Task Structure: Clearly defined task goals and roles for both leaders and subordinates need to be in place.

Position Power: This refers to leaders' ability to enforce compliance. The power of the position is the authority that leaders command due to a proven ability to handle the group.

Position power: This refers to the leaders' ability to enforce compliance. The power of the position is the authority that leaders command due to a proven ability to handle the group. In this position, rewards and punishment are at the leaders' disposal. Leaders have the authority to define group rules, which establishes leaders' undisputed leadership over the group. Leaders with strong position power have considerable freedom to reward or punish subordinates.

Combining the above three situational variables, leaders' situational control can range from very high, which would be characterized by situations where there are positive relations with group members in a highly structured environment with high position power, to very low, in which the relations with group members are not so positive, the work environment relatively unstructured, and the leader has a very low position power.

Fiedler arrived at a continuum depicting the favourableness of the situation, that is, the extent to which the situation could be favourable to the leader. According to Fiedler, low-LPC leaders are more effective than high-LPC leaders when the situational control is either very low or very high.

High-LPC leaders have an edge when situational control falls within a moderate range, as shown in Figure 10.3. The reason for this is that under conditions of low situational control, groups need considerable guidance and direction to accomplish their tasks. As low-LPC leaders are more likely to provide a more robust structure to the group than high-LPC leaders, they are usually more effective. Similarly, low-LPC leaders are more effective in conditions that offer the leader a high degree of situational control.

Figure 10.3 shows that low-LPC leaders realize that conditions are good, which virtually assures successful task performance. As a result, low-LPC leaders turn their attention to improving relations with subordinates and often adopt a relaxed, hands-off style. Subordinates appreciate this treatment, which enhances performance and morale. In contrast, high-LPC leaders who feel that they enjoy good relationships with their subordinates may shift their attention to performing tasks. Subordinates may then perceive the attempts of high-LPC leaders to provide guidance as unnecessary, which often results in poor performance.

In situations where the leader has moderate situational control, conditions are mixed and attention to good interpersonal relations is often needed. High-LPC leaders have an advantage in cases where positive relations exist with group members in highly structured work environments. In contrast, low-LPC leaders may become more autocratic and directive. The negative reactions of subordinates to this behaviour may, then, have detrimental effects on performance.

The implication of Fiedler's contingency model is that the way to improve organizational effectiveness is to change the manager's leadership orientation. The leadership orientation is reflected in the LPC score, so it is compatible with the situational conditions. This model is also used to modify the situational conditions in order to bring the group in line with the intended leadership orientation. Fiedler accepted the latter proposition—that is, modifying the situational variables—because he considered leadership style to be relatively fixed.

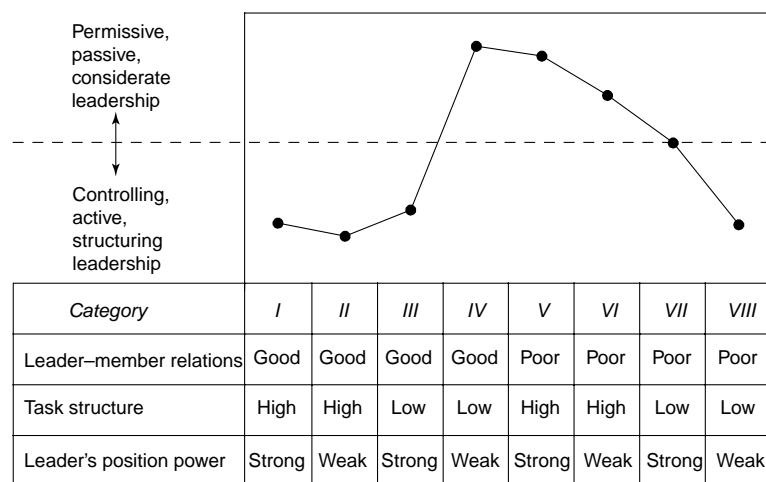


Figure 10.3
Fiedler's LPC Contingency Model of Leadership

Applying Fiedler's contingency theory A high-LPC leader should, ideally, be moved to a job in which the situational control is extremely high or extremely low. In specific situations, it may not be possible to change the leader. In that case, an effort should be made to change the situation by altering relations between leaders and group members or by controlling the power that could be exercised by the leader in a given situation.

Despite the fact that research on the LPC contingency theory has yielded mixed results, practitioners have found it quite useful when it comes to suggesting ways to enhance leader effectiveness. The theory assumes that certain kinds of leaders are more effective than others in different situations. Since it is difficult in most cases to alter a person's leadership style, the best way to enhance effectiveness is to create a fit between the leader and the situations they face.

Determining the match between the leadership style and the situation involves filling in a questionnaire that can be used to assess both the LPC score of the leader and the amount of situational control the leader faces in the situation. Then, through the use of the indices, a match can be made so that leaders are placed into situations that best suit their leadership style. This technique is known as *leader match* (Fiedler et al. 1976). This approach focuses on ways to change situational control variables such as leader-member relations, task structure, and leader position power, especially when it is impractical to change the leaders.

Evaluating Fiedler's contingency theory Fiedler's contingency theory of leadership has been the subject of a considerable amount of criticism (Graen et al. 1971), but there is substantial evidence to support at least a major part of the theory (Schriesheim et al. 1994).

Fiedler has consistently defended his approach, theory, research, and interpretation of the research evidence. The literature on the contingency theory of leadership contains numerous viewpoints. Criticisms revolve around the difficulties of measuring task structure, the problem in using the LPC score to differentiate task-oriented and human-relations-oriented leadership (Schriesheim et al. 1994), and in particular, the absence in many studies of a leader with an LPC score somewhere between high and low.

Fiedler's view about the last point is that middle LPC leaders are not concerned with either tasks or human relations and perform poorly in most leadership situations. However, others dispute this view. Fiedler's model focuses heavily on performance and neglects employee satisfaction, which, as a result, provides an incomplete picture of leadership effectiveness (Gray and Starke 1988).

To counter the criticisms of his LPC theory, Fiedler along with an associate went on to refine his earlier work and put forward a cognitive-resource theory that also takes into account the intelligence and experience of the leader (Fiedler and Gracia 1987).

Situational Leadership Model

The situational leadership model incorporates consideration (relationship behaviour) and initiating structure (task behaviour) and extends these two dimensions of leadership to form four styles: Tell, Sell, Participate, and Delegate. The situational model, labelled situational leadership theory (SLT), was advocated by Hersey and Blanchard (1969).

The situational model, a combination of task and relationship behaviours, is prescribed according to the work experience of followers. Task behaviour includes organizing and defining roles, explaining activities, and establishing methods to get jobs accomplished. Relationship behaviour includes maintaining a personal relationship with subordinates by opening channels of communication, providing socio-emotional support (psychological strokes), and facilitating behaviour.

The situational theory emphasizes matching a style of leadership with the maturity of subordinates. The followers' maturity is determined by the degree or capacity of the followers to set high but attainable goals, willingness and ability to take responsibility, and the education and/or experience of the group.

The followers' maturity is considered in the context of a particular task and consists of two aspects: job and psychological maturity. Job maturity is related to technical knowledge

and task-relevant skills. Psychological maturity involves self-confidence and ability, and the willingness of people to direct their own behaviour. A highly-mature subordinate would be rated highly on both job and psychological maturity and would be in a position of both technical competence and self-confidence for a particular task. A subordinate with a low rating on the two maturity factors for a given task would be considered lacking in the ability and confidence to perform the task.

The followers' maturity is measured according to the degree to which they are willing and able to complete tasks on their own. This, of course, varies according to the task. For example, a salesperson may show responsibility in securing new sales but may be very casual about completing the paperwork necessary to close a sale. As a result, it is appropriate for the manager to leave the salesperson alone in terms of closing a sale, but to supervise the paperwork closely until the salesperson starts to do well in that area. Some examples of the relationship between leadership style and maturity are given below.

Immature subordinates will be instructed by the leader concerning what to do (Telling style). This is a task-oriented and directive style.

Subordinates who occasionally display maturity will be persuaded by the leader to follow particular course of action (Selling style). In this case, there is a tendency to move towards a relationship-oriented style.

Subordinates who show maturity most of the time but still sometimes exhibit inconsistency will be treated with a certain amount of consideration and support (relationship-oriented) and will be allowed to participate in decision making (Participating style).

Subordinates who are mature will be considered capable of exercising self-direction and self-control and will enjoy a high degree of autonomy (Delegating style). Delegation is the style applicable in this situation.

Based on the relationships between leadership style and maturity, the following four leadership styles have been identified:

A telling style provides clean and specific instruction. Since followers are either unwilling or unable to perform a task, specific direction, and close supervision are needed. That is, the leader tells the subordinates what to do and how to perform various tasks.

A selling style is likely to be effective when followers are willing but unable to perform their tasks. The selling style requires both task and relationship leader behaviour. This style encourages two-way communication between the leaders and followers and helps subordinates build confidence in their ability to perform the task.

A participating style seems to work best when the followers are able, but not confident of their ability, to perform their tasks. This level of follower readiness requires the leader to maintain two-way communication and encourage and support followers in the use of the competencies they have developed.

The leader uses a delegating style when subordinates are both able and willing to perform their tasks and have confidence in their abilities. This style provides few task or relationship behaviours because subordinates are empowered to make a decision. They decide how and when to perform tasks and are also aware of steps to be taken in case things do not work out as planned.

Figure 10.4 shows different styles of leaders in an SLT.

It needs to be stressed, however, that as the maturity of the followers change, the style of leadership should also change. In addition, if the job maturity of a person or a group regresses, the leader needs to move backwards in an effort to help followers regain their previous level of demonstrated maturity.

The most significant conclusion from research on the situational leadership model is that leaders are unlikely to find a complete range of jobs that can be performed by followers of a particular maturity level. The inability to find a match between the two calls for application of discretion on part of the leader in order to identify the level of maturity of followers and allocate jobs to them according to their demonstrated maturity level.

Telling Style: A telling style provides clean and specific instructions. That is, the leader tells the subordinates what to do and how to perform various tasks.

Selling Style: A selling style is likely to be effective when followers are willing but unable to perform their tasks. The selling style requires both task and relationship leader behaviours.

Participating Style: A participating style seems to work best when the followers are able but not confident of their ability to perform their tasks.

Delegating Style: The leader uses a delegating style when subordinates are both able and willing to perform their tasks and have confidence in their abilities.

Applying SLT SLT essentially views leader–follower relationships as analogous to the relationship between a parent and a child. Just as parents need to relinquish control as

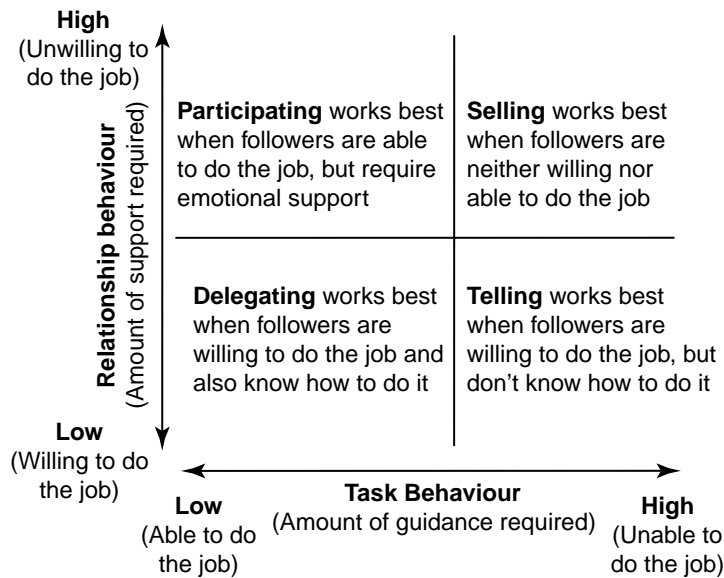


Figure 10.4
Different Styles of Leaders in the Situational Leadership Theory

children become more mature and responsible, leaders also need to do the same with subordinates. The most effective behaviour depends on followers' ability and motivation. This model acknowledges the importance of followers and builds on the logic that leaders can compensate for the ability and motivational limitations of their followers.

Implications of SLT Hersey and Blanchard's situational leadership model is simple to understand, and its recommendations are straightforward. In practice, the readiness level of followers must be checked constantly for the leader to determine what combination of task and relationship behaviour would be most appropriate in a particular situation. An inexperienced employee (low on maturity) may perform at a higher level than an experienced employee if given clear directions and under close supervision. If the adopted leadership style is appropriate, it should also help followers increase their levels of maturity. As a result, when a leader develops a team and helps team members learn to manage themselves, in the process, the leadership style also undergoes a change to fit the changing situation.

Limitations to SLT The situational model also has several limitations. As each individual has a different level of maturity, it may be impossible, in a team situation, for a leader to address the different maturity levels. It becomes difficult for a leader to assume an average level of intelligence for all the employees and choose a leadership style accordingly. Apart from the followers' maturity, there may be other situational factors that determine the leader's choice of behaviour, such as work demands and time constraints. Ignoring these major issues may be detrimental to the effectiveness of the leader. The model also assumes that leaders can change or adapt their style according to the followers' maturity. In real-life situations, it may not be possible for individuals to change their styles so easily and quickly.

Path–Goal Theory

Several contingency theories of leadership have been proposed over the years, but the path–goal leadership theory has withstood scientific critique better than others.

The path–goal leadership theory has its roots in the expectancy theory of motivation. This theory, which was postulated by Vroom (1964), is one of the most accepted theories of motivation.

The expectancy theory argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a specific outcome.

The strength of an individual's tendency to act in a certain way is directly proportional to the attractiveness of the expected outcome for that individual. In practical terms, the expectancy theory says that employees will be motivated to exert a high level of effort when they believe that effort will lead to a good performance. A good performance will lead to organizational rewards such as a bonus, a salary increase, or a promotion, and the rewards will satisfy the employee's personal goals that initially were attractive to him. As a result, the theory focuses on three relationships, as shown in Figure 10.5.

The three relationships focused on in the expectancy theory are as follows:

Effort–performance relationship: The degree to which an individual believes that a specific amount of effort will result in expected level of performance. This is also called *expectancy*.

Performance–reward relationship: The degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome. This has also been defined as *instrumentality*.

Reward–personal goal relationship: The degree to which organizational rewards satisfy an individual's personal goals or needs and the attractiveness of the potential rewards for the individual.

Early research by Martin Evans incorporated the expectancy theory into the study of how leader behaviour influences employee perception of expectancies, that is, the paths between employee effort and performance (goals). Based on this perspective, Robert House, with a group of scholars, developed and refined the path–goal theory as the contingency leadership theory (Evans 1970).

The path–goal theory states that effective leaders influence employee satisfaction and performance by making their need–satisfaction dependent on effective job performance. As a result, leaders are able to strengthen employee performance by linking performance to outcome expectancy. The value of those outcomes determines the extent of performance and ensures that the needs of employees performing their jobs are fulfilled. In addition, the path–goal theory states that effective leaders strengthen the effort-to-performance expectancy by providing the information, support, and other resources necessary to help employees complete their tasks (House and Mitchell 1974).

As shown in Figure 10.6, the path–goal theory considers four leadership styles and several contingency factors leading to three indicators of leadership effectiveness.

Figure 10.5
Expectancy Theory

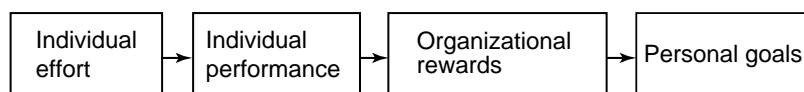
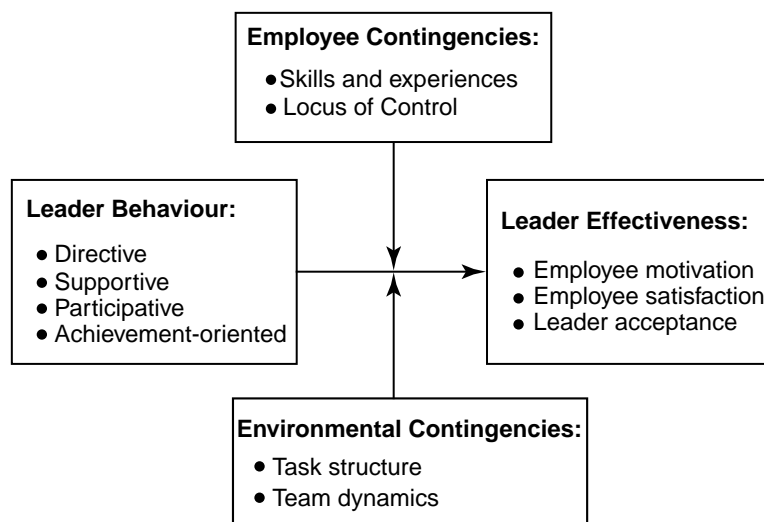


Figure 10.6
Path–Goal Theory of
Leadership



Leadership styles The path-goal theory suggests that leaders motivate and satisfy employees in a particular situation by adopting one or more of the following four leadership styles:

Directive: Essentially a clarifying behaviour that also provides a psychological support structure to subordinates. The leader clarifies performance goals, the means for reaching the goals and the standards against which performance will be judged. It also includes the judicious use of rewards and disciplinary actions. Directive leadership is the same as task-oriented leadership.

Supportive: Provides a high degree of emotional and psychological support to subordinates. The leader is friendly and approachable, makes the work pleasant, treats employees with equal respect, and shows concern for the status, needs, and well-being of employees. Supportive leadership is the same as people-oriented leadership and reflects the benefits of social support in helping employees cope with stressful situations.

Participative: Encourages and calls for the involvement and participation of subordinates in decisions beyond their normal work activities. The leader consults employees, asks for their suggestions, and considers their ideas before making a decision. Participative leadership essentially is about involving employees in a diverse range of work, taking them beyond their defined roles and responsibilities.

Achievement-oriented: Encourages employees to reach their peak performance. The leader sets challenging goals, expects employees to perform at their highest level, continually seeks improvement in employee performance, and shows a high degree of confidence in employees' assuming responsibility and accomplishing challenging goals. Achievement-oriented leaders apply the goal-setting theory and have positive expectations in keeping with the self-fulfilling prophecy.

The path-goal theory contends that effective leaders are capable of selecting the most appropriate behavioural style(s) for the situation. Leaders may also simultaneously use multiple styles, for example, being both supportive and participative in a specific situation.

Contingencies of the path-goal theory As a contingency, the path-goal theory also states that each of the four leadership styles will be effective in some situations but not in others. The path-goal leadership theory specifies two sets of situational variables that moderate the relationships between a leader's style and effectiveness:

- Characteristics of employees
- Characteristics of the employees' work environment

If subordinates feel that their behaviour influences events at work or that the locus of control lies with them, they are more likely to be satisfied with a participative leadership style. However, if subordinates believe that their accomplishments are due to luck or an external locus of control, they are more likely to be satisfied with a directive leadership style. When subordinates have a high need for affiliation, they are likely to be more satisfied with a supportive leadership style. A directive leadership style is more acceptable when a high need for security exists.

A number of demands or pressure areas in a job environment relate directly to the leadership style and the motivational disposition of subordinates. The demands and pressures of the job environment also influence the ultimate performance of subordinates.

Where jobs are highly structured and the objectives or goals set for the subordinates are clear, a supportive and participative style is likely to lead to increased satisfaction because little direction is required. In contrast, a relatively unstructured or loosely structured work environment would call for the use of a directive style because a directive style helps clarify ambiguous tasks for subordinates.

Apart from job structuring, the complexity of a task is an important structural variable. Complexity of task is said to interact with an individual's desire to develop knowledge and ability within the job, which is a need for personal growth. Not all subordinates possess this desire with the same degree of intensity, so it is possible to find two categories of subordinates—one with a strong need for personal growth and the other with a weak need.

Leadership Styles:

- *Directive:* Essentially a clarifying behaviour that also provides a psychological support structure to subordinates.
- *Supportive:* Provides a high degree of emotional and psychological support to subordinates.
- *Participative:* Encourages and calls for the involvement and participation of subordinates in decisions beyond their normal work activities.
- *Achievement-oriented:* Encourages employees to reach their peak performance.

A subordinate with a strong need for personal growth is more likely to perform better under a superior exercising a participative, supportive, and achievement-oriented style.

When the subordinate with a lower need for personal growth is faced with a complex task, then a directive style is more likely to be effective. But when given a simple task, the same subordinate is more likely to be effective with a supportive and directive leader.

Table 10.4 shows the relationships between effective leadership styles and situational variables.

The dimensions of leadership behaviour are related to the following dispositions of subordinates:

- **Satisfaction of subordinates:** Subordinates will feel satisfied if they perceive the leader’s behaviour to be responsible for their present level of satisfaction or instrumental in bringing about future satisfaction.
- **Acceptance of the leader by subordinates:** Subordinates have no difficulty in accepting superiors.
- **Expectations of subordinates:** Subordinates expect that appropriate effort will lead to effective performance and that effective performance will lead to acceptable rewards. The behaviour of the leader produces a motivational effect, and this increases the efforts of subordinates. The effort of subordinates increases when subordinates perceive the leader as being supportive, and responsible for creating a situation in which they can satisfy their personal needs as a result of effective performance.

The leader in such situations has to comply with certain roles. The leader can use an initiating structure to clarify the path towards goal achievement and to make travelling on the chosen path easier in the following ways:

- The leader should raise the need of subordinates for achieving results and outcomes over which subordinates have some control.
- The leader can ensure that subordinates are personally rewarded for attaining their goals.
- The leader can coach and direct subordinates in achieving their goals and thus help them have a rewarding experience.

Table 10.4 Interaction of Leadership Styles and Situational Variables in the Path–Goal Theory

Situational Variables		
Characteristics of Subordinates	Features of the Job Environment	Effective Leadership Style
Internal locus of control	—	Participative
External locus of control	—	Directive
High need for affiliation	—	Supportive
High need for security	—	Directive
—	Structured jobs	Supportive and participative
—	Unstructured jobs	Directive
Strong need for personal growth	Complex task	Participative and achievement-oriented
Low need for personal growth	Complex task	Directive
Strong need for personal growth	Simple task	Supportive
Low need for personal growth	Simple task	Supportive and directive

- The leader can help subordinates clarify their expectations about work experiences.
- The leader can minimize frustrating obstacles in the subordinate's path to attainment of their goals and can also reward the meeting of challenges in the process.
- The leader can increase the opportunities for personal satisfaction, which arise from effective performance. When followers perform well, they derive personal satisfaction from it.

By doing these, the leader can favourably influence all three dimensions of subordinates.

Recent extension of the path-goal theory The original path-goal theory was primarily concerned with dyadic relationships between a superior and employees (Jermier 1996). However, leadership also applies to the work unit and organization. Recognizing this gap, House, an early developer of the original path-goal theory, extended the theory in the late 1990s by adding leadership styles that apply more to work units and organizations than to individual relations (House 1996). One of those leadership styles is networking, which recognizes that leaders play an important political role. They represent the work unit and maintain a positive influence on other areas of the organization. Another style is value-based leadership, which includes articulating a vision of the future, displaying passion for this vision, demonstrating self-confidence in the attainment of the vision, communicating the vision, and acting in ways consistent with the vision. This is the same as the transformational leadership perspective, which is discussed later.

Applying the path-goal theory Researchers have found that the most useful application of path-goal leadership takes place when the followers' task is perceived to be ambiguous, ill-defined, and lacking routine or standardization, as in jobs in product development and marketing research. A task-focused, instrumental leader behaviour helps followers clarify ambiguous roles. Under conditions of low task structure involving complex and/or ambiguous jobs, instrumental leaders have higher follower job satisfaction and goal attainment. However, in highly structured tasks, such as purchasing or accounts-payable jobs, group members view instrumental leader behaviour as an attempt to exert added, unnecessary structure and control. In well-defined routine situations, supportive relationship behaviour is more appropriate. Similar to other forms of relationship-building behaviour, supportive transactions aim to increase morale and cooperation by building on a base of consideration.

Implications of the path-goal theory The path-goal theory clearly reinforces the idea that effective leaders vary their style with the situation. There are times to give directions, times to empathize with followers, times to use extended goals, and times to involve people in decision making. The path-goal theory also offers a fairly precise set of contingency factors to guide our use of leadership styles. As a result, this theory provides practical advice on when to use various leadership styles.

The path-goal theory has received considerable research support, certainly more than the other contingency leadership theory by Wofford and Leska (1993). The path-goal theory can be expanded by the addition of contingency variables as they are identified through research. For example, the locus-of-control contingency was added a few years after the original theory was introduced. However, some contingencies and leadership styles in the path-goal leadership theory have received relatively less investigation (Schriesheim and Neider 1996).

Limitations to the path-goal theory As the path-goal theory expands, the model may become too complex for practical use. Although the expanded model provides a closer representation of the complexity of leadership, it may become too cumbersome for use in training people in leadership styles. Few people would be able to remember all the contingencies and appropriate leadership styles for those contingencies. In spite of these limitations, the path-goal theory remains a relatively complete and robust contingency leadership theory.

Substitute–Leadership Model

Leaders are important for organizations. Their styles, actions, and degrees of effectiveness exert a major influence on subordinates and, ultimately, organizations. However, there are instances when leaders have little or no influence on their subordinates' activities and behaviours. In such situations, leaders act as figureheads for their subordinates, having very little impact on the work process. This can happen in two instances: when the leader is weak and not able to carry out the responsibilities or when there are factors in the organization that act as a substitute or neutralizer for leader behaviour, making it redundant. Kerr and Jermier (1978) formally proposed this idea in their substitute for the leadership theory.

Leadership substitutes could be forces such as the abilities and skills of subordinates, as well as intrinsically satisfying tasks, explicitly formalized goals, rigid rules and procedures, cohesive groups, and other knowledgeable members of the organization, other than the leader, whom the subordinates can consult. For example, when the task is interesting or satisfying, subordinates may be motivated by the work itself, which makes supervision easier. When tasks are simple and repetitive and feedback of progress is at hand, it is not necessary for leaders to provide advice. Similarly, little direction is needed from the leader when goals or objectives, rules and procedures are clearly stated and accepted.

In contrast, a leadership neutralizer stops the leader from acting in some ways. For example, the leader's position may not be endowed with sufficient power, the leader may not have adequate organizational rewards to dispense, or there may be physical distance between the leader and subordinates.

According to this framework, many different variables can produce the effect of leadership substitution. These can be classified into three categories, as shown in Table 10.5.

- **Individual characteristics:** Leadership may be unnecessary because of various individual characteristics of subordinates. The characteristics may fall into high levels of skills, commitment, expertise or experience, any of which makes supervision unnecessary. As shown in Table 10.5, if the subordinates have the experience, ability, and requisite training to do the job, the role of the leader becomes redundant because these characteristics act as a substitute for leader behaviour. Similarly, the indifference of subordinates towards organizational rewards neutralizes the impact of task-oriented or supportive leadership.
- **Job characteristics:** Leadership may be unnecessary because jobs may be structured in such a way that it makes direction and influence from a leader redundant. As shown in Table 10.5, if the job is highly structured, it acts as a substitute for task-oriented leadership. If the job is intrinsically satisfying, it acts as a substitute for supportive leadership.
- **Organizational characteristics:** Various characteristics of the organization may make leadership unnecessary. For example, various work norms and a strong feeling of

Table 10.5 Example of Leadership Substitutes and Neutralizers

Characteristics	Impact on Leadership/Substitute for Leadership
<i>Of an individual</i>	
Experience, ability, and training	Substitutes for task-oriented leadership
Professional orientation	Substitutes for task-oriented and supportive leadership
Indifference towards organizational rewards	Neutralizes task-oriented and supportive leadership
<i>Of a job</i>	
High structure/routine	Substitutes for task-oriented leadership
Intrinsically satisfying	Substitutes for supportive leadership
<i>Of an organization</i>	
Cohesive work group	Substitutes for task-oriented and supportive leadership
Low position power for leaders	Neutralizes task-oriented and supportive leadership
Geographically separate leader and followers	Neutralizes task-oriented and supportive leadership

cohesion among employees may directly affect job performance and render the process of leadership unnecessary. Similarly, the technology associated with certain jobs may determine the decisions and actions of people performing them and leave little room for a leader.

If leaders are superfluous in many situations, why has the fact often been overlooked? Meindl and Ehrlich (1987) suggested that one possibility is a strong tendency to romanticize leadership, to perceive it as more important and more closely linked to performance in many contexts than it actually is. To test this suggestion, they presented MBA students with detailed financial information about an imaginary firm, including a paragraph describing the firm's key operating strength. The content of this paragraph was varied so that four different groups of students received a different version. The paragraph attributed the firm's performance to its top-level management team, the quality of its employees, changing patterns of consumer needs and performance, or federal regulatory policies.

The students, after reading the paragraphs given to them and examining other information about the firm, rated the firm on two aspects of its overall performance: profitability and risk. The researchers found that because people have a tendency to overestimate the importance of leadership, the firm which had the paragraph on attributing the firm's performance to top-level management was more favourably rated by the group than when it was attributed to any of the other factors.

These findings and many others help explain why leaders are often viewed as important and necessary even when they are superfluous to a large degree in the organizational context.

Implications of the theory Leadership substitutes have become important as organizations remove supervisors and move towards team-based structures. An emerging concept is that effective leaders help team members learn by themselves through leadership substitutes. Some writers suggest that co-workers are powerful leadership substitutes in organizational structures. Co-workers instruct new employees and provide directive leadership. They also provide social support, which reduces stress among fellow employees. Teams in the organization with the norms of supporting the organizational goals act as a substitute for achievement-oriented leaders because members of this team encourage their co-members to enhance their performance levels which otherwise would be done by the leader.

Applying substitute–leadership theory As of now, the application of specific substitutes and neutralizers is limited. Empirical research has found support for some aspects of the theory, but there are other aspects that have not been tested or supported. One comprehensive review (Podsakoff et al. 1995) found little evidence that situational variables moderate the relationship between leader behaviour, subordinate motivation, and satisfaction. However, there was considerable evidence that situational variables directly affect the satisfaction or motivation of subordinates.

Limitations to substitute–leadership theory The substitute–leadership theory does not have a detailed explanation for the substitute and neutralizer in the organizational setting with special reference to explicit intervening variables. These intervening variables may even marginalize the impact of substitutes and neutralizers in the work environment. An intervening variable can reduce the importance of a substitute, or we can say that another person can substitute for the leader. For example, it is possible that the effect of a substitute in a leader's capacity to influence group performance can be reduced by technological improvements such as automation and artificial intelligence. Another situation could be when a strong leader is required to lead a team and impart the necessary skills required for the job to team members, but in the absence of a strong formal leader, this role can be taken up by someone else in the team or it can be outsourced to external trainers.

Table 10.6 provides a bird's-eye view of the different contingency theories.

Box 10.5 presents research findings on what differentiates Indian business leaders from their counterparts in other parts of the world.

BOX 10.5 ARE INDIAN BUSINESS LEADERS DIFFERENT?

In spite of many drawbacks in the way the systems operate, scarcity of resources, and relatively conservative attitude towards work, Indian business leaders have made their presence felt in both national and international business. Is there any difference in the way Indian CEOs work when compared to those in other parts of the world. What are the factors that give them advantage over the others? Is there anything that can be learnt from Indian managers? According to a study conducted by four Wharton professors, Peter Cappelli, Harbir Singh, Jitendra Singh, and Michael Useem, Indian business leaders have certain distinctive characteristics that make them different from the rest. The professors interviewed 100 chief executives of leading Indian companies in a study titled "The DNA of Indian Leadership: The Governance, Management and Leadership of Leading Indian Firms," co-sponsored by India's National Human Resources Development Network. According to the study, Indian business leaders are more preoccupied with motivating their employees rather than the financial parameters of the company. They focus more on long-term strategic vision and organizational culture. One of the objectives of the study was to find out if there is an Indian business model that will help companies compete in the global market. The most important competencies as experienced by Indian business leaders to be successful were shared values and vision and building of the top management team. A number of Indian business leaders also

stressed that their vision for the company should be rooted in its underlying values and that the vision, in turn, should energize and excite the company's employees. Managing Director of Tata Steel, B. Muthuraman, emphasized "being a visionary" as one of the important features of Indian business leaders. Indian corporate leaders stressed on the importance of being resilient, adaptable, and forward looking. Subhash Chandra, chairman of Zee Entertainment Enterprises, believed that Indian leaders are "more flexible" than those in the United States, commenting that they can bring their level of thinking down to interacting with a truck driver or raise it so high to communicate with the head of the state. Entrepreneurism was identified to be one of the major traits of successful leaders.

The major difference between Indian and US leaders was in terms of the policies followed. As per the study, Indian leaders do not believe in "hire and fire policy" as compared to their US counterparts. They still do not believe in "high risk taking" and would be comfortable in travelling on a well-travelled path. However, things are slowly changing. Tata Steel's takeover of Corus and Reliance's entry into retail business in spite of Wal-Mart's decision to make an entry in Indian markets are examples that prove this point.

Source: Adapted from "Are Indian Business Leaders Different", 1 November 2007, Wharton. Available at <http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4238> (accessed November 2008).

Table 10.6 Comparing Leadership Theories

Contingency Theory	Leadership Style	Situational Variables	Highlights
Fiedler's Contingency Theory by Fred. E. Fiedler	<ul style="list-style-type: none"> • Task-oriented • Relationship-oriented 	<ul style="list-style-type: none"> • Leader-member relation • Task structure • Leader position power 	This theory considers the leadership style to be relatively fixed, so you have to modify the situational conditions to bring them in line with leadership orientation.
Situational Model by Hersey and Blanchard	<ul style="list-style-type: none"> • Telling • Selling • Participating • Delegating 	<ul style="list-style-type: none"> • Job maturity • Psychological maturity 	This theory proposes that as the maturity of the follower undergoes changes, the leader should change the style accordingly, which means that the leadership style is flexible.
Path-Goal Theory of Leadership by Robert House	<ul style="list-style-type: none"> • Directive • Supportive • Participative • Achievement-oriented 	<ul style="list-style-type: none"> • Employee contingencies • Skills and experience • Locus of control • Environmental contingencies • Task structure • Team dynamics 	This theory clearly reinforces the idea that effective leaders vary their style to fit the situation. The theory provides practical advice on when to use various leadership styles.
Leadership-Substitute Model by Kerr and Jermier	<ul style="list-style-type: none"> • Task-oriented • Supportive 	<ul style="list-style-type: none"> • Characteristics of individuals • Characteristics of jobs • Characteristics of organizations 	This theory reinforces the idea that there are situations when leaders have practically very little influence on the activities and behaviour of subordinates.

Transformational Versus Transactional Leadership

“India today needs leaders who are ‘truly transformational’ and not just ‘transactional’ and move away from one task to another” (Premji 2005).

Transactional leadership is different from transformational leadership. Transactional leadership involves managing—helping organizations achieve their current objectives more efficiently (Avolio and Bass 1988). The essence of transactional leadership is that people are motivated by rewards and punishment. Leaders who favour this style create defined structures, including a clear chain of command. They work on the assumption that once a deal is struck between boss and subordinate, all authority passes on to the former, while responsibility rests with the latter. This process of transactional leadership is still in operation in business organizations. Transactional leadership involves the use of external motivators. Transactional leaders are more dominating and believe in taking swift action. Following are some of the strategies they employ to win the commitment of their subordinates:

- **Enjoyment:** They try to convince the subordinate about how he will enjoy complying with a certain instruction.
- **Coercion:** They may use outright force to make their subordinates follow their direction.
- **Rewards:** It is based on the assumptions that people are only motivated by tangible benefits.
- **Legitimacy:** They establish “divine right” to enforce a decision by stressing on the correctness or legality of the same.
- **Reciprocity:** They may try to remind their subordinates of their past favours and seek reciprocal behaviour.

A transactional leader has a short-term view. He’s most likely caught in day-to-day affairs with no thought for the bigger picture. Being a tactician by nature, he is likely to firefight symptoms instead of trying to solve the underlying problem. Followers of transactional leaders are also understandably very concerned with position and power play. This may be hard to swallow, but it’s a fact that every leader uses transactional leadership to a greater or lesser degree. That’s only natural because an “exchange process” is a very fundamental part of any employee–employer relationship. As a leader, one has to be careful about employing such tactics all the time, because quite clearly that won’t work in the organization’s long-term interest.

Transformational Versus Charismatic Leadership

An area where lots of confusion still prevails is the distinction between the transformational leadership and charismatic leadership (Conger and Kanungo 1987). They have very often been used interchangeably. However, there is a difference between the two. Charisma depends upon interpersonal attraction where a follower develops respect for and reliance on the leader whom he admires. Therefore, this leadership derives powers from the referent power of the followers as it goes beyond the behavioural traits to personal traits (Barbutto 1997). Transformational leadership, on the other hand, is all about the use of behaviour to deal with the followers.

Transformational Leadership in Action

One of the best descriptions of transformational leadership has been penned by Bass (1997), a renowned exponent of the idea. He says succinctly,

Transactional Leaders:

Leaders who favour this style create defined structures, including a clear chain of command. They work on the assumption that once a deal is struck between boss and subordinate, all authority passes on to the former, while responsibility rests with the latter.

Charismatic Leaders:

Charisma depends upon interpersonal attraction where a follower develops respect and relies heavily on the leader whom he admires.

Transformational Leaders:

Leaders are truly transformational when they increase the awareness of what is right, good, important, and beautiful, when they help to elevate followers’ needs for achievement and self-actualization.

Kumar Mangalam Birla, Chairman, Aditya Birla Group

Kumar Mangalam Birla took over the reins of the Aditya Birla Group after his father, Indian business legend, Aditya Birla, passed away in 1995. The group has scaled several new heights under Birla's transformational leadership. He has won many accolades for his contribution to industry and efforts to professionalize management.

(Photo courtesy Aditya Birla Management Corpn. Private Ltd. Reproduced with permission.)



Leaders are truly transformational when they increase the awareness of what is right, good, important, and beautiful, when they help to elevate followers' needs for achievement and self-actualization, when they foster in followers high moral maturity, and when they move followers to go beyond their self-interests for the good of their group, organization, or society.

In a similar vein Kumar Mangalam Birla states, "Transformational leadership to me means leadership in its highest form, such that it transcends the trappings of hierarchies, authority, power, as well as formal and informal systems of reward and recognition— and in the political sphere, votes."¹

A transformational leader motivates people to go above and beyond what is asked of him. He challenges existing structure and leads organizations to a future that is quite often different from the past. Words like visionary and inspiring are often used to describe transformational leaders.

"Research shows that leadership effectiveness of transformational leaders is greater in today's business world than that of transactional leaders," said Alex Stajkovic, assistant professor of management and human resources at the UW-Madison School of Business. "Transformational leaders take employees and an organization as a whole to the next level. They motivate others to participate in the transformation."²

Transformational leaders are made up of a combination of intrinsic attributes, such as charisma and drive, and social skills that are honed through life experiences.

Elements of Transformational Leaders

Transformational leaders are able to set out a bold vision: They are also able to project their dream and put extraordinary communication skills to use to drive it across to a large number of people. Also, far-reaching as the vision may be, it is usually expressed in a simple and direct manner.

Transformational leaders are skilled at marshalling the intellectual and emotional equity of their people: They work hard to gain their trust and commitment because no matter

how appealing the visions, if others don't buy into it, they won't get implemented. And the most potent way to get everyone on the same wavelength is to set an example.

Transformational leaders will not let their heart rule over their mind: They do not allow the past to ride over their present or the future. They are not egocentric, and if they commit a mistake and realize it, they are ready to admit it accordingly.

Transformational leaders encourage intelligence and allow constructive argument: This has a huge positive impact on quality of team building and decision making. They are able to recognize good ideas and have the honesty to give credit to people when it is due.

Transformational leaders believe in the imperative of institutionalization: This is in order to ensure continuity without disruption. They focus on building an institution, which is enduring and lasts far beyond the leader and his individual contribution and continues to thrive and to serve the larger interest of the group.

Transformational leaders are willing to move away from their conventional roles: Such an act caps true leadership, representing as it does wisdom and the grace to pass on the baton.

To understand transformational leadership, the major components of ethos need to be considered: competence, integrity, likeableness, and dynamism. An effective leader is competent. This means that the leader understands the problem and knows how to steer a group through a problem-solving process. An effective leader has integrity. This means the leader is honest, is concerned about the good of the group and places group success above personal concerns. Finally, an effective leader is dynamic. Dynamism involves being enthusiastic and energetic.

The discussion on transformational leadership brings to our attention the transformational CEOs from the industrial and service sectors, such as Jack Welch of GE and Andy Grove of Intel, who are now referred to as management gurus and provide others with extensive advice. Transformational leadership involves mainly three components (Figure 10.7). These are measured by Multifactor Leadership Questionnaire (MLQ) (Bass and Avolio 1990) and include:

1. **Charisma and inspiration:** Charisma is one of the three components of transformational leadership (Bass and Avolio 1993) and is based on an emotional bond between the leader and the follower. This bondage results in a heightened level of trust between the two causing loyalty. Followers are inspired to implement the leader's vision. This also paves the way for introducing any major change in the organization.
2. **Intellectual stimulation:** This is the ability of the leader to challenge and solve the problems of the followers. By encouraging the followers to think about the problems in a novel way and to look at it with a different perspective, the leader pushes them to go beyond their current level of performance. It also helps the followers to feel empowered to take decisions and solve problems.
3. **Individual consideration:** A transformational leader treats each follower as a different individual based on their capabilities but with equity. He gives individual attention to the followers, thereby making them feel special and motivated.

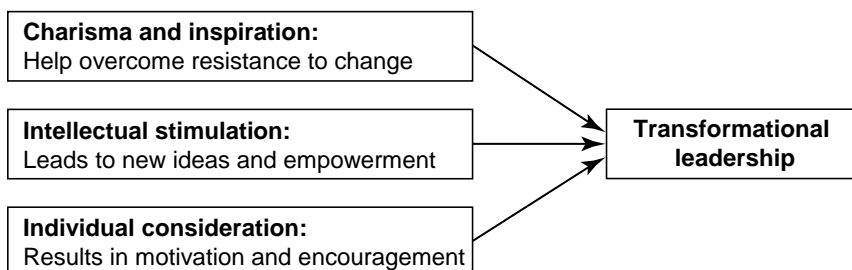


Figure 10.7
Factors of Transformational Leadership

Implications of Transformational Leadership

Transformational leadership concepts have considerable application, resulting in organizational effectiveness and leadership development. Transformational leadership is perceived to be positive. Research findings suggest that organizations can benefit from encouraging their leaders to be more nurturing and less aggressive (Ross and Offerman 1997). Based on the model of transformational leaderships, following recommendations can be given to the leaders in the business organizations today:

1. Provide a clear vision to your subordinates.
2. Reward experimentation and tolerate mistakes.
3. Set high goals for your followers and expect achievement.
4. Develop personal relationships with your followers.
5. Provide a supportive environment.
6. Empower them.

Mentor: Mentor is the term used to describe a favourite teacher, a wise master, an insightful friend, an experienced educator, a seasonal guide, or a guru.

Leaders as Mentors

When the Greek writer Homer was going on his voyage in the eight century BC, he entrusted the care and education of his beloved son to his faithful friend, Mentor. Almost 3,000 years later, that man's name has come to mean trusted counsellor. Mentor is the term used to describe a favourite teacher, a wise master, an insightful friend, an experienced educator, a seasonal guide, or a guru.

The concept of mentoring relates to mental and emotional support and guidance given usually by an older person to a younger one, who is called a *protégé*. Such a person need not be the immediate supervisor of the younger person but one whom the younger person admires, looks forward to, and with whom he develops a trusting relationship. Such a person is called a *mentor* and the relationship is called *mentoring*.

Mentoring: The concept of mentoring relates to mental and emotional support and guidance given usually by an older person to a younger one, who is usually called a *protégé*.

Mentoring normally arises when senior organizational members or the leaders of the organization take responsibility for the development and progression of selected individuals. According to Clutterbuck (1986), mentoring is often seen as similar to coaching, counselling, sponsorship, and apprenticeship, but he concedes that it is something more distinctive. But apparently there is no reason why mentors cannot use a variety of roles—for example, sponsor, teacher, devil's advocate and coach—when doing their job (Farren et al. 1984). Leaders in any organization have to take the role of a mentor to help their subordinates grow and develop. A leader is likely to possess certain characteristics that make him an effective mentor too (Brown 1990; Clutterbuck 1986; Hunt and Michael 1983). Few of these are:

1. Between a mentor and a protégé, the relationship is not the same as that of a superior and a subordinate. It is more open ended and does not focus on achievement of goals. Rather it is more aimed towards learning, development, and the acquisition of skills.
2. The mentor is expected to be more knowledgeable, at a higher status than the protégé, and has a strong power base.
3. The mentor has to be a good listener and should be able to empathize with the protégé. He should use his influential role to help the protégé out of crisis. He should keep in mind that the relationship is not converted to one of counter-dependence or over-dependence.
4. The mentor should be willing to share his expertise with the protégé and not get threatened by the protégé's potential for equalling or surpassing him.
5. The mentor should be ready to provide constructive criticism to the protégé when it is desirable.

There are several positive outcomes of a good mentoring system in the form of improved income, accelerated promotions, and satisfaction with career progression later in life (Dreher and Ash 1990), but the way mentoring is operationalized can be problematic.

In today's context, the role of the mentor is changing and the leaders of the organizations have to take the centre stage. With organizations becoming flatter or even virtual in many cases, the employees do not get a chance to be groomed by an expert in the organization. It is possible for some mentoring relationships to last only for a few sessions, whereas others can continue and flourish over a decade. Coaching and mentoring are approaches that could be usefully deployed in management development by leaders in organizations.

Ethical Leadership

It is a known reality that lots of unethical practices occur in organizations, and managers and leaders are often pressurized to compromise on their own ethical standards while making organizational decisions. There are many reasons for such types of decisions while considering ethical issues. Few of these are as follows:

- Immaturity on the part of the individuals or the organizations
- Importance given to economic self-interest
- Lack of awareness of ethical and moral principles
- When rewards for unethical behaviours exceed the possible punishment for it
- The planted mindset of employees that “All is fair in love, war and business”
- Organizations' pressure on individuals to adhere to unethical practices

Ethics is the discipline that deals with moral duties and obligations and what is good and bad. Ethical behaviour is that which conforms to accepted standards of conduct. Ethical reasoning involves sorting out the principles that help determine what is ethical when faced with an ethical dilemma. An ethical dilemma is a situation or problem facing an individual that involves complex and often conflicting principles of ethical behaviour. A classic example of an ethical dilemma would be a manager who has to punish a subordinate for not reporting to duty continuously and the reason of absence being a major tragedy at home. Another example is that of a sales person who faces the dilemma of telling the truth about a product and thus losing a sale and his commission. Box 10.6 discusses how the

Ethics: Ethics is the discipline that deals with moral duties and obligations and what is good and bad.

Ethical Behaviour: Ethical behaviour is behaviour that conforms to accepted standards of conduct.

BOX 10.6 LEADING WITH INTEGRITY

Pharma major Merck and Co.'s decision to invest in the development of a drug to combat river blindness is a good example of ethical leadership. River blindness, a parasitic disease spread by river flies, affected millions of poor villagers in Africa in the 1970s. The available drugs were expensive and had serious side effects. The other available option of spraying insecticides soon became ineffective because the river flies developed a resistance to the chemicals. Millions of poor villagers suffered with no solution in sight.

A chance discovery from a soil sample in Japan led to the development of Avermectins, a family of drugs effective against parasitic worms. Ivermectin, one of these drugs, was soon available to treat animal parasites. Pharmaceutical companies were hesitant to invest in developing a drug that could treat human parasites. Millions of dollars needed to be invested in the long process of drug development, and the beneficiaries, mostly poor villagers in Africa, could not even afford to spend a few dollars on drugs. Merck

and Co., under the leadership of laboratory director Roy Vagelos, decided to take up the development of the drug for river blindness. The decision was tough—the likelihood, even certainty, of financial loss versus the long-term benefits to humanity. Vagelos took the decision to produce the drug to be true to Merck's code of health before wealth. Merck and Co. spent millions and almost a decade in developing and testing Mectizan, a human formulation of Ivermectin.

In 1987, the company offered it free of charge to anyone who needed it, cooperating with the World Health Organization, the World Bank, non-governmental organizations and local people in many countries to distribute Mectizan to those infected or at risk. Vagelos, who became CEO later on, said, “Sometimes in your life you've got to take a leadership position and make a decision.”

Source: Adapted from Drisdelle, Rosemary, “Eliminating River Blindness”. Available at http://human-infections.suite101.com/article.cfm/eliminating_river_blindness (accessed November 2008).

Ethical Reasoning:

Ethical reasoning involves sorting out the principles that help determine what is ethical when faced with an ethical dilemma.

Ethical Dilemma:

An ethical dilemma is a situation or problem facing an individual that involves complex and often conflicting principles of ethical behaviour.

top leadership at the pharmaceutical company Merck made an ethical decision by placing importance to the greater good for mankind than company profits.

To prevent these ethical dilemmas, leaders in the organizations need to prioritize all competing values and standards of behaviour. A commonly agreed-upon set of ethical standards can then be developed to guide decisions when conflicting obligations, cost-benefit trade-offs, and competing value choices are present (Klein 1992). While analysing dilemmas, the following questions can sharpen ethical sensitivity and moral awareness (Baker 1992):

- Does this decision or action meet the highest societal standards about how people should interact with each other?
- Does this decision or action agree with my religious teachings and beliefs (or with my personal principles and sense of responsibility)?
- How will I feel about myself if I do this?
- Do we (or I) have a rule or policy for cases like this?
- Would I want everyone to make the same decision and take the same action if faced with the same circumstances?
- What are my true motives for considering this action?

Public justification criteria: One dilemma in determining ethical criteria concerns differences of opinion regarding what behaviours are appropriate. The rule of thumb in North American business culture is whether you would feel proud about your behaviour if every detail was published in the newspaper the next day. According to Baker (1992) specific questions to ask yourself when contemplating an action using public justification criteria are:

- How would I feel (or how will I feel) if (or when) this action becomes public knowledge?
- Will I be able to explain adequately to others why I have taken this action?
- Would others feel that my action or decision is ethical or moral?

This test does not eliminate ethical dilemmas between subcultures or different countries, however, because there are “readers” with very different values.

Summary

Leadership is defined as a process in which a person tries to influence a set of individuals in the pursuit of achieving individual, group, and organizational objectives. Leadership has more to do with the interpersonal aspects of the job, while management is more concerned with planning, organizing, and controlling. Leadership deals with change, inspiration, motivation, and influence.

The concept of leadership can be approached from different perspectives, namely trait perspective, behavioural perspective, contingency perspective, and transformational leadership. Traits relevant to the assumption and performance of the leader’s role included intelligence, alertness to the needs of others, understanding of the task, initiative, persistence in dealing with problems, self-confidence, and desire to accept responsibility and occupy a position of dominance and control. Some of the traits such as intelligence and drive cannot be acquired through training. Others such as knowledge of the

business and self-confidence can be acquired with time and appropriate experience. Leadership has been analysed with three different styles: autocratic, democratic, and laissez-faire. The skills that a good leader needs to possess include administrative skills, communication skills, interpersonal skills, and conceptual skills.

Major approaches that have been covered under behavioural approach include Ohio State University Studies, Managerial Grid, and Likert System 4 Management. Research at Ohio State University identified consideration and initiating structure as the dimensions of leadership behaviour. In management grid, concern for people and production are treated as separate dimensions. Leadership style is not shown as a point on the leadership continuum, but as a point on a two-dimensional grid. Likert’s system 4 management includes exploitative authoritative, benevolent authoritative, consultative, and participative.

The contingency approach to leadership includes LPC contingency theory, situational theory, path-goal theory, and leadership-substitute theory. According to LPC theory, the effectiveness of a leader depends on the degree of favourableness of a situation. In moderately favourable situations, a relationship-oriented style works best; in highly favourable or unfavourable situations, task-oriented styles are more effective. The path-goal theory concentrates on the leader's influence on the perception of work goals by the subordinates, clarifying their paths, and provides them with rewards. This theory proposes four types of leader behaviours, based on employee orientation and environment variables: directive, supportive, participative, and achievement-oriented. Situational leadership involves consideration and initiating structure and extends these two dimensions of leadership to form four styles: telling, selling, participating, and delegating. This theory emphasizes matching a style of leadership to the maturity of followers. The leadership-substitute theory discusses the situation in which leadership becomes superfluous. Theorists have identified certain factors in the individual, the work environment, and the organization that can act as substitutes for leadership or that can neutralize its impact.

■ Key Terms

Achievement motivation: This includes a set of related attitudes, values, and needs: needs for achievement, desire to excel, desire to succeed, willingness to assume responsibility, and concern for task objectives.

Achievement-oriented: Encourages employees to reach their peak performance.

Administrative skills: A good leader has the skill to organize work more effectively and to make high-quality decisions.

Affiliation motivation: People with strong need for affiliation receive great satisfaction from being liked and accepted by others; and enjoy working with people who are friendly.

Autocratic style: Autocratic or task-directed leaders initiate structure, provide the information, determine what is to be done, issue the rules, promise rewards for competence, and threaten punishments for disobedience.

Benevolent authoritative: The leader uses rewards to encourage performance.

Charismatic leaders: Charisma depends upon interpersonal attraction where a follower develops lots of respect and reliance in the leader whom he admires.

Communication skills: Leaders possessing good communication skills are able to reach out to their subordinates with great ease.

Conceptual skills: Conceptual or cognitive skills include inductive and deductive reasoning, analytical ability, and logical thinking.

Consideration: Consideration indicates friendship, mutual trust, respect, and worth. A leader with this kind of behaviour

Transformational leaders create defined structures, including a clear chain of command. They work on the assumption that once a deal is struck between boss and subordinate, all authority passes on to the former, while responsibility rests with the latter. Charismatic leadership depends upon interpersonal attraction between the leader and the follower and where a follower develops respect for and reliance on the leader whom he admires.

Mentoring normally arises when senior organizational members or the leaders of the organization take responsibility for the development and progression of selected individuals. There are several positive outcomes of a good mentoring system in the form of improved income, accelerated promotions, and satisfaction with career progression later in life, but the way mentoring is operationalized can be problematic. Managers and leaders are often pressurized to compromise on their own ethical standards while making organizational decisions. To prevent these ethical dilemmas, leaders in the organizations need to prioritize all competing values and standards of behaviour. A commonly agreed-upon set of ethical standards can then be developed to guide decisions when conflicting obligations, cost-benefit trade-offs, and competing value choices are present.

is likely to be friendly and approachable, having a good rapport with subordinates.

Consultative: The leader uses appropriate rewards, and communication may be two-way.

Delegating style: The leader uses a delegating style when subordinates are both able and willing to perform their tasks and have confidence in their abilities.

Democratic style: Democratic leaders solicit advice, opinions, information from their followers, and share decision making with their followers.

Directive: Essentially a clarifying behaviour that also provides a psychological support structure to subordinates.

Emotional intelligence: Individuals with high emotional intelligence are in touch with their emotions and demonstrate self-management in their ability to control their moods and feelings productively and in staying motivated and focused even when facing obstacles.

Emotional stability and maturity: The term emotional maturity may be defined broadly to encompass several interrelated motives, traits, and values.

Ethical behaviour: Ethical behaviour is that which conforms to accepted standards of conduct.

Ethical dilemma: An ethical dilemma is a situation or problem facing an individual that involves complex and often conflicting principles of ethical behaviour.

Ethical reasoning: Ethical reasoning involves sorting out the principles that help determine what is ethical when faced with an ethical dilemma.

Ethics: Ethics is the discipline dealing with moral duties and obligations and what is good and bad.

Exploitative authoritative: The leader uses fear and threats, communication is downward, and superiors and subordinates are psychologically distant.

Initiating structure: Initiating structure indicates a concern about defining the roles or relationships in an organization, establishing well-defined norms of organizations, channels of communication, ways of getting a job done, and trying out new ideas and practices.

Interpersonal skills: They are also called 'social skills' and include knowledge about human behaviour and group processes, ability to understand the feelings, attitudes and motives of others, and the ability to communicate clearly and persuasively.

Laissez-faire style: Laissez-faire leaders give group members complete freedom of action, provide them with material, and refrain from participating except to answer questions when asked.

Leader-member relations: A leader who is liked and respected has the subordinates' confidence, works in a smoothly functioning group, and can enhance the effectiveness of the group.

Leadership: Leadership can be defined as a process in which a person tries to influence a set of individuals in the pursuit of achieving individual, group, and organizational objectives. Effective leaders help groups of people to define their goals and find ways to achieve them.

Leadership and management: Leadership has more to do with the interpersonal aspects of the job while management is more concerned with planning, organizing, and controlling.

Least preferred co-worker(LPC): The LPC is a person with whom the leader has found it most difficult to work.

LPC model: The LPC contingency model assumes that a leader's contribution to the success of the group is determined by the leader's competency and by the situation.

Mentor: Mentor is the term is used to describe a favourite teacher, a wise master, an insightful friend, an experienced educator, a seasonal guide, or a guru.

Mentoring: The concept of mentoring relates to mental and emotional support and guidance given usually by an older person to a younger one, who is called a protégé.

Participating style: A participating style seems to work best when the followers are able, but not confident of their ability, to perform their tasks.

Participative: Encourages and calls for the involvement and participation of subordinates in decisions beyond their normal work activities.

Personal integrity: Integrity means that a person's behaviour is consistent with the espoused values, and the person is honest, ethical, and trustworthy.

Position power: This refers to the leaders' ability to enforce compliance. The power of the position is the authority that leaders command due to a proven ability to handle the group.

Power motivation: A strong need for power is relevant to managerial role requirements involving the use of power and influence.

Self-confidence: Leaders with high self-confidence are more likely to attempt difficult tasks and to set challenging objectives for themselves.

Selling style: A selling style is likely to be effective when followers are willing but unable to perform their tasks. The selling style requires both task and relationship leader behaviour.

Supportive: Provides a high degree of emotional and psychological support to subordinates.

Task structure: Clearly defined task goals and roles for both leaders and subordinates need to be in place.

Telling style: A telling style provides clean and specific instruction. That is, the leader tells the subordinates what to do and how to perform various tasks.

Trait theory of leadership: The term trait refers to a variety of individual attributes, including aspects of personality, temperament, needs, motives, and values. Personality traits are relatively stable dispositions to behave in a particular way.

Transactional leaders: Leaders who favour this style create defined structures, including a clear chain of command. They work on the assumption that once a deal is struck between boss and subordinate, all authority passes on to the former, while responsibility rests with the latter.

Transformational leaders: Leaders are truly transformational when they increase the awareness of what is right, good, important, and beautiful, when they help to elevate followers' needs for achievement and self-actualization.

Discussion Questions

1. How does a leader differ from a manager? What would be several practical problems stemming from the idea that the leader creates a vision, whereas the manager implements it?
2. Visualize a least effective leader you know. Identify the traits, motives, and the personal characteristics that might be deficient in that person.
3. How would a manager know which variables in a given situation should influence the approach to leadership that needs to be taken?
4. What does LPC measure? What are the differences between the two major styles according to Fiedler's contingency model?

5. According to the situational model of leadership, which style is likely to be the most effective for leading a strongly motivated group of e-commerce specialists?
6. How does a transformational leader bring about change? What personal behaviours help the transformation process?
7. What elements might a first-level supervisor or team leader have to be a transformational leader?
8. What is mentoring? How does a leader become an effective mentor to his subordinate?
9. Why is it important for a leader to be ethical? How can he test the ethics of his decision?

■ Exercise

Your Leadership Potential

Questions 1 to 6 below are about how you are right now. Questions 7 to 22 are about how you would like to be if you were the head of a major department at a corporation. Answer “yes” or “no” to indicate whether the item describes you accurately and whether you would strive to perform each activity.

Now

1. When I have a number of tasks or homework to do, I set priorities and organize the work to meet the deadlines.
2. When I am involved in a serious disagreement, I hang in there and talk it out until it is completely resolved.
3. I would rather sit in front of my computer than spend a lot of time with people.
4. I reach out to include other people in activities or when there are discussions.
5. I know my long-term vision for career, family, and other activities.
6. When solving problems, I prefer analysing things myself to working with a group of people.

Head of a Major Department

7. I would help subordinates clarify goals and how to reach them.
8. I would give people a sense of mission and higher purpose.
9. I would make sure jobs get completed on time.

■ Field Projects

1. Analyse the leadership style of managers across different levels in an organization. Compare it with the self-perception of the leader style and discuss the implications.
2. In groups of 3–4 students, study the leadership patterns of leaders from private- and public-sector organizations and identify the differences. Prepare a report and present it to the class. Diagnose the reasons for these differences.

■ Note

1. www.adityabirla.com/media/features/transformational_leadership.htm, accessed March 2009.
2. www.bus.wisc.edu/update/december04/ceos.asp, accessed March 2009.

10. I would scout for new product or service opportunities.
11. I would use policies and procedures as guides for problem solving.
12. I would promote unconventional beliefs and values.
13. I would give monetary rewards in exchange for high performance from subordinates.
14. I would inspire trust from everyone in the department.
15. I would work alone to accomplish important tasks.
16. I would suggest new and unique ways of doing things.
17. I would give credit to people who do their jobs well.
18. I would verbalize the higher values that both I and the organization stand for.
19. I would establish procedures to help the department operate smoothly.
20. I would question the “why” of things to motivate others.
21. I would set reasonable limits on new approaches.
22. I would demonstrate social non-conformity as a way to facilitate change.

Scoring

Count the number of yes answers to even-numbered questions. Count the number of yes answers to odd-numbered questions. Compare the two scores.

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CHAPTER 11

Managing Conflicts and Negotiations

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Discuss the concept of conflict and outline the attitude towards it.
2. Determine the process of conflict through different stages and highlight the outcomes of conflict.
3. List the types of conflict and identify the sources of conflict.
4. Discuss the strategies for managing conflict optimally in organizations.
5. Identify the role of negotiations in resolving conflict and compare the two strategies of negotiation and their effectiveness.
6. Enumerate the strategies for stimulating conflict.

The Popular Professor

Agrasen University enjoys a good reputation for a regional university. Several members of its core faculty have published articles in reputed journals and some are active in pursuing government- and industry-sponsored research. Teaching effectiveness is the most important among several criteria for the promotion of faculty members at the university.

In recent years, the sociology department (see Exhibit 11.1) has become increasingly extreme in outlook and rather militant and active in pressing economic, environmental, and political viewpoints. This has resulted in some criticism of the department by outside groups, local business people, and so on. Many of the older members of the faculty (representing about half the total), who are more moderate in outlook, feel that the younger faculty members have extreme viewpoints and that students are given too much say in programme administration.

A student representative group has also become very active, submitting surveys of student opinion, pushing for a grade review board and pressing for voting representation on all departmental committees. At the outset, the chairman of the sociology department, Professor Abhinav Rana, had been willing to cooperate, because he felt that increased student participation would be beneficial for students as well as the univer-

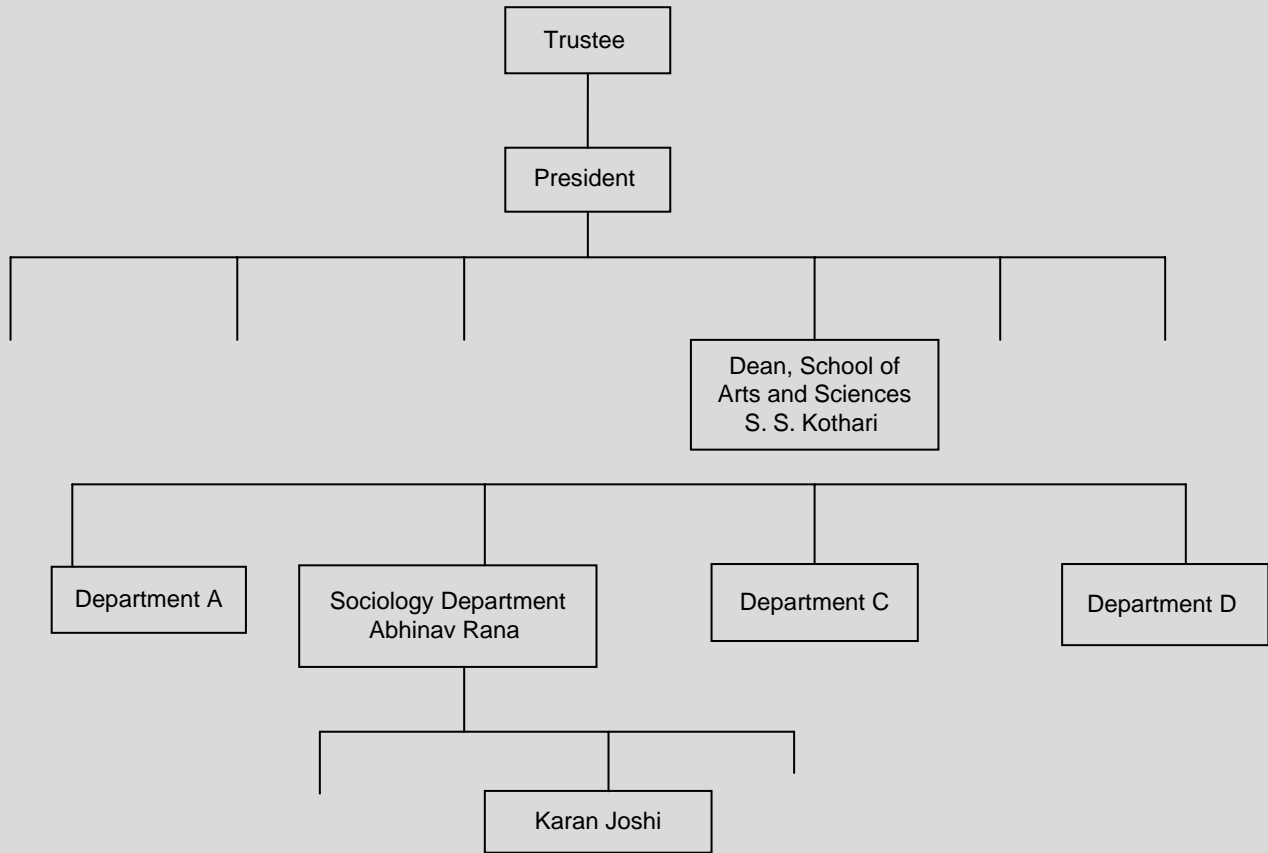
sity. However, lately, faculty members have become increasingly critical of student requests.

One of the younger professors, Assistant Professor Karan Joshi, shares a close relationship with several members of the student union and had actively lobbied for meeting student demands. The situation worsened as he and Abhinav Rana sharply disagreed on many issues. They were constantly waging verbal battles—at first in faculty meetings and later at student–faculty conferences. The disagreements between the two became sharper and more polarized. S. S. Kothari, the dean of the School of Arts and Sciences, became concerned over the charges that the faculty members of the sociology department were growing too militant and that standards were being overlooked.

The first incident emerged when it was announced that the administration, upon recommendation of the department, had notified Joshi that his appointment was not being renewed for the following year. The reasons given were lack of research, no publication, little scholarly activity and unprofessional performance. Joshi, interviewed by the university newsletter, suggested that his political leanings and conflicts with the chairman of the department had led to his dismissal. He produced student evaluation ratings, which indicated outstanding teaching effectiveness and pointed out the general low level of publishing in the department as a whole.



Exhibit 11.1 Organizational Chart



A week after the notification of non-reappointment, student representatives presented a set of demands to Kothari, including:

- The reappointment of Joshi
- The elimination of required courses
- Student representation in all committees
- A degree granted for any 125-hour credit programme

There were a number of other demands related to a less-structured academic programme with increased student

participation in all administrative matters. A boycott of classes was threatened unless these demands were met.

For Discussion

1. Taking Abhinav's interaction with Joshi as an example, state what factors lead to interpersonal conflict in organizations?
2. Does this incident give any indication of intergroup conflict? How?
3. What would you do if you were the dean of the institute?
4. What would you do if you were in Joshi's place?

Introduction

Every relationship has its share of conflicts, disagreements, and divergent interests. Conflicts have the potential to destroy a relationship, put companies out of business, and ruin careers. Negative consequences usually arise from the failure to handle conflict in constructive ways. Constructive conflict management produces creative solutions to problems, high-quality relationships, and constructive change. Unless relationships can withstand the strain

Conflict: Conflict is a disagreement between two or more parties, such as individuals, groups, departments, organizations or countries, who perceive that they have incompatible concerns.

involved in inevitable conflicts and manage conflicts productively, they cannot endure. This chapter discusses the nature and value of conflict and the strategies for optimally managing conflicts and negotiations.

What Is Conflict?

Conflict is a disagreement between two or more parties, such as individuals, groups, departments, organizations or countries, who perceive that they have incompatible concerns. Conflicts exist whenever an action by one party is perceived as interfering with the goals, needs or actions of another party. Conflicts can arise for several reasons, some of them are:

- Incompatible goals
- Differences in the interpretation of facts
- Negative feelings
- Variations in values and philosophies
- Disputes over shared success

The term *conflict* sounds negative, but in some cases, it can actually stimulate creative problem solving and improve the situation for all concerned parties. The outcome of a conflict is the criterion for determining whether the conflict is functional or dysfunctional, that is, whether it has positive or negative outcomes for the concerned parties. Conflict is inevitable and has the potential to be dysfunctional, but if managed constructively, it can be functional and enhance performance.

Attitudes Towards Conflict

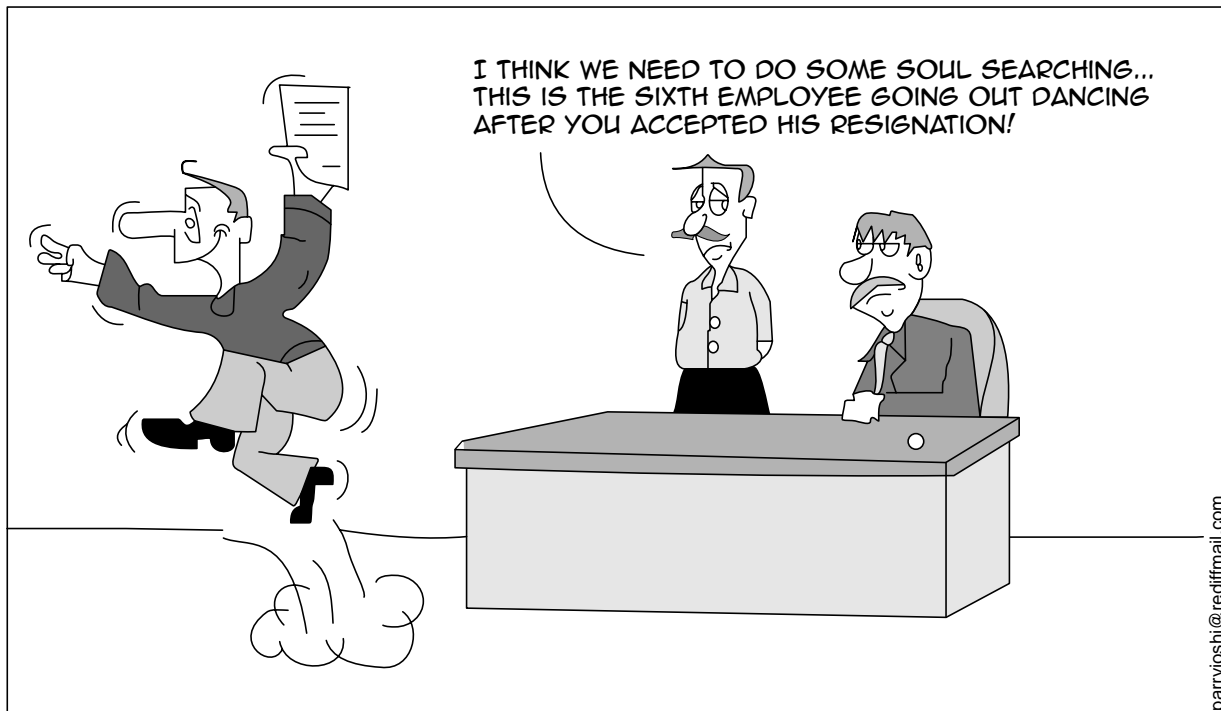
The presence of conflict need not harm an organization or reduce employee effectiveness. Members of an organization can have three varied sets of attitudes towards conflict:

Positive Attitude

Conflicts in organizations can be positive forces. The creation and resolution of conflict can lead to constructive problem solving. The need to resolve conflict can lead people to search for ways of changing how they do things. The conflict-resolution process can stimulate innovation and positive change, as well as make change acceptable. This view was clearly demonstrated in a study of managers. When asked about the positive effects of conflict, their response was that positive effects of conflict consisted of three main strategies: beneficial effects on productivity, relationship outcomes, and constructive organizational change. The responses to the first strategy included statements such as “Our work productivity went up” and “We produce quality products on time.” Responding to the second strategy, managers said, “Sensitivity to others increased” and “Better communication models were developed.” About the third strategy, managers’ responses were: “We adopted more effective controls” and “Better job descriptions and expectations were drawn up.” A positive attitude towards conflict encourages people to solve their differences, to participate in developing an ethical and fair organization, and to directly handle injustice.

Negative Attitude

Conflict can also have serious negative effects, diverting attention from the goal and depleting resources, especially time and money. Conflict can negatively affect the psychological well being of employees and cause stress. Severe conflicting thoughts, ideas, and beliefs can lead to resentment, tension, and anxiety. These feelings appear to result from the threat that conflicts pose to interpersonal goals and beliefs. Over an extended period, conflicts can make it difficult to create and maintain supportive and trusting relationships. When cooperation is required, severe conflict and competition hurts performance. Pressure for results tends to emphasize immediate and measurable goals, such as reducing sales cost, at the expense of long-term and more important goals, such as product quality. Deep and lasting conflicts that are not addressed can even trigger violence among employees or between employees and others.



Courtesy Parimal Joshi. Reproduced with permission.

Balanced Attitude

Conflict can be desirable sometimes and destructive at other times. Although some conflicts can be avoided and reduced, others have to be resolved and properly managed. The balanced attitude is sensitive to the consequences of conflict, ranging from negative outcomes, such as loss of skilled employees, sabotage, low quality of work, stress and violence, to positive outcomes, such as creative alternatives, increased motivation and commitment, high quality of work, and personal satisfaction. The balanced attitude recognizes that conflict occurs in an organization whenever interests collide. Sometimes, employees think differently, want to act differently, and seek to pursue separate goals. When these differences divide interdependent individuals, they must be constructively managed.

Stages of Conflict

Although a conflict does not exist until one party perceives that another party may negatively affect something that the first party cares about, the development of antecedent conditions or sources of conflict mark the beginning of the process.

Afterwards, conflict proceeds through the following five stages (Figure 11.1 illustrates the five stages of conflict):

- Stage 1: Latent conflict
- Stage 2: Perceived conflict
- Stage 3: Felt conflict
- Stage 4: Manifest conflict
- Stage 5: Conflict outcome

Stage 1: Latent Conflict

When two or more parties need one another to achieve the desired objectives, there is potential for conflict. Other antecedents of conflict, such as interdependence, separate goals and ambiguity of responsibility, do not automatically create conflicts. Conflict can be caused by a

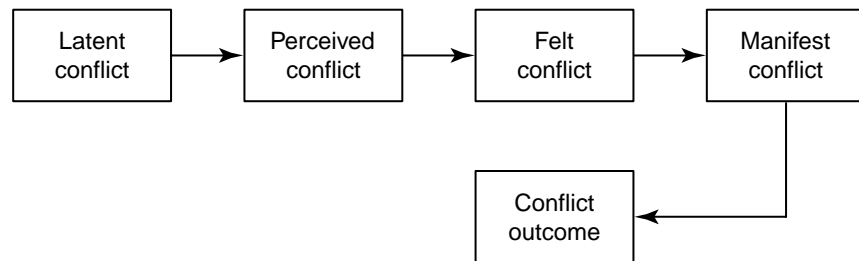


Figure 11.1
Stages of Conflict

change in organizational direction, a change in personal goals, assignment of a new project to an already overloaded workforce or an unexpected occurrence such as a promised salary increase that does not happen.

Stage 2: Perceived Conflict

This is the point at which team members become aware of the problem. Incompatibility of needs is perceived, and tension begins because the concerned parties begin to worry about what will happen. At this point, however, the concerned parties do not feel that anything they care about is actually being overtly threatened.

Stage 3: Felt Conflict

Here, the concerned parties become emotionally involved and begin to focus on differences of opinions and opposing interests, highlighting perceived conflict. Internal tensions and frustrations begin to crystallize around specific deferred issues, and people begin to build emotional commitments to their particular position. The types of emotions experienced are important because negative emotions produce low trust and negative perceptions of the other party's position. Positive feelings can contribute to a balanced view of the situation and to collaborative endeavours.

Stage 4: Manifest Conflict

The obvious display of conflict occurs when the opposing parties plan and act accordingly to achieve their own objectives and frustrate the other's objective. Actions can range from minor disagreements, questioning, and challenging at one end of the conflict-intensity continuum to verbal attacks, threats, ultimatums, physical attacks, and even efforts to destroy the other party at the other end.

Stage 5: Conflict Outcome

The interactions of the conflicting parties in the manifest-conflict stage result in outcomes that can be functional or dysfunctional for one or both parties. As conflict proceeds through these stages, a functional resolution becomes difficult. The concerned parties become certain about their positions and convinced that the conflict is a win-lose situation, as shown in Figure 11.2. It is easier to achieve positive collaboration and win-win outcomes when the conflict is recognized early, before frustration and other negative sentiments set in.

Outcomes of Conflict

In a conflict between two parties, the result of the conflict can be discussed in terms of win-lose dynamics as shown in Figure 11.2.

In Figure 11.2, the two dimensions are what a person wants for self and what they want for the other person. The outcomes can be defined in terms of either winning or losing for self and winning or losing for the other person.

I want to	Win	Win-win	Win-lose
	Lose	Lose-win	Lose-lose
		Win	Lose
		I want you to	

Figure 11.2
Win-Lose Dynamics

The final outcomes can be defined in terms of:

Win-win: I want to win, and I want you also to win.

Win-lose: I want to win, but I want you to lose.

Lose-win: I want to lose, but I want you to win.

Lose-lose: I want to lose, and I want you to lose.

Though it is alright to dichotomize the outcome possibilities in terms of “win” and “lose,” in real-life situations, there is at least another possible outcome like “draw,” or “no win, no loss,” for both the parties. Many compromises and “give-and-take” strategies are aimed at reaching this middle point where no clear-cut winner or loser emerges.

Types of Conflict

Conflict in organizations manifests itself in different forms. Broadly, there are three types of conflict: personal, group, and organizational. All these types can be further classified in terms of being “intra,” meaning within, and “inter,” meaning across. These conflicts are inter-related and affect each other in organizations. The various types can be further described as follows:

Intrapersonal Conflict

Intrapersonal conflict is the result of tensions and frustrations within the individual. It happens because the person is not clear about his role; he sets two mutually exclusive goals for himself. An individual is expected to play a variety of roles in his life. A role is a set of expectations placed on any individual by others (Katz and Kahn 1978). The person who occupies the role becomes the role incumbent, and there are others surrounding the person and having certain expectations from him. Since it is practically impossible to live up to everyone’s expectations, the role incumbent starts experiencing frustration and anxiety from within. These ultimately lead to intrapersonal conflict. Different types of role-related intrapersonal conflicts are discussed now.

Intrapersonal Conflict:

Interpersonal conflict is the result of tensions and frustrations within the individual.

Role-related Intrapersonal Conflicts

Intrarole conflict: When an incumbent receives conflicting messages from different role senders, he experiences intrarole conflict. It happens very often in organizations which have a dual authority system where the project head has a different expectation when compared to a functional head, and the role incumbent is not able to find the solution that meets the different expectations. Sometimes, intrarole conflict occurs when the same person sends a role holder conflicting or inconsistent expectations. For example, a customer service representative may be told to handle as many customers as possible as well as provide complete, detailed, accurate, and timely information about the activities of the department.

Intrarole Conflict:

When an incumbent receives conflicting messages from different role senders, he experiences intrarole conflict.

Interrole Conflict: The conflict a person experiences because of the multiple roles he has to play in life is termed interrole conflict.

Person–role Conflict: This takes place when a person in a role has to perform activities which do not fall in his value system.

Approach–approach Conflict: It happens when the incumbent is faced with two goals, both of them equally attractive but cannot be enjoyed together.

Approach–avoidance Conflict: This conflict arises when a person has to choose between two goals both important, one attractive and the other unattractive, therefore, avoidable.

Avoidance–avoidance Conflict: This conflict is faced by an incumbent who has to make a choice between two equally unattractive, but important goals.

Interpersonal Conflict: Interpersonal conflict occurs when two people's attitudes, behaviour, and actions are in opposition.

Interrole conflict: When a person experiences conflict because of the multiple roles he has to play in life, he experiences interrole conflict. One very common form of interrole conflict is the conflict experienced by many employees when their working roles clash with their roles as a spouse or parent (Nelson and Quick 1985). A person who has to attend an important meeting at work, as well as a parent–teacher meeting at her child's school scheduled at the same time, experiences interrole conflict. This happens because different people with whom the role holder interacts have different expectations from him.

Person–role conflict: This takes place when a person in a role has to perform activities that are not part of his value system. For example, a highly ethical individual experiences this conflict when he has to offer bribes to get an order from a client. A person trying to sell a product of very low quality to a customer without disclosing quality aspects may experience person–role conflict. A devout employee who is expected to work on a religious holiday experiences person–role conflict.

Another form of intrapersonal conflict can arise because of mutually exclusive goals that a person sets for himself. There are three types of such goal conflicts:

Goal-related Conflicts

Approach–approach conflict: This conflict arises when the incumbent is faced with two attractive goals and one has to be chosen over the other. A student who receives admission calls from two very reputed institutes for his postgraduation and a person having to choose between two equally attractive jobs both experience approach–approach conflict.

Approach–avoidance conflict: This conflict arises when a person has to choose between two goals, both important, one attractive and the other unattractive and therefore, avoidable. A student scheduled to appear for final exams in school the next day might experience this conflict if an important cricket match is scheduled to be relayed on the television before the examination.

Avoidance–avoidance conflict: This conflict is faced by an incumbent who has to make a choice between two equally unattractive, but important goals. A candidate who has to make a choice between two jobs, one low paying and the other requiring relocation, experiences avoidance–avoidance conflict.

Intrapersonal conflicts are advantageous as they help us choose the right path and add on to our personal growth as well. They may be equated with what are referred to as defining moments that put across to us the challenges of choosing between what is right and what is wrong (Badaracco 1998). Intrapersonal conflicts can be managed effectively by creating appropriate job–person fit in the organization because if there is a good fit between the values of an individual and the organization, the person is more satisfied and attached to the organization (O'Reilly et al. 1991).

Interpersonal Conflict

Interpersonal conflict occurs when two persons' attitudes, behaviour, and actions are in opposition. Personality clashes lead to interpersonal conflicts in organizations. Interpersonal conflicts also result when there is a lack of clarity in terms of understanding one's role in a given situation with respect to another person. When a person in the role set receives a message that is either unclear or incompatible, it causes role conflict. It can happen because of several reasons:

- A single person may send incompatible or different messages to the role incumbent.
- Two persons may send incompatible or totally opposite messages to the role incumbent.
- The person occupying the role may not be in a position to completely satisfy the demands of the role because of pressures from another role demand.
- When the role sender sends messages that are incompatible with the incumbent's set of values.

Interpersonal conflict may also occur because of lack of clarity experienced by the role incumbent with respect to his roles. The lack of clarity about a role or role ambiguity, leads to aggressive actions and hostile communication, withdrawal from the role, or an attempt to clarify the ambiguity. Research findings suggest that high level of role conflict and ambiguity may lead to high absenteeism and turnover (Pozler 1998).

Intragroup Conflict

Intragroup conflict is a form of interpersonal conflict. It includes disagreements between group members on certain issues, thereby leading to ineffectiveness in the group's functioning. It is a very common feature of family-run businesses where the conflict becomes more intense when the owner or the founder is about to retire or dies untimely. A recent example of intragroup conflict in India is discussed in Box 11.1.

Intragroup Conflict: It refers to the disagreements between the group members on certain issues, thereby leading to ineffectiveness in its functioning.

Intergroup Conflict

Conflicts between teams and groups are termed intergroup conflicts. They result because of opposition, disagreements, and disputes between the teams. It can have both positive and negative consequences. On the positive side, the intergroup conflict increases the cohesiveness among the group members, thereby generating enhanced commitment and loyalty towards the group. On the negative side, it distances people from each other in organizations and enhances the gap between teams and departments. The teams start seeing each other as the enemy and become hostile to each other. When the number of negative relationships among members is high, the probability of intergroup conflict increases (Libianca et al. 1998).

Intergroup Conflict: Conflicts between teams and groups are termed intergroup conflicts.

A heightened level of intergroup conflict can be dysfunctional for organizations. In organizations, when groups compete for a common goal in situations of scarce resources, such conflicts are likely to result in aggression and hostility towards each other. Managers should try to encourage cooperative behaviour among members by rewarding such behaviour and also try not to be prejudiced towards certain set of groups or individuals. They should encourage intergroup or interdepartmental activities so that a desirable level of trust can be established. This trust will allow members to openly exchange ideas and resources with each other and will result in high level of cooperation among them (Tsai and Ghoshal 1998). A typical example of intergroup conflict is the disagreement between the management and the union in organizations. Box 11.2 discusses a recent example of intergroup conflict at the Hero Honda plant in Gurgaon.

Interorganizational Conflict: Conflict occurring between two organizations is called inter-organizational conflict.

Interorganizational Conflict

Conflicts between organizations are termed interorganizational conflicts. An example of this form of conflict is the Pepsi-Cola war in the recent past. Corporate takeovers, mergers, and

BOX 11.1 CONFLICT BETWEEN THE AMBANI BROTHERS

Improper succession planning is the primary cause for conflicts in most family-owned Indian business houses. Dhirubhai Ambani, credited with bringing Indian investors to the stock market, started Reliance Commercial Corporation with a paltry Rs 15,000. When he passed away in 2002, Reliance Industries had a gross turnover of US \$15 billion.

After he passed away intestate, his two sons, Mukesh and Anil, entered into a highly publicized battle for the control of group companies. The conflict between the siblings came out in the open in November 2004 when Mukesh Ambani talked about his differences with his brother to the media. The row between the siblings had its origins in the

redefinition of the roles of CMD, vice chairman, and MD in the Reliance Industries board. The issue was temporarily resolved after the intervention of their mother, Kokilaben Ambani. It was eventually decided that the brothers would run their companies separately. Four years after the family agreement, media reports in 2008 indicated fresh disputes between the brothers over the sale of gas by Mukesh's Reliance Industries to Anil's proposed power plant in Uttar Pradesh.

Source: "Three years on, Ambani brothers keep bickering", 17 June 2008, *The Economic Times*. Available at <http://economic-times.indiatimes.com> (accessed November 2008).

BOX 11.2 CONFLICT AT HONDA

The conflict between workers and management at the Hero Honda plant in Gurgaon in 2005 and the subsequent police involvement caused a stir in India. The conflict began in December 2004 after a manager allegedly slapped a worker who was said to be engaged in organizing a union within the plant. Tensions simmering between the management and workers erupted into a long-drawn-out strike after 4 workers who expressed solidarity with their colleague were dismissed and 15 others were temporarily suspended on charges of insubordination. The official explanation for the dismissals was “undisciplined behaviour in the factory.” Nearly all the workers responded to the dismissals by going on strike in June 2005. By the end of June, the management had sacked 1000 workers and locked out the strikers. On 26 July 2005, without provocation, police allegedly attacked 2000–3000 workers protesting outside the Honda plant and 300–800 workers were said to be

injured. Videos of unconscious workers being attacked by the police lead to a national uproar.

The losses to Honda on account of the strike were reported to be to the tune of approximately Rs 1.2 billion. According to media reports, all dismissed workers were re-hired under the condition that they sign a declaration that they would abstain from further strikes and demands. The Honda strike created diplomatic tension between India and Japan as well as raised concerns in the automobile sector about repercussions on further foreign investment.

Source: “Workers’ strike hits Hero Honda plant”, 12 April 2006, *The Times of India*. Available at <http://timesofindia.indiatimes.com/articleshow/1486584.cms>; and “Strike at Honda in Gurgaon”, December 2005. Available at www.prol-position.net/nl/2005/04/honda (accessed November 2008).

acquisitions can also produce interorganizational conflict. The amount of conflict generated may depend on the extent to which the organizations create uncertain conditions for competitors, suppliers or customers and try to access or control the same resources. It would also depend upon the amount of encouragement given by the organization to communicate with each other, attempt to balance power in the marketplace, and develop procedures for resolving existing conflicts (Assael 1968). Attempts to manage interorganizational conflict so that it has a positive impact on organizational performance may result in the formation of strategic alliances and partnerships.

Hidden Conflicts in Organizations

All the types of conflicts discussed hitherto are examples of overt, or explicit, conflict. However, some conflicts in organizations may be covert, or hidden. They may manifest in the form of private grievances that employees have against their managers. Generally, hidden conflict is irrational, that is, it may not have any sound logic behind it because it may be spontaneous, impulsive, and emotional. Hidden conflict is generally expressed in the form of informal disputes that tend to ignore hierarchy and position in their resolution. There may be disagreements over certain issues like distribution of bonus or incentives, but these are never discussed explicitly.

The outcomes of hidden, or covert, conflict can be sabotage or other signs of disloyalty towards authority. They may sometimes happen outside the public view. Sometimes, they result in passive resistance or may be a part of normal, daily activities in the organization at a low intensity. Managers should be sensitive to hidden conflicts as the aftermath of this could be damaging to the organization in the long run. If not managed appropriately, it may lead to overt conflict and affect organizational functioning and performance. A more collegial and informal way of dealing may be required for dealing with employees who experience hidden conflicts in organizations.

Sources of Conflict

It has already been stated that conflict is present in all organizations in different forms. An organization cannot exist without conflict. Since conflict is a permanent part of any organization, a good manager tries to understand the sources from which it emanates. Different

sources of conflict have been identified in organizations. The existence of these factors are traced back either to the system or to the persons operating these systems. A few of these factors that can lead to conflicts in organizations include:

Scarcity of Resources

Whenever resources are to be shared by many groups, departments, or individuals in organizations, the chances of conflicts increase (Walker and Poppo 1991). The problem gets escalated when these resources are scarce. Scarce resources result in conflict because it motivates people to indulge in unhealthy competition between each other in order to obtain maximum resources to achieve their objectives (Notz et al. 1983).

Specialization

A high degree of specialization often leads to higher disagreements between people in an organization. A person who has a high degree of specialization in a particular area seldom has awareness about other areas and is likely to disagree with the viewpoints of others. A high level of specialization also causes high differentiation among people leading to conflict. This is on account of the differences in values and beliefs because of their specialized training and experiences. Employees always want to operate the system their way. This diversity makes it difficult to understand and accept the beliefs of others towards organizational goals and activities.

Interdependence

Interdependent work requires people to depend on one another to accomplish goals (Thompson 1967). Interdependence is the degree to which interaction among parties must be coordinated in order for them to perform adequately. The degree of interdependence can range from total dependence to total independence. When one party has the power to manipulate and control the activities of the other party to the extent of affecting their outcomes, it is a state of *total dependence*. On the other hand, if two parties have no impact on each other's existence, it is a state of *total independence*. However, if two parties mutually decide on their responsibilities and coordinate their schedules to ensure effectiveness, they are considered to be *interdependent*. There are three different types of interdependent relationships: reciprocal, sequential, and pooled (Thompson 1967) as shown in Figure 11.3.

Reciprocal interdependence: When the output of two parties is also the input of each other, it is termed reciprocal interdependence. It can be thought of as a symbiotic relationship. The potential for conflict is high because it requires a greater degree of coordination between the parties. Effectiveness will depend upon good communication and joint decision making.

Sequential interdependence: When the output of one party becomes the input for the other party, it is termed sequential interdependence. There is one-way movement of information, output, and services causing anxiety to the receiving party as the receiving party's performance is entirely dependent upon the input from the supplying party.

Pooled interdependence: This happens when two parties are independent of each other but make a contribution to the organization that affects its performance. This is the weakest form of interdependence except for reliance on a common resource or authority. The potential for conflict exists when there is scarcity of resources provided by the headquarters.

Incompatible Goals

Work flows smoothly without any major hindrance when work groups have compatible goals. For example, when the market research department is able to zero in on the quality of products desired by customers, the production department is able to develop a high-class product, thus achieving the compatible goals of high productivity and customer satisfaction.

Sources of Conflict:

- **Scarcity of resources:** When many groups, departments, or individuals in an organization share resources, the chances of conflict get increased.
- **Specialization:** High degree of specialization often leads to higher disagreements among people.
- **Interdependence:** Interdependence is the degree to which interaction among parties must be coordinated in order for them to perform adequately.
- **Incompatible goals:** When the goals of the work group are not compatible, conflicts arise.
- **Status differences:** It happens because organizations are typically identified by hierarchical structures with a distinct superior-subordinate relationship.
- **Jurisdictional ambiguity:** When there are unclear lines of responsibility within an organization.
- **Incompatible personalities:** Differences in personality characteristics can lead to conflict.
- **Difference in perceptions:** Personality differences create differences in the perception of people.
- **Difference in values:** This leads to heightened disagreements and conflicts in an organization as most people rely on their own standards and convictions.

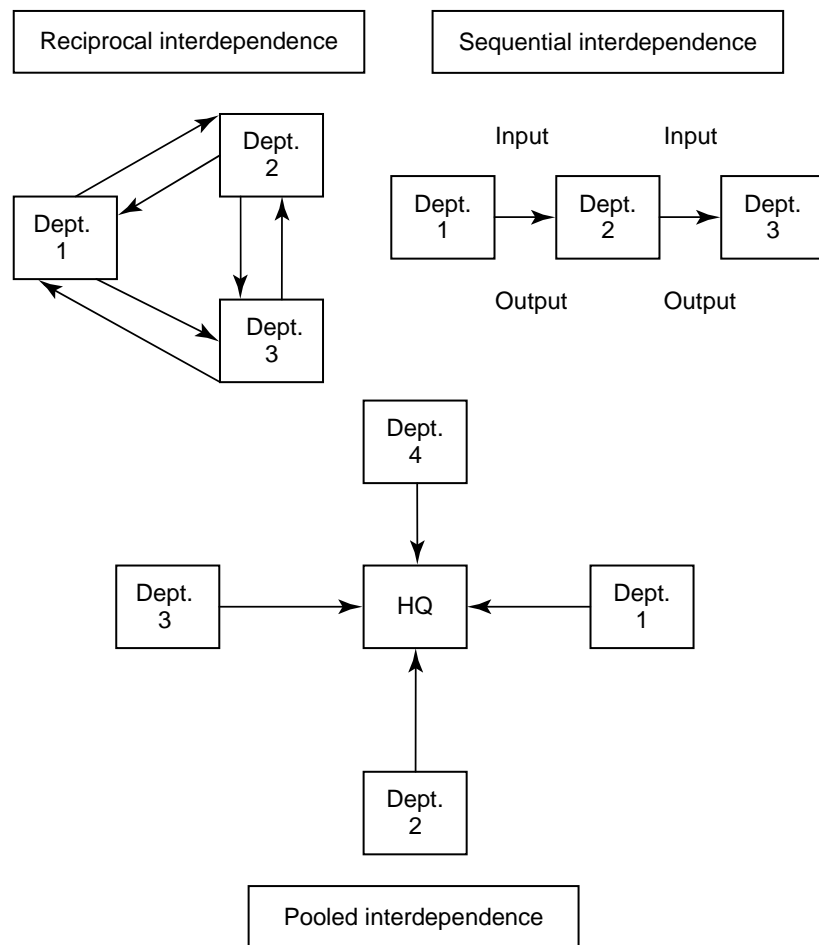


Figure 11.3
Types of
Interdependence

- *Communication distortions:* Miscommunication and communication failure lead to conflict.
- *Cultural barriers:* People from two cultures working together may not be able to comprehend each other's perspectives, leading to disagreement and conflict.

However, when the goals of work groups are not compatible, there are chances of conflicts developing between the groups involved. This incompatibility may be the result of mutually exclusive goals, that is, when one party's goal achievement is perceived as threatening to another, the resulting conflict is likely to result in a win-lose outcome. Another reason for this incompatibility may be scarce resources, which have been discussed earlier. This incompatibility may be the result of different time orientations. When different departments in an organization have different time frames to judge their effectiveness, it may result in viewing the goals as incompatible. For example, while launching a product, the marketing department may just seek a 2–3 weeks' time frame, while the production unit may ask for 2–3 months, and the research and development may ask for 5–6 months to undertake research on the product. These differences in goals may lead to interdepartmental conflict.

Status Differences

Status differences among employees is one of the major reasons for conflicts in organizations. It happens because organizations are typically identified by hierarchical structures with a distinct superior-subordinate relationship. Superiors tend to enjoy certain intangible benefits that may become a cause of resentment for subordinates. Sometimes, the subordinate may be in a better position because of his competence and ability to solve problems. However, he may not be permitted to do so as the superior may be autocratic and, therefore, in a more commanding position. This compounds the potential for conflict in their relationship. As organizations are moving towards a flatter structure and a team-based approach, the problem of hierarchy-based conflict may get reduced.

Jurisdictional Ambiguity

Jurisdictional ambiguity results when there are unclear lines of responsibility within an organization (Miles 1980). In such organizations, when problems arise, there may be no one to take responsibility and the “blaming others” game continues. Workers tend to pass the buck or avoid dealing with the problem. It happens because either they are not clear as to who has to solve the problem or they are not concerned about it. Conflict emerges over assigning responsibility for the problem.

Incompatible Personalities

It has already been discussed in the earlier chapter on personality that no two individuals are alike. Since people differ from each other to a large extent in terms of their personality characteristics, it can become a major cause of conflicts in organizations. For example, abrasiveness is one such trait that people find it difficult to manage in organizations (Levinson 1978). Abrasiveness often leads to high achievement orientation and hard work. However, people high on abrasiveness are quite unaware of the feelings of others. Since they are themselves perfectionists, they are highly critical of others' efforts and create stress and discomfort for others in the organization.

Differences in Perception

Personality differences play a major role in creating differences in the perception of people. Perceptions of individuals differ in terms of their expectations and beliefs. If the expectation of an individual does not match with his attainment, it leads to a distortion in his perception, thereby generating conflict.

Differences in Values

Each individual has his own set of values and ethics which are dependent on his background and experiences. The differences in values lead to heightened disagreements and conflicts in organization as most people rely on their own standards and convictions. For example, some people emphasize honesty and integrity and consider them to be the hallmarks for the success of any organization. Still others may consider these to be irrelevant in practice and may rely more on pragmatic values that may be based on the need of the hour. These may lead to a great degree of conflict between two sets of employees.

Communication Distortions

Communication is identified as one of the major sources of interpersonal conflicts in organizations. Problems in communication could be due to miscommunication (wrong interpretation of the message sent) or communication failure (inability to communicate because of physical, emotional, or structural reasons). Difficulty in understanding the language or faults in the channel can distort the information to a great extent, thereby leading to argument and conflict. Sometimes, conflicts arise because the mindset of the receiver may be a barrier. If the receiver has preconceived notions and ideas, he generally does not listen to the sender with an open mind, leading to conflict between the two.

Cultural Barriers

Culture is the glue which binds the members of a group or organization together. Culture differentiates people from each other and has a boundary-defining role too. People from two cultures working together may not be able to comprehend each other's perspectives, therefore, leading to disagreement and conflict. Certain behaviours acceptable in one culture may be viewed as taboo in another culture. If an organization comprises people of different cultures working together, such differences may lead to inconsistent behaviours and clashes among people.

Conflict Resolution Strategies:

- *Avoiding style:* The avoiding style enables a person to stay away from conflict, ignore disagreements, or remain neutral.
- *Forcing or dominating style:* It refers to assertive and uncooperative behaviours and represents a win–lose approach to interpersonal conflict. Individuals who favour this style assume that conflict resolution means that one person must win and the other must lose.
- *Accommodating style:* This refers to cooperative and unassertive behaviour. Accommodation may represent an unselfish act, a long-term strategy to encourage cooperation by others, or submission to the wishes of others.
- *Collaborating style:* It refers to strong, cooperative, and assertive behaviours. It is the win–win approach to interpersonal conflict handling.
- *Compromising style:* This refers to behaviours at an intermediate level of cooperation and assertiveness. People using this style engage in give-and-take and can make a series of concessions.

Strategies for Managing Conflict Optimally

According to Thomas (1992), people handle interpersonal conflict in five ways. Figure 11.4 presents a model for understanding and comparing the five interpersonal conflict-handling strategies.

The styles are identified by their locations on two dimensions: (i) concern for self and (ii) concern for others. The desire to satisfy your own concerns depends on the extent to which you are assertive or unassertive in pursuing personal goals. Your desire to satisfy the concerns of others depends on the extent to which you are cooperative or uncooperative.

The five interpersonal conflict-handling styles represent various combinations of assertiveness and cooperation. Although there is a natural tendency towards one or two of these styles, the individual may use all of them as the context and the people involved change. For example, the style one uses to solve a conflict with a good friend will probably differ from the one used with a stranger after a minor car accident. The major styles are discussed now:

Avoiding Style

This enables a person to stay away from conflict, ignore disagreements, or remain neutral. This approach reflects an aversion to tension and frustrations and may involve a decision to let a conflict work itself out. Because ignoring important issues often frustrates others, the consistent use of the avoiding style usually results in unfair evaluation by others (Sorenson et al 1995).

This style may be desirable when:

- The issue is minor or only of passing importance and it is not worth the individual's time or energy to deal with the conflict.
- The individual does not have enough information to handle the conflict at that time.
- The individual's power is so less in relation to the other person's that there is no chance of causing change.
- Others can effectively resolve the conflict.
- The issue is symptomatic of other deeper issues. The individual may not be prepared to deal with these deeper and other complex issues. Therefore, it is better to avoid the issue for the moment and adopt a distant wait-and-see approach.

Forcing or Dominating Style

It refers to assertive and uncooperative behaviours and represent a win–lose approach to interpersonal conflict. Those who use the forcing approach try to attain their own goals without concern for others. This style includes aspects of coercive power and dominance (Dana 2000). It may help a person achieve individual goals, but as with the avoiding style, forcing tends to result in an unfavourable evaluation by others.

Individuals who favour this style assume that conflict resolution means that one person must win and the other must lose. When handling conflict between subordinates or departments, forcing-style leaders may threaten or actually use demotion, dismissal, negative

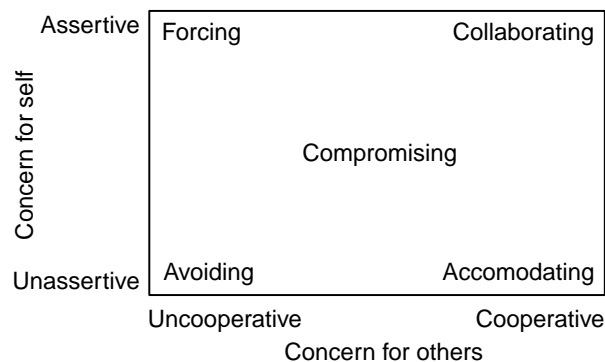


Figure 11.4
Interpersonal Conflict-handling Styles

performance evaluations, or other punishments to gain compliance. When conflict occurs between peers, group members using the forcing style can try to get their own way by appealing to the leader.

The forcing style may be necessary in the following conditions:

- Emergencies require quick actions.
- Unpopular courses of action must be taken for long-term organizational effectiveness and survival, for example, cost cutting and dismissal of employees for unsatisfactory performance.
- A person needs to take action for self-protection and stop others from taking advantage of her.

Accommodating Style

This refers to cooperative and unassertive behaviour. Accommodation may represent an unselfish act, a long-term strategy to encourage cooperation by others, or submission to the wishes of others. While some favourably evaluate individuals using the accommodating style, others may perceive them as weak and submissive. When using the accommodating style, an individual can act as though the conflict will go away in time and can appeal for cooperation. The person will try to reduce tensions and stress by reassurance and support. This style shows concern for the emotional aspects of conflict but little interest in working on its substantive issues.

The accommodating style can be effective in the short run when:

- The individual is in a potentially explosive emotional-conflict situation.
- Maintaining harmony and avoiding disruptions are important in the short run.
- Conflicts are based primarily on the personalities of individuals and cannot be easily resolved.
- The issue is far more important to the other party.
- You want the other party to learn from their mistakes of insisting on their ways.
- You want to earn social credit by giving in at that moment, so that you can cash in on the credit of being reasonable at a more opportune time.

Collaborating Style

It refers to strong, cooperative, and assertive behaviours. It is the win–win approach to interpersonal conflict handling. A person using collaboration desires to maximize joint results. People who use this style tend to:

- See conflict as natural, helpful, or even leading to a creative solution if properly handled.
- Exhibit trust in others.
- Recognize that when conflict is resolved to the satisfaction of all, it should lead to commitment to the solution.

An individual who uses the collaborating style is often seen as dynamic and is evaluated favourably by others. With this style, conflict is recognized openly and evaluated by all who are concerned. Sharing, examining, and assessing the reasons for the conflict should lead to the development of an alternative that effectively resolves it and is fully acceptable to everyone involved (Blanchard and O'Connor 1997). Collaboration is most practical when there is:

- Sufficient interdependence to justify expending the extra time and energy needed to solve individual differences.
- Sufficient parity in power among individuals so that they feel free to interact candidly, regardless of their formal superior–subordinate status.

- Potential for mutual benefits, especially in the long run, in resolving the dispute through a win–win process.
- Sufficient organizational support for investing the necessary time and energy in resolving disputes in this manner.
- A framework, especially those set by the top management, for encouraging or discouraging collaboration, through norms, rewards, and punishments for the organization.

Compromising Style

This refers to behaviours at an intermediate level of cooperation and assertiveness. People using this style engage in a give-and-take strategy and can make a series of concessions. Compromising style is widely used and commonly accepted as a means of resolving conflict. An individual who compromises with others tends to be favourably evaluated. Explanations that favour the compromising style include the following facts:

- It reflects a pragmatic way of handling conflicts.
- It helps maintain good relations for the future.

Unlike the collaborating style, the compromising style does not maximize mutual satisfaction. Compromise achieves moderate but partial satisfaction for each person. This style is appropriate when:

- Agreements enable each person to be better off, or at least not worse off, than if no agreements were reached.
- Achieving a total win–win agreement is not possible.
- Conflicting goals or opposing interests block agreement on a person's proposal.

Box 11.3 discusses various strategies using which conflicts between a superior and subordinates in an organization can be resolved.

BOX 11.3 MANAGING SUPERVISOR–SUBORDINATE CONFLICTS

Employees can be dissatisfied for a variety of reasons, one of the primary reasons being their relationship with their supervisors. Conflicts between the supervisor and subordinate may arise because of the unapproachable supervisory style of the boss or a mismatch or lack of chemistry between the boss and the subordinate.

Supervisor–subordinate conflicts, if not handled properly, can have long-term repercussions on the working of the department or the organization. According to Ulhas Pagey (HR and organizational development expert), “if such situations are not tackled impromptu and allowed to linger on, the interpersonal climate of the organization will get vitiated and therefore, the challenge is to resolve the conflict at the earliest.”

To deal with such conflicts in an organization, the most crucial tool is continuous and constant communication between the employee and his superiors. Arundhati Raghavan, Head, HR, The Smart Cube, says that organizations should ensure a perfect system of giving and receiving feedback in order to ensure that all issues get addressed at a nascent stage. A transparent work environment that ensures confidentiality will also help employees in a great way.

Kalpna Jaishankar, VP-HR Operations and People Development, Patni Computer Systems, claims that to avoid any

potential conflict, Patni creates an open and balanced environment. In case some issues still crop up, the HR team endeavours to resolve such issues in the minimum time possible. According to Pagey, interpersonal conflicts are very sensitive situations and have to be dealt with great deal of sensitivity. Counselling, coaching, and mentoring are some of the solutions, which should take place in a non-threatening environment with a win–win outcome without causing any strain. Patni conducts two skip-level meetings, which comprise of the employee, the head of the project (not his immediate boss), and the HR manager. Here, the employee is allowed to freely express the problems that he has with his superior.

Decision making in an organization has to be fair and honest to ensure smooth resolution of conflicts between the supervisor and the subordinates. It is important that an organization should tackle the issue with care, by listening to both the sides (employees and their supervisors) and by instantly providing an effective solution.

Source: Adapted from “Managing conflicts at the workplace”, Vinita Gupta, 17 December 2007. Available at www.express-computeronline.com (accessed November 2008).

Effectiveness of Various Styles

Research on using various interpersonal conflict-handling styles shows that collaboration tends to be the characteristic of:

- More-successful rather than less-successful individuals.
- High-performing rather than medium- and low-performing organizations.

People tend to perceive collaboration in terms of constructive use of conflict. Collaboration seems to result in positive feelings in others, as well as favourable self-evaluations of performance and abilities.

In contrast to collaboration, forcing and avoiding often have negative effects. These styles tend to be associated with less-constructive use of conflict, negative feelings from others, and unfavourable evaluation of performance and abilities. The effects of accommodation and compromise appear to be mixed. Accommodation sometimes results in positive feelings from others, but these individuals do not favourably evaluate the performance and abilities of those using the accommodating style. The use of the compromising style is followed by positive feelings from others (Rahim 1999).

Resolving Conflicts by Third-party Mediation

To handle the conflict between two persons, one could make use of the process of third-party mediation. The third party can be internal or external to the organization. Third-party mediation is the process in which the disputants meet with a third party and jointly explore the conflict situation. For the third-party mediation to be successful, there are certain requirements that are to be met:

- Both the parties involved must have a desire to resolve the conflict.
- There should be equality of power between the two parties.
- Suitable time has to be chosen to indulge in mediation.
- Each party should be given enough time to talk about the area of concern.
- The culture of the organization should also support candid expression of feelings and thoughts.
- The stress generated should be controlled and managed in an appropriate way.

The third-party mediator or the consultant should possess adequate skills in managing the process and guiding the confrontation towards an encouraging outcome. He has to set the agenda for the dialogue, indicating what has to be discussed at different stages of mediation. Care should be taken to ensure that:

- Both the parties have been given enough time to express themselves.
- The issues have been summarized and stated in a right manner.
- The sensitive issues are dealt with in a proper context.
- Enough feedback is provided regarding the proceedings as they occur.
- Agenda for the next meeting is settled.

Stages of Third-party Mediation

The process of third-party mediation consists of four stages (as shown in Figure 11.5). These are:

1. **Opening:** This stage is characterized by appropriate introduction of the parties involved. In this, the basic purpose of mediation is explained and cooperation is sought from all the parties concerned.

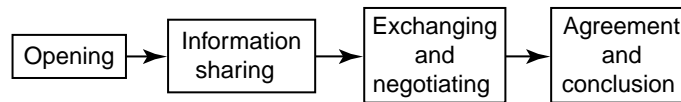
Third-party Mediation:

Third-party mediation is process in which the disputants meet with a third party and jointly explore the conflict situation.

The Stages of Third-party Mediation:

- Opening
- Information sharing
- Exchanging and negotiating
- Closing

Figure 11.5
Stages of Third-party
Mediation



BOX 11.4 TWO CEOS AND CONFLICTS

An organization characterized by different business divisions, rapid growth, and uncertain environment is a ripe target for a great deal of conflict and confusion. At Wipro, the above statement stands defied. There is little or no evidence of such confusion even in the absence of a CEO from 2005 and Azim Premji taking over as both chairman and CEO.

In April 2008, there was a new addition to this misconception of confusion with the appointment of two CEOs, Girish Paranjpe and Suresh Vaswani. The IT division of Wipro comprises two organizations: Wipro Infotech and Wipro Technologies. The company has a matrix structure with three verticals and two horizontals. Giving leeway to the doubts of people in the external environment, Premji has confidence in the abilities of his new CEOs. His belief is that a two-man team at the top is stronger than one man at the top.

The concept of two CEOs may not work effectively, according to Peter Cappelli, a professor at Wharton. According to him, there are chances of disagreement between them over different issues that might result in a stalemate. The problem may become severe if the two individuals have a conflicting business vision. The feelings are voiced by a few Indian counterparts too such as Sudhir Sethi of IDG Venture

India who says that in the long term, it is critical for any business to have only one CEO.

Ravi Anron, a senior fellow at Wharton, believes that the business environment in India encourages a collegial and collective model of leadership. In the Indian context, companies have to face both the advantages and the disadvantages of environmental parameters. The advantages are in the form of highly skilled labour and attractive wage levels and the disadvantages are in the form of poor infrastructure, erratic power supply, transportation, and uncertainties in the stability of government regimes. In such situations, two CEOs are an added advantage. Indian companies also rely a lot on “founder’s effect”. In India, most CEOs have seen their companies grow and have divergent vision and different skills sets. Success also depends on the relationship between the two CEOs, which in the case of Wipro is very cordial and based on mutual understanding. Both of them are hands-on, never miss a detail, have great discipline, and do not go after new ventures without proper research.

Source: Adapted from “Team Leadership at Wipro: Are Two CEOs Better than One?”, Wharton, 12 June 2008. Available at <http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4294>. (accessed November 2008).

2. **Information sharing:** Each person is requested to speak openly explaining the situation from his perspective. This has to be rephrased or summarized to communicate a feeling of being understood.
3. **Exchanging and negotiating:** During this stage, each person is instructed to speak directly to the other party. They are asked to share their true feelings and discuss the actual issues of the dispute. All the possible options to reach an agreement are brainstormed to make a movement towards solutions.
4. **Closing:** This stage consists of summarizing what has happened, writing an agreement and reminding the two parties of the good-faith aspects of the agreement. A follow-up meeting can be arranged to check the progress and acknowledge success.

Negotiation: Negotiation is a process by which two or more parties, each with its own goals and perspectives, coordinate areas of interest through concession and compromise to reach an agreement and take joint decisions about areas of common concern in a situation in which neither side has nor wants to use complete power.

The significance of third-party mediation is that it is a win-win situation. It is a difficult method for resolving conflicts as the conditions required for this are quite stringent and difficult to implement. Box 11.4 discusses the effects on conflict that having two CEOs in a company may have, taking the example of Wipro Ltd.

Resolving Conflicts Through Negotiations

Negotiation is a process by which two or more parties, each with its own goals and perspectives, coordinate areas of interest through concession and compromise to reach an agreement and take joint decisions about areas of common concern in a situation in which neither side has nor wants to use complete power. We know that lawyers and car salespeople spend a lot of

time negotiating, but so, too, do managers. Managers have to negotiate salaries for incoming employees, cut deals with superiors, bargain over budgets, work out differences with associates, and resolve conflicts with subordinates. Negotiating is actually something that just about everyone engages in almost every day and most of the time without even realizing it. Negotiation occurs when two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence (Pruitt and Carnevale 1993).

Some researchers have suggested that in negotiations, collaborative style is the most effective, but the truth is that it may be too overbearing for the negotiations (Brett 1984). While collaborating, one is expected to share all the information to arrive at a satisfactory solution. However, information is rarely shared until trust is established. As a result, negotiators adopt a cautiously collaborative style in the beginning, slowly trying to find out whether the other party will share the information that it knows. This also helps build trust (Fells 1993). If trust is not established, negotiators shift to the win-lose style of negotiation from the win-win style, thereby trying to maximize their returns.

Critical Elements of Negotiations

There are six major elements common to all negotiations.

1. Approach and Outcome

The outcome of negotiation depends on the approach taken and the options that have been generated, considered, and synthesized in arriving at a final agreement. Four possible approaches are win-lose, lose-win, win-win, and mixed.

- **Win-lose:** The win-lose negotiation is characterized by each party seeking its own advantage, usually to the detriment of the other party. This is a win-at-all-costs approach.
- **Lose-win:** A party may go into negotiation with plans to yield to pressure. In the lose-win approach, one party seeks the acceptance of the other side regardless of the costs to it. This is a peace-at-any-price approach.
- **Win-win:** The win-win negotiation is characterized by each party seeking an agreement that provides joint gain. This is an everyone-a-winner approach.
- **Mixed:** In a mixed approach, each party tries to be realistic. Both parties realize that usually one party wins more than the other.

2. Issues

The issues include the interests that are at stake, the real or perceived conflicting positions that each negotiator takes, the best alternative to a negotiated agreement (BATNA), and the bottom line (the point at which the negotiator will walk away).

- **Interests and positions:** Each party enters the negotiation with the belief that its interest cannot be achieved without some cooperation from the other party.
- **Needs:** Essential human needs, such as security, affiliation, self-esteem, and recognition, are the basis of all negotiation.
- **Bottom lines and alternatives:** Issues involve each party's bottom line (that is, its walk-away point). An alternative to a bottom line that saves the negotiator both from accepting unfavourable terms and from rejecting terms that would be beneficial is the BATNA.

3. The Negotiators

The profile of a successful negotiator includes factors such as personality, knowledge, mental and communication skills, and negotiation style.

- **Personality:** Negotiators need moral and intellectual attributes. Necessary moral attributes include patience and self-restraint, objectivity, dedication or commitment, courage, honesty, integrity, perseverance, courtesy, and the ability to harmonize. Intellectual attributes include wisdom, a clear and analytical mind, creativity, general intelligence, and leadership ability. Moreover, high self-esteem supports a negotiator's sense of confidence and competence.
- **Knowledge and skills:** Natural abilities need to be supplemented by several skills, including an understanding of human behaviour. The negotiator also needs knowledge in the areas that are being negotiated and the ability to identify issues, to perceive power, and to prepare and plan strategy and tactics.
- **Interpersonal skills:** Important interpersonal skills required for successful negotiation include excellent communication skills, the ability to express strong feelings appropriately and rationally, to be assertive rather than aggressive, and to listen attentively and actively.
- **Style:** Although negotiators' styles stem primarily from their personality predilection, various styles can be learned and adapted to expand their repertoire. The style used depends a great deal on the approach the negotiators take. For example, if they have a win-lose approach, they are likely to be confident, impatient, and/or competitive.

4. Relationship

When two negotiators come together, they form a relationship that comprises power, duration, and relationship style.

Power: Power in a relationship is not constant. Both parties can increase power, and an increase on one side does not necessarily mean a decrease for the other party.

Duration: Trust is a rich concept in practical negotiations; the longer the relationship, the more opportunity to build trust and the higher the trust, the easier it is to negotiate openly, flexibly, and creatively.

Style: The perception of trust and the perception of agreement are important dimensions of relationship style. Block (in Copeland 1990) developed the following five styles from these two dimensions:

- **High agreement, high trust:** With these two dimensions, the negotiating parties are allies. They will find it most effective to affirm the agreement and the quality of the relationship, to acknowledge any doubts, and to consult each other for advice and support.
- **High agreement, low trust:** In this case, the parties are bedfellows. They find it most effective to reaffirm the agreement, to determine what each party wants, to acknowledge cautiousness, and to establish procedures for working together.
- **Low agreement, low trust:** These parties are obviously adversaries. With them, it is most effective for each party to establish its own position without making demands, to understand the other's position, to acknowledge its own responsibility in the problem, and to conclude with detailing its plan of action.
- **Somewhere between high agreement, low trust and low agreement, low trust:** These are fence-sitters. It is most effective for them to determine where each stands and to urge each other to think about the issues.
- **Low agreement, high trust:** These negotiators are opponents and their most effective move is to affirm the quality of the relationship, to determine each side's position, and to use creative problem solving to reach an outcome.

5. The Process

Negotiation stages, strategies, and tactics constitute the negotiation process. Although negotiation is a moment-by-moment process, the stages through which it proceeds are

identifiable: pre-negotiation, negotiation, and post-negotiation—each of which is divided into sub-stages.

6. Negotiation Context

Since negotiation context refers to the immediate environment, site selection is very important in the preparation phase of negotiation. However, there may be external environmental influences that are beyond the negotiator's immediate control. These include legal, social, economic, and political influences. The negotiators must be aware of these influences and the impact that they could make on the negotiation process and outcome.

Strategies for Negotiation

The success for negotiation depends on the bargaining technique used by both the parties involved. There are two major types of strategies.

1. Distributive Bargaining

The most distinctive feature of distributive bargaining is that it operates under a zero-sum game, that is, the gain made by one person is the loss incurred by the other person. Each person involved in the negotiation defines the ultimate point where the settlement will be made. Then, there is a resistance point that marks the least settlement that is acceptable. Below the resistance point, there are chances that the negotiation would break off. The negotiators generally settle in the area between these resistance points which tend to overlap. This overlap area is essential for the process of negotiation. Otherwise, it will not be possible for bargaining to happen. The typical conflict resolution style of forcing and compromise is used in distributive bargaining. The main outcome associated with distributive bargaining is win-lose. There are four strategies used in this negotiation process (Fisher and Ury 1991).

I want it all: In this process, one party makes an extreme offer and then starts granting concessions. This is done with the expectation that the other party will get caught in this game and give up. As a negotiator, it is important to identify the party which is doing so. When you find the other party has made an offer which is extreme and is granting concessions with lots of grudges, you can easily identify it as an “I want it all” game. Further, if you are under pressure to yield and your concessions are not reciprocated, it is confirmed.

Good cop, bad cop: In this process, the negotiator tries to be both helpful and rude to the other party alternatively. In this case, the negotiator may initially be abusive and threaten to walk out, and suddenly, later, takes on an affectionate and helpful behaviour, thus affecting the attitude of the other party till the other party decides to give in and lose.

Time wrap: Time is an important factor in the process of negotiation. The negotiator tries to fix up arbitrary deadlines and pressurize the other party to give in or settle quickly. If the other party does not concede, there are attempts to delay the progress of negotiation.

Ultimatums: Ultimatum is a process in which the negotiators expect the other party to make all the concessions without themselves making any. Further, they present the offer as a take-it or leave-it option and force the other party to accept the demands.

2. Integrative Bargaining

The characteristic feature of integrative bargaining is that it relies on a win-win situation and, therefore, uses a collaborative model of conflict resolution. Both the parties involved in the negotiation process jointly look at the problem, try to search for alternatives, and try to evaluate them and arrive at a mutually acceptable decision or solution. If the process is successful, it results in satisfaction and positive long-term relationships. Fisher and Ury (1991) have provided four principles of integrative negotiations. These are:

1. **Focus on interests and not positions:** While negotiating, individual personalities with their egos should not take precedence over the objectives or the interests involved.

Strategies for Negotiation:

- **Distributive bargaining:** The most distinctive feature of distributive bargaining is that it operates under a zero-sum game, that is, the gain made by one person is the loss incurred by the other person. Each person involved in the negotiation defines the ultimate point where the settlement will be made.
- **Integrative bargaining:** The characteristic feature of integrative bargaining is that it relies on a win-win situation and, therefore, uses a collaborative model of conflict resolution. Both the parties involved in the negotiation process jointly look at the problem, try to search for alternatives, and try to evaluate them and reach a mutually acceptable decision or solution.

Generally, it is found that individuals want everyone to accept their viewpoints at the cost of what is important. The focus of negotiation should be on the underlying needs and interests of the people concerned rather than their position in the organization.

2. **Separate the people from the problems:** The dynamics of interpersonal relationship between the people involved in the negotiation process should not take priority over the main issues. Negotiators should try to work on mutually acceptable solutions rather than trying to let each other down while negotiating.
3. **Insist on using objective criteria:** The negotiating parties should focus on some standards evolved at the negotiation table in the form of some rule or law. This will help the parties to focus on objectivity rather than the desires of the parties involved. By using objective criteria, neither party has to give in to the other, nor must both parties defer to a fair solution (Fisher and Ury 1991).
4. **Invest options for mutual gains:** Focusing on the generation of alternatives to solve a given problem helps the negotiators to overcome narrow thinking while deciding under pressure and trying to arrive at the best solution where none exist. There cannot be a one best solution always, however, a lot of options can provide a forum where people can seek mutual gains.

It has been found that integrative bargaining is generally preferred to distributive bargaining as it creates a strong bond between the negotiators and makes them feel like achievers. Distributive bargaining generally results in one party becoming a loser and thus tends to divide people. Integrative bargaining is not commonly practised in organizations because of the difficult conditions in which it operates (Thomas 1992). These conditions are:

- Openness and frankness between parties
- Sensitivity on the part of each party to the other's needs
- Ability to trust each other
- Willingness of both parties to maintain flexibility

Since it is difficult to meet these conditions, even if one party begins integrative bargaining by collaboration and there is no reciprocal behaviour, there would be a tendency to shift to a distribution bargaining strategy (Fells 1998).

Conflict Stimulation:

Conflict stimulation is the formation and constructive use of conflict by the management, and its purpose is to create situations where differences of opinion are brought to the surface.

Stimulating Conflicts in Organizations

There are workplaces where conflict is a regular occurrence, but most organizations believe in avoiding conflict. If there is a disagreement, it is stifled. The policy expected to be followed is “go along to get along.” As a result of the socialization process, disagreements are not encouraged. The problem is that conflict has all kinds of benefits. More than anything, conflict gets ideas on the table; conflict prevents the kind of groupthink where everyone agrees with bad decisions. In a group discussing a particular decision, conflict may point out the difficulties associated with that decision. Conflict can help people and organizations make better decisions. Why do we avoid conflict? How can we learn to disagree more effectively?

The interactionist perspective maintains that a certain level of conflict is necessary if a group is to be viable, self-critical, and creative. Certain features that indicate the requirement for the manager to stimulate conflicts in the organizations are given below:

- Too much emphasis is paid to harmony and peace.
- Most of the decisions are based on compromise.
- Ignorance about processes and systems is avoided.
- People do not like to hurt each other's feeling in spite of major problems.
- There is very low generation of new ideas.

- People have a tendency to become more popular rather than follow the rules.
- There is unusually low rate of employee turnover.
- The organization has lot of “yes men” who tend to agree with everything.
- There is great resistance to change.

In such circumstances, it becomes essential to stimulate conflict. Conflict stimulation is the formation and constructive use of conflict by management, and its purpose is to create situations where differences of opinion are brought to the surface (Van de Vliert and De Dreu 1994). The time is ripe for managers to stimulate innovation and creativity by challenging the status quo. This could entail taking a fresh view of prevailing attitudes, behavioural patterns, and the existing distribution of power (Van de Vliert 1985). Creating a conflict situation may provide the impetus for employees to disclose differences of opinion previously kept secret. Once the need is identified, the management may adopt one or more of the following techniques to stimulate conflict (Robbins 1974):

- **Use a nominal group process:** As shown in Chapter 10, the nominal group process encourages members to generate diverse viewpoints.
- **Encourage individualistic thinking:** Instead of relying on “yes men” for decision making, the group can be composed of people who freely express different viewpoints.
- **Increase individual competition:** Management can recognize and reward individual or group differences in performance.
- **Provide threatening information:** If there is any threatening information, such as a reduction in profits or the loss of a competitive edge in the market, inform the employees rather than trying to minimize its importance.
- **Create role conflict:** Management can increase its expectations of employee performance. It can create a role conflict between perceived and enacted roles.
- **Change the organizational structure:** Structural change often signals a need for change in behaviour. It often involves transfer of organizational members, job redefinition, and a new leadership structure.
- **Restructure the work unit:** This would entail rotating staff among jobs and altering lines of communication. Although this is one way to restructure, there is another, and this involves creating new jobs to be occupied by external candidates with values and styles that are the antithesis of the prevailing placid norms.
- **Adopt the role of devil’s advocate** in group discussions so that a number of alternatives can be critically appraised and analysed.
- **Encourage competition** by providing incentives (for example, salary increases, bonuses, and recognition) that are related to performance. However, the competitive situation needs to be properly managed so as to produce creative conflict.

■ Summary

Conflicts exist whenever an action by one party is perceived as interfering with the goals, needs, or actions of another party. Conflict is inevitable and has the potential to be dysfunctional, but if managed constructively, it can be functional and enhance performance. Attitude towards conflict may range from positive to negative to balanced. The process of conflict goes through five stages. The first stage is latent con-

flict, when there is a potential for conflict to happen because there are antecedent factors. The second stage is perceived conflict, when team members become aware of the problem. The third stage is felt conflict, where each party becomes emotionally involved and begins to focus on differences of opinions and opposing interests. The conflict then enters the fourth stage of manifest conflict, in which there is obvious

display of conflict when the opposing parties plan and act accordingly to achieve their own objectives and frustrate the other's objective. The final stage is the conflict outcome that can be functional or dysfunctional for one or both parties. The outcomes can be defined in terms of either winning or losing for self and winning or losing for the other person. The final outcomes can be defined in terms of win–win, that is, I want to win, and I want you also to win; win–lose, which is I want to win, but I want you to lose; lose–win, which is I want to lose, but I want you to win; and lose–lose, that is, I want to lose, and I want you to lose.

Conflict can be divided into various types. The first is intrapersonal conflict, which is the result of tensions and frustrations within the individual. This can be based on role conflict including intrarole conflict, interrole conflict and person–role conflict; and goal conflict including approach–approach conflict, approach–avoidance conflict, and avoidance–avoidance conflict. The second type is interpersonal conflict which occurs where there is opposition in two persons' attitudes, behaviours and actions. When there are personality clashes, it leads to interpersonal conflicts in organizations. The third type is intragroup conflict that can be summarized as a form of interpersonal conflict. The fourth type is intergroup conflict occurring between teams and groups. It results because of opposition, disagreements, and disputes between teams. The fifth type of conflict is interorganizational conflict, which occurs between organizations. Some form of conflict remains hidden, or covert, and if not managed properly may cause malfunctioning of the organization.

Sources of conflict can be identified as scarcity of resources, specialization, interdependence, incompatible goals, status differences, jurisdictional ambiguity, incompatible personalities, differences in perception, differences in values, communication distortions, and cultural barriers. The five interpersonal conflict-handling styles represent various combinations of assertiveness and cooperativeness. Although there is a natural tendency towards one or two of these styles, the individual may use all of them based on the context and people

involved. These strategies are avoiding style, which enables a person to stay away from conflict, ignore disagreements, or remain neutral; forcing or dominating style, which refers to assertive and uncooperative behaviours and represents a win–lose approach to interpersonal conflict; accommodating style, referring to cooperative and unassertive behaviour; collaborating style, which refers to strong, cooperative, and assertive behaviours and is the win–win approach to interpersonal conflict handling; and compromising style referring to behaviours at an intermediate level of cooperation and assertiveness. People using this style engage in give-and-take strategies and can make a series of concessions.

One of the techniques of resolving conflict is through third-party mediation, which requires the involvement of a third-party consultant to settle the dispute between two parties. The process of third-party mediation involves stages of opening, information sharing, exchanging and negotiating, reaching an agreement, and concluding. Negotiation occurs when two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. Different strategies for negotiations are distributive bargaining and integrative bargaining. The most distinctive feature of distributive bargaining is that it operates under a zero-sum game, that is, the gain made by one person is the loss incurred by the other person, and integrative bargaining is characterized by a win–win situation and, therefore, uses a collaborative model of conflict resolution. Both the parties involved in the negotiation process jointly look at the problem, try to search the alternatives, and try to evaluate them and reach a mutually acceptable decision or solution. The interactionist perspective maintains that a certain level of conflict is necessary if a group is to be viable, self-critical, and creative. Conflict stimulation is the formation and constructive use of conflict by the management, and its purpose is to create situations where differences of opinion are brought to the surface. Creating a conflict situation may provide the impetus for employees to disclose differences of opinion previously kept secret.

■ Key Terms

Accommodating style: This refers to cooperative and unassertive behaviour. Accommodation may represent an unselfish act, a long-term strategy to encourage cooperation by others, or submission to the wishes of others.

Approach–approach conflict: It happens when the incumbent is faced by two goals, both of them being equally attractive but cannot be enjoyed together.

Approach–avoidance conflict: When a person has to make a choice between two goals, both important, one attractive and the other unattractive and therefore, avoidable.

Avoidance–avoidance conflict: When the incumbent has to make a choice between two equally unattractive but important goals.

Avoiding style: The avoiding style enables a person to stay away from conflict, ignore disagreements, or remain neutral.

Collaborating style: It refers to strong, cooperative, and assertive behaviours. It is the win–win approach to interpersonal conflict handling.

Communication distortions: The problem with communication could be due to miscommunication (wrong interpretation of the message sent) or communication failure (inability to communicate because of physical, emotional, or structural reasons).

Compromising style: This refers to behaviours at an intermediate level of cooperation and assertiveness. People using this style engage in give-and-take and can make a series of concessions.

Conflict: Conflict is disagreement between two or more parties, such as individuals, groups, departments, organizations, or countries, who perceive that they have incompatible concerns.

Conflict stimulation: Conflict stimulation is the formation and constructive use of conflict by management and its purpose is to create situations where differences of opinion are brought to the surface.

Cultural barriers: People from two cultures working together may not be able to comprehend each other's perspectives, therefore, leading to a lot of disagreement and conflict.

Differences in perception: Personality differences play a major role in creating the differences in perception of people.

Differences in values: The differences in values lead to heightened disagreements and conflicts in an organization as most people rely on their own standards and convictions.

Distributive bargaining: The most distinctive feature of distributive bargaining is that it operates under a zero-sum game, that is, the gain made by one person is the loss incurred by the other person. Each person involved in the negotiation defines the ultimate point where the settlement will be made.

Forcing or dominating style: It refers to assertive and uncooperative behaviours and represents a win-lose approach to interpersonal conflict. Individuals who favour this style assume that conflict resolution means that one person must win and the other must lose.

Incompatible goals: When the goals of the work group are not compatible, there are chances of conflict developing between the groups involved.

Incompatible personalities: Since people differ from each other to a large extent in terms of their personality characteristics, it can become a major cause of conflict in organizations.

Integrative bargaining: The characteristic feature of integrative bargaining is that it relies on a win-win situation and therefore, uses a collaborative model of conflict resolution. Both the parties involved in the negotiation process jointly look at the problem, try to search the alternatives, evaluate them, and reach a mutually acceptable decision or solution.

Interdependence: Interdependence is the degree to which interaction between parties must be coordinated in order for them to perform adequately.

Intergroup conflict: The conflict occurring between the teams and groups are called intergroup conflict.

Interorganizational conflict: Conflict occurring between two organizations is called interorganizational conflict.

Interpersonal conflict: Interpersonal conflict occurs when there is opposition in two persons' attitudes, behaviours, and actions.

Interrole conflict: When a person experiences conflict because of the multiple roles he has to play in life, interrole conflict arises.

Intragroup conflict: It includes the disagreements between the group members on certain issues, thereby leading to ineffectiveness in its functioning.

Intrapersonal conflict: Interpersonal conflict is the result of tensions and frustrations within the individual.

Intrarole conflict: When an incumbent receives conflicting messages from different role senders, he experiences intrarole conflict.

Jurisdictional ambiguity: When there are unclear lines of responsibility within an organization, it is called jurisdictional ambiguity.

Negotiation: Negotiation is a process by which two or more parties, each with its own goals and perspectives, coordinate areas of interest through concession and compromise to reach agreement and take jointly decided action about areas of common concern in a situation in which neither side has nor wants to use complete power.

Person-role conflict: This takes place when a person in a role has to perform activities which do not fall in his value system.

Status differences: These arise because organizations are typically identified by hierarchical structures with distinct superior-subordinate relationships.

Third-party mediation: Third-party mediation is the process in which the disputants meet with a third party and jointly explore the conflict situation.

Discussion Questions

1. Describe the attitude towards conflict by focusing on the basic process of conflict.
2. Discuss the different types of conflict. How do role-related conflicts differ from goal-related conflicts? Describe with examples.
3. Define pooled interdependence, sequential interdependence, and reciprocal interdependence. In which situation is conflict most likely to occur? Why? Which type of interdependence exists between groups with which you are familiar?
4. The styles of handling conflict are based on assertiveness and cooperativeness. Discuss the different styles that emerge based on these two dimensions. Which is the most effective style? Give examples.
5. Have you been involved in negotiation when the other party used win-lose tactics? Describe the situation. What did you do in response to these tactics?
6. Is integrative bargaining more effective than distributive bargaining? Will integrative negotiation always work?

- Why or why not? What could be some possible difficulties the individual might encounter while bargaining?
- Assess different techniques for managing conflict in organizations with their relative effectiveness.
 - Why is it important to stimulate conflict in organizations? What are the various techniques by which conflict can be stimulated?

Field Projects

- Identify some conflicts that you have been a part of in the recent past. Discuss the process of conflict as it passed through different stages. What were the new insights that you have now gained about the dynamics of each stage after going through this chapter? Share it with another student in the class. Also discuss how differently you would have solved this conflict now.
- In groups of 3–4, visit an organization and obtain information about the types of conflicts experienced by employees there. What strategies are used by the management to handle or manage those conflicts? In the case of an absence of conflict in the organization, does the management try to stimulate conflict? How? Prepare a report and present it to the class.

Exercise

Assessing Your Conflict-resolution Skills

Objective: To help the respondent assess his conflict-resolution skills

Instructions: This exercise is intended to provide some insight into your conflict-resolution skills. This will make you aware of your areas of strength and areas that require improvement. Evaluate yourself on the basis of the following scale to represent your ability. Tick the first response that comes to your mind without spending much time on any one question.

Scale:

- 5—Most applicable to me
- 4—Somewhat applicable to me
- 3—Undecided
- 2—Not much applicable to me
- 1—Least applicable to me

Sl. No.	Statements	1	2	3	4	5
1.	I like to listen to people.					
2.	I believe in give-and-take.					
3.	I can deal with people with different value sets.					
4.	I am able to summarize or rephrase to understand a situation.					
5.	I generally ask logical and purposeful questions.					
6.	I like to explore all possible options.					
7.	I have patience.					
8.	I try to follow the brainstorming process to explore alternatives.					
9.	I can handle stress effectively.					
10.	I am clear about my objectives.					
11.	I believe in candid and honest communication.					
12.	I am able to maintain my cool in conflicting situations.					
13.	I try to convert pessimism into optimism.					
14.	I am able to comfort others in conflicting situations.					
15.	I try to analyse the situation and make a contingency plan before trying to resolve conflicts.					

Sl. No.	Statements	1	2	3	4	5
16.	I am aware of my strengths and weaknesses.					
17.	When acting as a third-party mediator, I try to bring a win-win solution, keeping in mind both the parties involved.					
18.	I try to bring in humour in stressful situations.					
19.	I am sensitive to the requirements of other people in a conflict-ing situation.					
20.	I am considerate to the needs of other people.					

Scoring: Total the numbers that you have chosen in response to the above statements.

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CHAPTER 12

Decision Making and Problem Solving

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Identify the three steps of the decision-making process and classify different types of managerial decisions.
2. Identify different states of nature under which decisions are taken.
3. Recognize different models of decision making with their assumptions and utility.
4. Understand the process of identifying and evaluating possible alternative courses of action for accomplishing organizational objectives and identify the various means of generating alternative courses of action.
5. Differentiate between the individual and group decision-making process with their assets and liabilities.
6. Diagnose roadblocks to effective decision making and identify strategies to overcome them.

Dilemma at Infocom

Arun gazed wistfully at the picturesque view out of his window on the third floor of his Mangalore office. As the senior project manager at the Insurance Healthcare and Life Sciences division at Infocom Ltd, he hoped that the dark clouds were not an indicator of the times to come for his department. His meeting with Pradeep Shetty, the global division manager, had thrown up more questions than answers. Pradeep was not happy with the department's recent performance and had expressed his displeasure quite openly. The stream of new projects from their main client, the US-based Insurance major Northwestern Mutual, had all but dried up. Even more worrying were the pressing conflicts within the sustainable support project groups.

Meenal Singh, a veteran with the most profitable project of his division had applied for a transfer. A programmer analyst and a team leader with Application Support in the past 4 years, she was well versed with the nuances of all the processes involved. Also, she was a brilliant team leader and always kept the morale of her team high. Having returned from a stint at the headquarters of Northwestern Mutual, Meenal had decided to get married and move base to Pune.

The support team that earned the bread and butter for Arun's department consisted of two divisions: Application Support and Production Support. Meenal headed both the divisions. The members of the Application Support team consisted of Abhishek Singh, a software engineer with three years of experience. The senior most member of the team, Abhishek, had two years' experience with a software start-up and had expected to be recruited at Infocom as a programmer analyst. Technically, Abhishek was almost as competent as Meenal and at the same time had also mastered the obscure insurance processes in a very short span of time. However, Abhishek lacked strong communication skills. Also, he was disgruntled with his role as a software engineer. Karan Ramakrishnan was another software engineer who had been involved in the project for quite some time. He had lesser total work experience than Abhishek and had been involved in the project for over a year. Karan was looking for a change from what he thought to be a mundane work of support and wanted desperately to get into a development project.

The other team members included Mukund Nair and Jathin Krishnan. Fresh recruits involved in the project for less than a year, they brought a lot of fresh blood and vitality into the Application Support team. Although



quick learners, they were not mature enough to be put into positions of leadership of such a critical project so soon. Shilpa and Remy had just joined the company and were still in the induction phase.

Arun had decided on Mohan Kailash Gupta as the replacement for Meenal. Mohan had worked with the development team at the headquarters of Northwestern Mutual at Wisconsin. Although a software engineer with only two years of work experience, Mohan had shown tremendous technical competence on site. However, Arun was not so sure of how the Application Support team, particularly Abhishek, would take to this new leader. Meenal had been a very effective leader and maintained her relationship with the team even beyond the workplace, often taking them out for parties. Mohan, on the other hand, although very well versed with the system, was considered to be an introvert and not known to be a party animal. The interest and motivation levels of people involved with Application Support projects also seemed to wane quickly. People got bored quickly with the mundane support work involved and thus had to be kept motivated all the time.

Looming over Arun's head like the proverbial sword of Damocles was also the newly started offshore support at Production Support. Production Support

involved more of client interaction and consultation projects, while Application support primarily dealt with defect fixes. Although Production Support required a more in-depth understanding of the insurance processes involved and the systems specific to Northwestern Mutual, the clients had insisted on appointing Shweta, a new recruit as a single-point offshore contact. Their rationale behind this demand was to have someone with a longer commitment to Production Support. Despite a slow initiation and a rigorous training programme, Shweta was having trouble coping with the intricacies of the system. Also, owing to health problems she was frequently absent from work.

For Discussion

1. How can you help Arun arrive at a decision that is beneficial for him as well as for Infocom?
2. What kind of decision-making strategies can be applied to solve the present problem?
3. Is there a possibility that Arun may revert to taking unethical decisions? How can he be prevented from doing so?
4. Will Shweta be a right choice in this present scenario? Why or Why not?

Introduction

Decision making is a part of our everyday life. The fact that you have taken up a course in management or the act that you are reading this text book are all products of your decisions to do these as against other alternatives that were available you. Whether you are at a board meeting or in a playground, you are almost constantly making decisions, sometimes working on several at the same time. A few of these may be major and a few may be minor decisions. Some of these might have proved to be effective decisions—appropriate, timely, and acceptable. Some of your decisions might have been wrong. However, indecision is worse than a few wrong decisions.

Decision making has been identified as one of the primary responsibilities of a manager. Decisions may involve allocating resources, appointing people, investing capital, or introducing new products. If resources like men, money, machine, materials, time, and space were abundant, clearly any planning would be unnecessary. But typically, resources are scarce and so there is a need for planning. Decision making is at the core of all planned activities. We can ill afford to waste scarce resources by making too many wrong decisions or by remaining indecisive for too long a time.

Decision Making: Decision making is defined as the process of choosing between alternatives to achieve a goal.

Three Phases in the Decision-making Process

Decision making is defined as the process of choosing between alternatives to achieve a goal. While selecting among the alternatives, three distinct stages of the decision-making process are identifiable. These three stages can be put into a time frame of:

1. The past, in which problems developed, information accumulated, and the need for a decision was perceived;
2. The present, in which alternatives are found and the choice is made;
3. The future in which the decisions will be carried out and evaluated.

Herbert A. Simon (1960), the well-known Noble Prize-winning organization and decision theorist, described the activities associated with the three major stages in the following way:

1. **Intelligence activity:** Borrowing from the military meaning of intelligence, Simon describes this initial phase as an attempt to recognize and understand the nature of the problem, as well as search for the possible causes.
2. **Design activity:** During the second phase, alternative courses of action are invented, developed, and analysed in the light of known constraints.
3. **Choice activity:** The actual choice between the available and the assessed alternatives is made at this stage.

While observing the nature of activities of these three phases, it is quite apparent as to why the quality of any decision is largely influenced by the thoroughness of the intelligence and design phases.

Henry Mintzberg and some of his colleagues (1976) have traced the phases of some decisions actually taken in organizations. They have also come up with a three-phase model as shown in Figure 12.1.

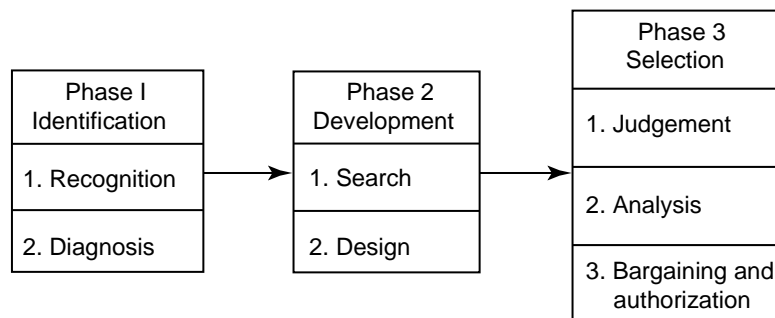
Identification Phase: During the identification phase, recognition of a problem and a diagnosis is made.

Development Phase: During the development phase, there is a search for existing standard procedures, a ready-solution or the design of a new, tailor-made solution.

Selection Phase: During the selection phase, the choice of a solution is made.

1. The **identification phase** is the period during which the recognition of a problem and a diagnosis is made. It was found that severe immediate problems did not have a very systematic, extensive diagnosis but that milder problems did have.
2. The **development phase** is the phase during which there may be a search for existing standard procedures, a ready-solution or the design of a new, tailor-made solution. It was found that the design process was a grouping, trial-and-error process in which the decision makers had only a vague idea of the ideal solution.
3. The **selection phase** is the phase during which the choice of a solution is made. There are three ways of making this selection: (1) by the judgement of the decision maker, on the basis of experience or intuition rather than logical analysis; (2) by analysing the alternatives on a logical, systematic basis; and (3) by bargaining when the selection involves a group of decision makers. Once the decision is formally accepted, an authorization is made.

Figure 12.1
Mintzberg’s Phases of Decision Making in Organizations



Source: Adapted from Mintzberg, H., D. Raisinghani and A. Theorct (1976). "The Structure of Unstructured-decision Processes", *Administrative Sciences Quarterly*, June: 246–75.

Types of Managerial Decisions

A manager is required to take different types of decisions. These can be classified into three major types:

1. Basic and routine decisions
2. Personal and organizational decisions
3. Programmed and non-programmed decisions.

Basic decisions are decisions that are taken generally only once and have a long-lasting impact on the working of an organization. For example, if an entrepreneur has to decide to start a venture of his own, the decision to invest the sum of money, the location of the plant, and the policies and guidelines that will govern the working of the organization will be the basic decision taken by him. Any mistake in this decision can have a lasting damaging impact on the organization. On the other hand, routine decisions are the ones that are taken on a day-to-day basis and do not have a major impact on the long-term working of the organization. The extent to which a person makes basic or routine decisions in an organization will depend on his position in the organization. A person at a lower level—for example, a lower division clerk—in the organization, generally, takes more routine decisions, whereas a person at a higher level—for example, the managing director of the company—takes more basic decisions.

Another common way of classifying decisions is based on whether it is a personal or an organizational decision. This is made on the premise that personal decisions are made to achieve personal goals and organizational decisions are made to achieve organizational goals. However, both of these tend to overlap. Another distinction has been made by Bernard (1937) in his book *The Functions of an Executive*, wherein he mentions that the basic difference between the two is that “personal decisions cannot ordinarily be delegated to others, whereas organizational decisions can often, if not always, be delegated.” In a real-life setting, it may be very difficult to identify the difference between personal and organizational decisions as both, directly or indirectly, influence each other. A manager’s personal decision to go for higher studies by taking two-year leave of absence from the organization will have an impact on the working of the organization to a very large extent. He might have to resolve the dilemma before he goes ahead with any decision in this regard.

Another distinction of decision making is between programmed and non-programmed decisions. As the name indicates, programmed decisions are routine and repetitive decisions that are normally handled by bureaucratic procedures, whereas non-programmed decisions are made by individuals using the information available and their own ability to judge the situation (Simon 1997). Generally, a manager makes a decision in a crisis situation and under pressures of time. Burgon (1939), referring to Gresham’s law of planning, states that there is a general tendency for programmed activities to overshadow non-programmed activities. Therefore, a manager is more likely to take routine decisions much earlier and repeatedly as compared to the ones that require considerable thought. He does so with the thought that he will be able to finish the mundane tasks before he can get down with the serious ones.

From the discussion, it can be concluded that there is no one best way of classifying decision. A very distinct way of classifying decisions is on the basis of the following two dimensions:

1. **Problem complexity:** It refers to the amount of information processing required to arrive at a decision. If the decision is simple, it requires lesser analysis of data and therefore, can be classified as low on problem complexity. The other end of the continuum will have problems with high complexity.
2. **Outcome uncertainty:** This refers to the certainty with which the outcome of the decisions can be placed. If the outcome of the decision is certain, the decision is said to be high on certainty, and if the outcome cannot be outlined, it is said to be low on outcome certainty.

Basic and Routine Decisions:

Basic decisions are the decisions that are taken, generally, only once and have a long-lasting impact on the working of an organization, whereas routine decisions are the ones which are taken on a day-to-day basis and do not have a major impact on the long-term working of the organization.

Personal and Organizational Decisions:

Personal decisions cannot ordinarily be delegated to others, whereas organizational decisions can often, if not always, be delegated.

Programmed and Non-programmed Decisions:

Programmed decisions are routine and repetitive decisions that are normally handled by bureaucratic procedures, whereas non-programmed decisions are made by individuals using the information available and their own ability to judge the situation

The two dimensions mentioned above can be placed on a continuum (Figure 12.2), and four types of decisions can be identified: mechanistic, analytical, judgmental, and adaptive.

Mechanistic Decisions:

While taking a mechanistic decision, the decision maker is sure of the decision alternatives and the outcome of each of the alternatives.

Analytical Decisions:

An analytical decision needs to be taken in a situation where a large number of alternatives can be generated since a lot of information is available and the outcome of each of the alternatives can be calculated.

Judgement Decisions:

In the process of judgemental decision making, a limited number of alternatives are available to solve the problem. The outcomes of the decision alternatives are also unknown.

Adaptive Decision:

In the case of adaptive decision, a large number of alternatives are available and their outcome is not known.

1. **Mechanistic decisions:** While taking a mechanistic decision, the decision maker is sure of the decision alternatives and the outcome of each of the alternatives. A mechanistic decision is one that is routine and repetitive in nature. For example, if the manager has to hire a number of casual labourers to do the job, the decision does not require significant assimilation of data and his experience also gives him some certainty about the outcome of this decision. Managers may make use of lists, charts, and decision trees to arrive at a mechanistic decision. However, they are mostly based on habitual responses or clerical routine.
2. **Analytical decisions:** An analytical decision needs to be taken in a situation where a large number of alternatives can be generated because a lot of information is available. However, the outcome of each of the alternatives needs to be calculated. Most of the operations research and production problems fall in this category. These problems require extensive information processing, but there is a definite solution to the problem in hand. Management science and operations research provide a variety of computational techniques that can be used to find optimal solutions. These techniques include linear programming, network analysis, inventory reorder model, queuing theory, and statistical analysis.
3. **Judgement decisions:** In the process of judgemental decision making, a limited number of alternatives are available to solve the problem. The outcomes of the decision alternatives are also unknown. Many marketing, investment, and personal problems fall in this category. While taking an investment decision, there may be a limited number of options available, but the outcome of each of the options may not be calculable. Good judgement is needed to increase the possibility of the desired outcomes and minimize the possibility of undesired outcomes.
4. **Adaptive decisions:** In the case of adaptive decisions, a large number of alternatives are available and the outcome of each of the alternatives is not known. The decision maker is never able to reach a definite outcome because of the lack of certainty of outcome of the decision taken. This decision entails a lot of risk because of high complexity and high uncertainty. In such situations, it may be desirable to involve a number of people with diverse backgrounds to work together to arrive at an appropriate solution. In such cases, decision and implementation strategies have to be frequently modified to accommodate new developments in technology and the environment.

High Outcome uncertainty Low	Judgemental decisions (Marketing problems, personal problems)	Adaptive decisions (Formulation of company policies, research, and development decisions)
	Mechanistic decisions (Routine, day-to-day decisions)	Analytical decisions (Complex operation research and production problems)
	Low	High

Figure 12.2
Types of Managerial
Decisions

Decision Making Under Different States of Nature

A decision maker may not always have complete knowledge about the various alternatives available and the outcomes of the alternatives taken. Decisions can be made under three conditions:

1. Decisions under certainty
2. Decisions under risk
3. Decisions under uncertainty

Decision making under certainty: A decision under certainty refers to decisions made when there is perfect knowledge about the alternatives and the consequences of choosing the alternatives. The manager has to identify the alternative with the greatest benefit. Managers rarely have the luxury of operating under conditions of certainty.

Decision making under risk: A decision is made under risk when one action may result in a number of possible outcomes. The alternatives are clear, but the consequence is in doubt. Past experience and research help managers assess the likelihood of the occurrence of various outcomes.

Decision making under uncertainty: In this scenario, the probability of the potential outcomes is unknown. The manager has no knowledge whatsoever to predict the likely occurrence of events. This situation arises in cases where historical data is not available.

Models of Decision-making Process

Four models of decision-making process can help us understand how decisions are, and should be, made. These four models are: (1) the economic model (Harrison 1999); (2) the bounded rationality model, or the administrative man (Simon 1997); (3) the implicit favourite model, or the gamesman; and (4) the garbage can model. Each model differs in the assumptions it makes about the person or persons making the decision.

Decision Making Under Certainty:

A decision under certainty is made when there is perfect knowledge about the alternatives and the consequences of choosing the alternatives.

Decision Making Under Risk:

A decision is made under risk when one action may result in a number of possible outcomes.

Decision Making Under Uncertainty:

A decision is made under conditions of uncertainty when a single action may result in more than one potential outcome, but the relative probability of each outcome is unknown.



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Econologic Model or Rational Decision-Making Model: In the rational decision-making model, it is assumed that the people are economically rational and that they are making an attempt to maximize their outcomes in all situations.

Econologic Model or Rational Decision-making Model

In the rational decision-making model, it is assumed that people are economically rational and that they are making an attempt to maximize their outcomes in all situations. It is further based on the assumption that when faced with a problem, individuals are aware of all the alternatives and they are also aware of the outcome of each of the alternatives. This model is based on the classical economic theory and contends that the decision makers are completely rational in their approach.

The model suggests the following orderly steps in the decision-making process:

1. Identifying the problem that requires a decision.
2. Determining the criterion to evaluate the alternatives that are going to be generated.
3. Develop and list all the alternatives related to the problem in hand.
4. Evaluate the prospects and consequences of each of the alternatives.
5. Based on the analysis, select the best alternative by evaluating its consequences and comparing it with the criterion generated earlier. Implement the decision.

Given the assumptions of the rational model, it is highly unrealistic. It is not humanly possible to be rationally aware of all the alternatives to solve a problem and neither is it possible to have definite information about the outcomes of each of the alternatives. There are time constraints and limited power of information processing available to the human mind. Though this model represents a useful prescription as to how decisions should be made, it does not adequately portray how decisions are actually made.

As one can possibly imagine, the human mind is simply incapable of executing such transactions at the level and magnitude required for complex decisions. To that extent, this model is unrealistic. However, due to the advent of sophisticated data storage, retrieval, and processing machines, it is now possible to achieve economic rationality to some extent.

Bounded Rationality Model or Administrative Man: This model assumes that people are bounded by certain constraints, and though they may seek the best solution, they usually settle for much less because the decisions they confront typically demand greater information-processing capabilities than they possess.

Bounded Rationality Model or Administrative Man

An alternative model, one that is not bound by the above assumptions, has been presented by Simon (1997). His decision theory, the bounded rationality model, earned him a Nobel Prize in 1978. This is also known as the administrative man model.

This model assumes that people are bounded by certain constraints most of the time, and though they may seek the best solution, they usually settle for much less because the decisions they confront typically demand greater information-processing capabilities than they possess. They seek a kind of bounded (or limited) rationality in decisions. These constraints force a decision maker to be less than completely rational.

The concept of bounded rationality attempts to describe decision-making processes in terms of three mechanisms:

Step-by-step selection of alternatives The assumption here is that people examine possible solutions to a problem in a step-by-step manner. They identify the alternatives and evaluate them one by one. If the first alternative fails to satisfy, it is rejected, and then another one is considered. When an acceptable (that is, “good enough” and not necessarily “the best”) solution is found, the search behaviour is discontinued.

Heuristics A heuristic is a rule that guides the search for alternatives into areas that have a high probability of yielding satisfactory solutions. For instance, some companies continually select management graduates from certain institutions because in the past graduates from those institutions have performed well for the company. According to the bounded rationality model, decision makers use heuristics to reduce large problems to manageable propositions so that decisions can be made rapidly. They look for obvious solutions or previous solutions that worked in similar situations.

Satisfaction Whereas the rational model focuses on the decision maker as an optimizer, this model sees him as a satisfier. An alternative is optimal if (1) there exists a set of criteria that permits all alternatives to be compared and (2) the alternative in question is preferred, by these criteria, to all other alternatives. An alternative is satisfactory if: (1) there exists a set of criteria that describes minimally satisfactory alternatives, and (2) the alternative in question meets or exceeds all these criteria.

Based on these three assumptions about decision makers, it is possible to outline the decision-making process as seen from the standpoint of the bounded rationality model.

1. Define the problem to be solved.
2. Employ heuristics to narrow problem space to a single promising alternative.
3. After identifying a feasible alternative, evaluate it to determine its acceptability.
4. If the identified alternative is acceptable, implement the solution.
5. Following implementation, evaluate the ease with which goal was (or was not) attained and raise or lower the level of aspiration accordingly on future decisions of this type.

Implicit Favourite Model or Gamesman

A third model deals primarily with non-programmed decisions. It has been mentioned earlier that non-programmed decisions are decisions that are novel or unstructured, such as seeking one's first job.

The implicit favourite model, developed by Soelberg (1967a), emerged when Soelberg observed the job-choice processes of graduating business students and noted that, in many cases, the students identified implicit favourites very early in the recruiting and choice process. However, they continued their search for additional alternatives and quickly selected the best alternative candidate, known as the confirmation candidate. Next, the students attempted to develop decision rules that unequivocally demonstrated that the implicit favourite was superior to the alternative confirmation candidate. This was done through perceptual distortion of information about the two alternatives and through weighting systems designed to highlight the positive features of the implicit favourite. Finally, after a decision rule was derived that clearly favoured the implicit favourite, the decision was announced. Ironically, Soelberg noted that the implicit favourite was typically superior to the confirmation candidate on only one or two dimensions. Even so, the decision makers generally characterized their decision rules as being multidimensional in nature.

The entire process is designed to justify to the individuals, through the guise of scientific rigour, a non-programmed decision that has already been made in an intuitive fashion. By doing so, they become convinced that they are acting in a rational fashion and making a logical, reasoned decision on an important topic.

Garbage Can Model

Very often, the process of decision making is not as sequential and methodical as has been proposed by earlier models. Sometimes it is haphazard, confusing, and unpredictable. In a garbage can model, decisions are random and unsystematic (Cohen et al. 1972). This model assumes an organization to be like a garbage can in which the problems, solutions, choices, players, and opportunities move around randomly. If these factors happen to confront and connect, the decision is made (March and Oslen 1986). The exact process consists of finding the right solution to the right problem at the right time among the right players.

Implicit Favourite Model or Gamesman:

The entire process is designed to justify to the individuals, through the guise of scientific rigour, a non-programmed decision that has already been made in an intuitive fashion.

Garbage Can Model:

This model assumes an organization to be like a garbage can in which the problems, solutions, choices, players, and opportunities move around randomly. If these factors happen to confront and connect, the decision is made.

This kind of decision making may be required at the time of crisis when enough information is not available and the decision is required to be taken without wasting time. It also diverts our attention to the fact that not all the decisions are taken in a logical, step-by-step, systematic manner. In today's environment, with fast-paced situations, managers may be required to take quick decisions with the help of this model.

Techniques Used in Different Steps of Decision Making

In the models of decision making, it has been observed that any systematic approach to decision making starts with a proper definition of the problem. A problem well-defined is a problem half-solved, because a proper definition helps in the search for promising alternatives. A "fair" approach to decision making demands that parameters for judging alternatives (which are sometimes referred as "criteria" or "level of aspiration") should be explicitly developed before, and not after, the alternatives are generated. This imperative minimizes the chances of unnecessary compromise, which is the characteristic of low-quality decisions. However, once the criteria are developed, they should be kept aside and forgotten at the time of the generation of alternatives. This dissociation of criteria from the alternative-generation phase will improve the chances of coming up with a reasonably sufficient number of alternatives. The importance of generating a "reasonable" number of alternatives will be understood by the simple realization that the quality of a decision can be no better than the quality of the alternatives that have been identified.

Identification of Alternatives

Generation of a reasonable number of good alternatives is usually not a problem. Occasionally, however, developing a variety of good alternatives can be a complex matter requiring creativity, thought, and study. Four means of generating alternatives are particularly well known. These are brainstorming, synectics, nominal group technique, and Delphi decision-making techniques.

Brainstorming: It involves the use of groups whose members are presented with a problem and are asked to develop as many potential solutions as possible. Brainstorming is based on the premise that when people interact in a free and uninhibited atmosphere, they will generate creative ideas.

Brainstorming One of the oldest techniques for stimulating creative thinking, brainstorming was developed by Alex F. Osborn. It is based on the notion that a free and uninhibited atmosphere stimulates creative thinking. As part of the process, group members are asked to develop as many potential solutions as possible. The members may be part of the same firm or outside experts. The objective is to generate a large number of ideas with the notion that the greater the number of ideas produced, the greater the probability of finding an acceptable solution. A one-hour brainstorming session is likely to produce 50 to 150 ideas.

Some of the principles governing brainstorming are as follows:

- Ideas generated through brainstorming should not be criticized.
- Out-of-the-box ideas are welcome.
- A large number of ideas should emerge after the process.
- Group members should contribute positively towards the improvement of ideas.

Synectics: The term *synectics* is derived from a Greek word meaning "the fitting together of diverse elements". The basic objective of synectics is to stimulate novel alternatives through the joining together of distinct and apparently irrelevant ideas.

Synectics A technique developed by William J. J. Gordon in 1961, synectics is a technique used to produce creative solutions. The term *synectics* is derived from a Greek word meaning "the fitting together of diverse elements." A synectics group led by an experienced group leader reviews problems by using techniques such as role plays and use of analogies, paradoxes, and metaphors. The objective is to use novel ideas to stimulate thought processes. In most cases, a technical expert is present to assist the group in evaluating the feasibility of their ideas. Therefore, unlike brainstorming where the judgement of ideas is withheld until all the ideas have been generated, in synectics, ideas are evaluated from time to time because of the presence of the technical expert.

Nominal group technique The nominal group technique attempts to reduce verbal interactions and is not based on the free association of ideas, as in brainstorming and synectics. This technique was developed by Andra Delbecq and Andrew van de Ven in 1974. It involves the following stages:

1. Group members from different backgrounds are brought together and familiarized with a problem.
2. At first, each group member works alone and writes down solutions to the given problem, and after 15 minutes, ideas are shared and recorded on a blackboard.
3. After each idea is recorded, the group members discuss and evaluate the various alternatives.
4. Each member votes by ranking the ideas in the order of their perceived importance. A final secret ballot is conducted after a brief discussion of the vote.

Delphi technique This is a technique of decision making which does not require experts to be present at the same venue while the decision is taken. It originated at the Rand Corporation to collect the ideas of the experts in the area of concern. In the process of Delphi decision making, a central coordinator sends out a questionnaire to the experts who are remotely located from each other. He then collects the information and makes a summary report of the same and sends it across to the experts. The experts rank the alternatives generated and send it back to the coordinator who then tabulates the entire result. This technique is helpful in generating a lot of viable alternatives to a problem without the need for these experts to have a face-to-face meeting (Delbecq et al. 1975).

Nominal Group Technique: Nominal group technique does not rely on free association of ideas, and it purposefully attempts to reduce verbal interactions. From this latter characteristic, a nominal group derives its name; it is a group “only in name.”

Delphi Technique: This is the technique of decision making which does not require experts to be present at the same venue while the decision is taken.

Evaluation of Alternatives

Evaluation of various identified possible courses of action constitutes the second step of decision making. Having identified a “reasonable” number of alternatives, a manager should now be in a position to judge the different courses of action which have been isolated. Each alternative must be evaluated in terms of its strengths and weaknesses, benefits and costs, and advantages and disadvantages in achieving organizational goals. Since there are usually both positive and negative aspects of every alternative, most evaluations involve a balancing or trade-off of anticipated consequences. Needless to say, such assessments should be as objective as possible.

Evaluation of the relative merits of various alternatives may be performed by a single manager or by a group. An evaluation may be completely intuitive or it may be scientific, using analytical tools and procedures associated with what is known as operations research (OR). More than likely, it will employ a combination of both approaches. Whatever the basis of evaluation, the more systematic the assessment, the more likely it will be to arrive at better judgements, or decisions

Factors Affecting the Evaluation of Alternatives

The process of decision making relies on a few assumptions: that the decision makers always have well-articulated and agreed-on organizational goals; that they are rational thinkers and have the ability to process all the information; and that they would take the best possible decisions after evaluating the alternatives. These assumptions have been proved to be more hypothetical than true and have led to the analysis of various factors that need to be kept in mind while evaluating the alternatives (Conlisk 1996). These are as follows:

Clarity of goals: To be able to evaluate the alternative in the best possible way, it is essential to have clear goals. Goals are the standards against which alternatives are to be evaluated. It has been found that organizations are seldom able to set clear goals and the goals are generally ambiguous. In one of the surveys, it was found that 25 per cent of the managers and employees felt that the decisions got delayed as people did not have clarity about what is to be achieved (Pinfield 1986). Some decisions are also made to satisfy the decision maker's personal goals, thereby affecting the evaluation of alternatives.

Perceptual Bias: Perceptual bias is a process that distorts the evaluation of alternatives and the information associated with it.

Implicit Favourite: Implicit favourite is an alternative for which the decision maker has preferences over others.

Systematic Evaluation: In systematic evaluation, the decision maker has to follow a logical technique to analyse the alternatives.

Scenario Planning: Scenario planning involves thinking about the future environment and preparing organizations to anticipate and react to such environment.

The extent of information processing: In the absence of effective information processing, the alternatives are not evaluated in an appropriate manner. Problems occur because of *perceptual bias* that distorts the evaluation of alternatives and the information associated with it. Also, it may not be possible for the decision maker to be aware of all the possible alternatives and their outcomes (Simon 1957). As a result of this, the evaluation process becomes limited to the information available. For example, if a person has to purchase a camera, his ability to generate and evaluate the alternatives depends upon the amount of information available to him regarding the brands of camera available at that point of time and not on all the brands that are available in the market. The third problem is with respect to the concept of *implicit favourite*. Implicit favourite is an alternative for which the decision maker has a preference over the other alternatives (Soelberg 1967b). It is always in his subconscious mind and takes precedence over other alternatives leading to incomplete evaluation of the alternatives.

The issue of satisficing: Decision makers generally prefer not to go for the solution that maximizes the benefits, rather they go in for a solution that satisfies them. A satisficing solution is one that is satisfactory enough rather than the optimal or the best. This happens when the information available about the generated alternatives is incomplete or ambiguous.

Effective Evaluation of Alternatives

The problems with respect to the effective evaluation of alternatives confront every decision maker, but the processes of systematic evaluation and scenario planning can minimize this.

Systematic evaluation: In systematic evaluation, the decision maker has to follow a logical technique to analyse the alternatives. Certain criteria have to be generated for the systematic evaluation of alternatives. For example, to select an applicant for a job, the criteria would involve (1) identifying the relevant factors required to perform that job, (2) measuring the applicants on these factors, (3) assessing the importance of each factor, and (4) computing an overall score for each applicant on the basis of the assessment of each factor (Ganzach 2000).

Scenario planning: Scenario planning involves thinking about the future environment and preparing organizations to anticipate and react to such environment (Rangaswamy and Lilien 1997). This helps to explore potential problems and opportunities of the future and helps organizations make best decisions based on the plans.

Selection of an Alternative

Once appropriate alternatives have been identified and evaluated, one must select the alternative with the greatest perceived probability of meeting organizational objectives. Of course, it is entirely possible that the decision may be made to go back and identify other alternatives if none are judged to be acceptable.

Theoretically, if the identification and evaluation of alternatives has been properly handled, making a choice should be an easy matter. The most desirable alternative will be obvious. In practice, however, selecting a course of action is, often, the result of a compromise. There are multiple enterprise objectives. As a consequence, choice of an alternative must be made in the light of multiple and often conflicting objectives. Indeed, the quality of a decision may, often, have to be balanced against its acceptability and resource constraints factors that must be carefully weighed. It is at this point that the sound judgement and experience of the decision maker will play important roles.

Implementation of Decision

Once a plan (course of action) has been selected, appropriate action must be taken to ensure that it is implemented. Implementation is crucial to the success of an enterprise. Indeed, it

is considered by some to be the key to effective planning. The best plans in the world are absolutely worthless if they cannot be implemented. The activities necessary to put plans into operation must be skilfully initiated. In this respect, no plan is better than the actions taken to make it a reality.

With the selection of a course of action, the manager makes detailed provisions for its execution. He must communicate the chosen course of action, gather support for it, and assign resources to see that it is carried out. Development of a sound means of implementation is every bit as important as the decision as to which course of action to pursue. All too often, even the best plans fail as a result of not being properly implemented.

Individual Versus Group Decision Making

Who should be involved in the process of decision making? Just a manager? A committee? A coalition of key individuals? The entire department? In 1992, General Motors was losing a whopping sum of \$2.5 million a day. The management at General Motors encouraged its employees to participate wholeheartedly with the management to develop a car that would compete with Tercel, Civic, and Japan's best cars. The management was able to bring the whole company together to make collective decisions and face the consequences themselves, either positive or negative. This led to the creation of a lean production facility, a familial management-labour structure, and an obsession with quality control. The outcome of this effort was the product Saturn, which in its first nine months sold at twice the rate of competing cars (Dean 1992).

There is evidence that a group approach to decision making leads to enhanced morale, satisfaction, and productivity. However, in emergencies and when there is insufficient information, the individual mode of decision making is more effective (Cotton et al. 1988). There are a number of models that can be used by groups or teams to take decisions. An understanding of these approaches would help the decision maker to use the most appropriate model depending on the requirements of the situation. On the basis of the need, they can make intentional choices about the models. Further, by being aware of these approaches, one can understand the effects of cognitive and affective biases that can limit the effectiveness of the decision-making process. The group decision-making models that are discussed here can be used productively or in a detrimental way for taking decisions.

Group/Team Decision-making Models

A group or a team is required to take the best possible decision in a given situation. The best decision is described as a decision that would never be taken by an individual alone, that provides the most optimum solution to the problems, that does not include any input bias from the team members, and that is able to achieve the team goals.

Johnson and Johnson (2000) provide seven techniques that a group or a team can use to arrive at a decision. These are as follows:

1. Decision made by authority without group discussion Under this method, the leader or the superior takes all the decisions himself without consulting any of the group members. This method is more appropriate for simple, routine administrative decisions where the time available for taking a decision is scarce. This method can be used when the team commitment required for implementing the decision is low. The main strengths and weaknesses of this method are given below:

Strengths

1. It takes less time to take a decision.
2. It is a familiar method as it is the most commonly used method in organizations.
3. The method is high on assertiveness scale as a single person (generally the leader) takes the decision and announces it to the team members.

Decision Made by Authority Without Group Discussion: Under this method, the leader or the superior takes all the decisions himself without consulting any of the group members.

Weaknesses

1. There is no group interaction; hence, the decision quality may not be very high.
2. The members of the team may not be able to understand the decision or may not be able to implement it.
3. The technique is found to be low on cooperative scale as no one other than the leader is involved in the decision-making process.

Decision by Experts:

This is a technique that involves the usage of the expertise of one member from the group and letting him take the decision on behalf of the group.

2. Decision by experts This is a technique that involves the use of the expertise of one member from the group and letting him take the decision on behalf of the group. The success of the decision is dependent on the level of the expertise of the person taking the decision and the right choice made by the members in choosing the expert. This technique would also be effective when the team commitment required for the implementation of the decision is low. The main strengths and weaknesses of this method are as follows:

Strengths

1. The method is very effective if one person in the team has overwhelming expertise.
2. If the expert enjoys referent power, decision acceptance may be quite high.

Weaknesses

1. It may be a difficult process to choose the right expert to take the decision as the group members may have differing opinions about the choice of an expert.
2. There is no group interaction.
3. This may cause a great deal of power issues in the organization.
4. The wrong choice of the expert may jeopardize the effectiveness of the decision.

Decision by Averaging Individual's Opinions:

This technique consists of seeking individual opinions from the team members and averaging their results.

3. Decision by averaging individual's opinions This technique consists of seeking individual opinions from the team members and averaging their results. This technique is effective when there is limited time available for taking the decision and when team participation is required but lengthy discussions cannot be carried out. This technique would also be effective when the team commitment required for the implementation of the decision is low. The main strengths and weaknesses of this method are as follows:

Strengths

1. As a result of the averaging process, extreme results get cancelled out.
2. Group members feel consulted as individual opinions are sought from individual members.
3. Any type of error is also likely to be cancelled out in the process.
4. It is an effective technique when it is difficult to get the individual members together to have any discussion.
5. In situations when urgent decisions are required (which require every member's participation but there is scarcity of time), this technique is very effective.

Weaknesses

1. There is absence of group interaction as group members are not truly involved in the process.
2. As the extreme opinions get cancelled out, the opinions of the most knowledgeable person is likely to be ignored, thus lowering the quality of the decision.
3. The commitment to the decision is not very strong.
4. The process may result in damaging the future team effectiveness as members may feel left out.
5. It may lead to the creation or escalation of conflicts among members.

4. Decision made by authority after group discussion In this technique, the group members generate ideas to take a decision and carry out discussions after the group leader invites them to do so. Once the discussions among the members get over, the group leader takes the decision and announces it. The time available to the group members allows them to have discussions with each other, but they are not permitted to reach an agreement and take a decision. There needs to be clear consensus on the authority who takes the final decision. This technique would be effective when the team commitment required for the implementation of the decision is moderately low. The main strengths and weaknesses of this method are as follows:

Strengths

1. A greater degree of team approach is used as compared to the first three techniques.
2. Since members share their ideas with each other, the accuracy of the decision is likely to increase.

Weaknesses

1. The final decision is taken by an individual and not by the team/group.
2. The members may start competing for each other's attention, resulting in politics in the process.
3. Team members may share their thoughts keeping in mind what the leader "wants" to hear.
4. The team members may not have the commitment for the decision if the final decision taken does not fall under their area of discussion and may cause disturbance in its implementation.

5. Decision by minority In this process, a small part of the team (minority team), comprising of less than 50 per cent of the membership, takes the decision on behalf of the team. This method is used when there is limited time available to convene the entire team and when there is a clear choice of the minority group. This technique would also be effective when the team commitment required for the implementation of the decision is moderately low. The main strengths and weaknesses of this method are as follows:

Strengths

1. This is the most common technique used by executive committees.
2. This process can be used even by temporary committees.
3. It is one of the most practical methods when large numbers of decisions need to be taken in a limited time.
4. This method relies on some team perspective and discussions.

Weaknesses

1. The members may not have full commitment to the decision taken by the minority group.
2. It may lead to a lot of competitiveness among the team members.

6. Decision by majority vote This is one of the most commonly used methods of decision making in successful organizations. It involves taking a decision when more than 51 per cent of the group members are involved in taking the decision. This technique is used when time is not a constraint and there is group consensus supporting the voting process. This technique would be effective when the team commitment required for the implementation of the decision is moderately high. The main strengths and weaknesses of this method are as follows:

Decision Made by Authority After Group Discussion:

In this technique, the group members generate ideas to take a decision and carry out discussions after the group leader invites them to do so.

Decision by Minority:

In this process, a small part of the team (minority team), comprising of less than 50 per cent of the membership, take the decision.

Decision by Majority

Vote: It involves taking the decision when more than 51 per cent of the members are involved in taking the decision.

Strengths

1. This method is useful when there is insufficient time to reach pure consensus.
2. This is useful when the total team commitment is not necessary for implementing the decision.

Weaknesses

1. This is sometimes taken as the “only” way to take a decision, as true consensus is difficult to reach.
2. It may reduce the quality of the decision, converting the members into “winners or losers.”
3. The opinions of the minority (which are sometimes more valuable) may not be valued.
4. It may result in the creation of unresolved and unaddressed conflicts.
5. The total commitment of the group is still not reached.

Decision by Consensus:

This technique consists of taking collective decisions which are arrived at by an effective and fair communication process.

7. Decision by consensus This technique consists of taking collective decisions that are arrived at by an effective and fair communication process. In this, all team members get a chance to speak and all communication is valued. This technique is effective when a lot of time is available to carry out the process of group interaction and discussion and when the team is sufficiently skilled to reach a consensus. This technique would also be effective when the team commitment required for the implementation of the decision is high. The main strengths and weaknesses of this method are as follows:

Strengths

1. This is the most effective method of team/group decision making.
2. All teams are able to express their thoughts and feelings.
3. Team members are able to understand each other and also feel understood.
4. This technique uses the process of active listening.
5. This provides the most positive long-standing results with respect to team decision making.

Weaknesses

1. This technique takes more time than any of the techniques discussed earlier.
2. It can have a negative outcome if individual team members are not committed to the process.
3. It requires high level of psychological energy and high degree of team member skills.

The Challenges in Team Decision Making

Team or group decision making is challenging and requires ample amount of time and preparation. As the saying goes, if you put three people together in a room, you will often get four opinions. People generally tend to see the same issue in a different manner as they all have different experiences, values, personalities, styles, and needs.

It is very difficult to include all these differences and perspectives in one consensual decision that satisfies everyone in the team. Team decision-making strategies should, therefore, be used when needed: for example, when consensus and participation are necessary.

In situations where time is a constraint and the decisions have to be taken urgently, it would be a futile exercise to go in for team or group decision making. The decision can be taken with the expertise of one or two persons, and it is, then, not required to involve the entire team—the experts provide most of the input and make the final choice anyway.

However, where the situation is complex, consequences are significant, commitment and buy-in are important, and team members can work together in a mature manner, team decision making is often the best (Table 12.1).

Table 12.1 Assets and Liabilities of Group Decision Making

Assets	Liabilities
Groups can accumulate more knowledge and facts.	Groups often work more slowly than individuals.
Groups have a broader perspective as compared to individuals working alone.	Group decision involves considerable compromise which may lead to less-than-optimal decisions.
Individuals who participate in decisions are more satisfied with the decision and are more likely to support it.	Groups are often dominated by one individual or a small clique, thereby negating many of the virtues of group procedures.
Group decision making processes serve an important communication function as well as a useful political function.	Over-reliance on group decision making can inhibit management's ability to act quickly and decisively when necessary.

Source: Adapted from Maier, N. R. F. (1967). "Assets and Liabilities in Group Problem Solving: The Need for an Integrative Function", *Psychological Review*, 4: 239–49.

In recent times, most of the decisions in any large organizations are usually taken by a group of people (for example, board of directors, committees, and taskforce) rather than by a single individual manager—however brilliant, bright or powerful the manager may be. The process of group decision making has some obvious assets and liabilities over individual decision making. A few of these are given below:

Looking at this kind of a balance-sheet on group decision making, one may well ask whether, on the whole, groups are superior to individuals as far as the decision making effectiveness is concerned. It is not possible to give a categorical answer without reference to the nature of the people, nature of the group, and the nature of the context in which the group is making a decision. However, what we know about the impact of the groups in decision-making process has been summarized by Harrison (1975) in the following way:

- In establishing objectives, groups are typically superior to individuals in that they possess greater cumulative knowledge to bring to bear on problems.
- In identifying alternatives, individual efforts are important to ensure that different and perhaps unique solutions are identified from various functional areas that later can be considered by the group.
- In evaluating alternatives, group judgement is often superior to individual judgement because it brings into play a wider range of viewpoints.
- In choosing an alternative, involving the group members often leads to greater acceptance of the final outcome.
- In implementing the choice, individual responsibility is generally superior to group responsibility. Regardless of whether decisions are made individually or collectively, individuals perform better in carrying out the decision than groups do.

It can be summarized from the above discussion that a group does have some edge over individuals in certain stages of the decision-making process. For this reason, it has to be decided by the manager to what extent he should involve others (particularly, the subordinates in the work group) to participate in decisions affecting their jobs. Box 12.1 describes the group decision-making process at Tata Steel.

Based on a series of studies on managerial decision-making behaviour, Vroom and Yetton (1973) found evidence in support of the following propositions:

- Managers tend to *be more* participative when the quality of the decision is important.
- Managers tend to *be more* participative when subordinate acceptance of the decision is critical for its effective implementation.

BOX 12.1 GROUP DECISION MAKING AT TATA STEEL

Decision making at Tata Steel has always been characterized by a high degree of employee involvement. The company firmly believes that a healthy union is always an asset to the management. All employees of Tata Steel (other than officers) are represented by independent trade unions.

A pioneer in the area of joint consultation in India, the company has a joint consultation system that has been in existence for the past 50 years. The primary objective behind the setting-up of the joint consultation system is to ensure employee participation at all levels including the top management. The joint consultation system is a three-tier system made up of the Joint Consultative Council of Management, Joint Works Council, and Joint Departmental Councils supported by various subcommittees. The system helps employees fulfil their need for self-expression. All issues related to production, productivity, safety, quality training,

welfare, and so on are discussed in this forum. The only issue that does not find a place in this forum is the issue of collective bargaining and individual grievances.

The company also has a unique system called MD Online, a forum between the managing director (MD) and the employees of the company to share all concerns of employees. The MD, on the first working day of the month, communicates the performance of the organization through a web cast and videoconferencing and also receives feedback for an hour. Hotmail is another e-communication channel available for employees to share their views. Feedback is provided within 48 hours from the MD's office.

Source: Adapted from "Employees' Involvement in Decision making in Tata Steel". Available at www.Tatasteel.com/Corporatesustainability/Sustainability05-06/Page-066.htm (accessed November 2008).

- Managers tend to *be more* participative when they trust their subordinates to focus on organizational rather than personal goals and when conflict among subordinates is minimal.
- Managers tend to *be less* participative when they have all the necessary information to make a high-quality decision.
- Managers tend to *be less* participative when the immediate problem is well structured or where there is a common solution that has been applied in similar situations in the past.
- Managers tend to *be less* participative when time is limited and immediate action is required.

Errors in Decision Making

At this juncture, it will be useful to be aware of two phenomena, which have been observed in group decision-making situations that can create errors in the decision-making process. Technically these two phenomena that are sometimes experienced in a group decision situation are referred to as risky shift phenomenon and groupthink.

Risky Shift Phenomenon

Contrary to the popular belief that groups are usually more conservative than individuals, there is abundant evidence to support the proposition that groups make riskier decisions than individuals do.

Risky Shift Phenomenon

Contrary to the popular belief that groups are usually more conservative than individuals, there is abundant evidence to support the proposition that groups make riskier decisions than individuals do. There are four possible reasons:

1. Risk takers are persuasive in getting more cautious companions to shift their positions.
2. As members of a group familiarize themselves with the issues and arguments they seem to feel more confident about taking risks.
3. Responsibility for decision making can be diffused across members of the group.
4. There is a suggestion that in our culture, people do not like to appear cautious in a public context.

Groupthink

Closely related to the risky shift, but more serious, is the phenomenon known as groupthink. This phenomenon, first discussed by Janis (1971), refers to a mode of thinking in a group in

which the concurrence-seeking among members becomes so dominant that it overrides any realistic appraisal of alternative course of action. The concept emerged from Janis's studies of high-level policy decisions by government and business leaders. By analysing the decision-making process leading to each action, Janis found numerous indications pointing to the development of group norms that improved the morale at the expense of critical thinking. One of the most common norms was the tendency to remain loyal to the group by continuing to adhere to policies and decisions to which the group was already committed, when the decisions proved to be in error.

Outcomes of groupthink Groupthink can have several detrimental consequences on the quality of decision making.

- Groups, often, limit the search for possible solutions to problems to one or two alternatives and avoid a comprehensive analysis of all possible alternatives.
- Groups, often, fail to re-examine their chosen course of action after new information or events suggest a change in course.
- Group members spend little time considering whether there are any non-obvious advantages to alternative courses of action that indicate that the alternatives may be preferable to the chosen course of action.
- Groups, often, make little or no attempt to seek out the advice of experts either inside or outside their organization.
- Members show positive interest in facts that support their preferred decision alternative and either ignore or show negative interest in facts that fail to support it.
- Groups often ignore any consideration of possible roadblocks to their chosen decision and, as a result, fail to develop contingency plans for potential setbacks.

Groupthink: This phenomenon refers to a mode of thinking in a group in which the concurrence seeking among members becomes so dominant that it overrides any realistic appraisal of alternative course of action.

Overcoming Barriers to Effective Decision Making

It has been discussed that there are different outcomes to a faulty group decision process under groupthink. In fact, these “faults” are not exclusive to group decisions only. In the early stages of any decision-making process, there is a likelihood that a variety of perceptual biases interfere with the problem analysis or the identification of possible solutions. Elbing (1978) has identified several roadblocks that can impede managerial effectiveness in arriving at the most suitable decision.

- The tendency to evaluate before one investigates. Early evaluation precludes enquiry into a fuller understanding of the situation.
- The tendency to equate new and old experiences. This, often, causes managers to look for what is similar rather than what is unique in new problems.
- The tendency to use available solutions, rather than consider new or innovative ones.
- The tendency to deal with problems at face value, rather than ask questions that might illuminate reasons behind the more obvious aspects of the problem.
- The tendency to direct decisions towards a single goal. Most problems involve multiple goals that must be handled simultaneously.
- The tendency to confuse symptoms and problems.
- The tendency to overlook unsolvable problems and, instead, concentrate on simpler concerns.
- The tendency to respond automatically or to act before thinking.

Problems such as these often force managers to act in haste before the facts are known and often before the actual underlying problem is recognized or understood. Knowledge of these roadblocks will assist you in your attempts to analyse problem situations and make reasoned decisions.

A member or leader of any decision-making group has to learn to overcome the emergence of a groupthink mentality in groups and organizations. Taking the cue from Janis, several strategies can be formulated to overcome the barriers:

- Group leaders can encourage each member to be a critical evaluator of various proposals.
- When a group is given a problem to solve, the leader can refrain from stating his own position and, instead, encourage open enquiry and impartial probing of a wide range of alternatives.
- The organization can give the same problem to two independent groups and compare the resulting solutions.
- At intervals, before the group reaches a final decision, the members can be asked to take a respite and seek advice from other parts of the organization before returning to make a decision.
- Outside experts can be invited to group meetings and encouraged to challenge the views of group members.
- At every group meeting, one member could be appointed as a devil's advocate to challenge the testimony of those advocating the majority position.
- When considering the feasibility and effectiveness of various alternatives, the group may be divided into two sections for independent discussions and to compare results.
- After deciding on a preliminary consensus on the first choice for a course of action, schedule a second-choice meeting during which the members of the group express their residual doubts and rethink the entire issue before finalizing the decision and initiating action.

In other words, if groups are aware of the problems of groupthink, several specific and relatively simple actions can be taken to minimize the likelihood of victims falling to this problem. Recognizing the problem represents half the battle in the effort to make more-effective decisions in organizational settings. Box 12.2 discusses some common errors that managers and leaders make while making decisions.

BOX 12.2 COMMON ERRORS IN DECISION MAKING

Leaders and managers, in all situations, have to make decisions. The best decisions are the ones that are taken at the right time and that yield positive results. One of the distinguishing criteria between a leader and a follower, and a manager and a subordinate is the ability to take appropriate decisions. But, still, even the best of leaders and managers tend to make mistakes and errors while taking decisions. Some of the errors in decision making are discussed now.

Being overoptimistic: Managers generally tend to become overoptimistic while taking a decision. As a result of this, they do not like to delve into the "What-if" scenario. Instead of evaluating the worst-case scenario, they try to justify their present decision on the basis of past successes overlooking the future. This being a strategic error on their part, managers or leaders should try to develop contingency plans in case decisions do not turn out in their favour.

Use or misuse of power: Managers and leaders have to shoulder responsibility to enjoy the power emanating from them. If they do their jobs well and make decisions that

are fruitful for the organization, recognition always follows. Some managers tend to use the power bestowed on them in a way that affects their effectiveness. The respect of people can be gained only by taking right decisions for them and proving yourself.

Lack of desire to review the decisions: Often, managers and leaders are reluctant to review the decisions taken by them for the fear of being proved wrong. The decisions taken by them have to be constantly reviewed on a daily, weekly, monthly, half-yearly, or yearly basis.

Risk-taking is a part of any decision-making process that cannot totally be removed. This can only be minimized by a four-pronged strategy of "aim, think, plan, and act." Dr. Tom Peter's philosophy of "shoot first and think later" works. However, the individual must have the tenacity and resilience to start all over again if it fails.

Source: Adapted from Madhavan T. Gopalachary, "Common Errors in Decision making", 25 September 2008. Available at www.evancarmichael.com/Management/1055/Common-errors-in-decision-making.html. (accessed November 2008).

Ethical Decision Making

A large number of managers report that unethical practices occur in business organizations, and a substantial percentage (65 per cent) report that they have at times compromised on their personal ethical standards while deciding for the organization (Tsalikis and Fritzsche 1989). According to Ferrell and Gardner (1991), some of the reasons for such poor choices that lead to ethical concerns are as follows:

- Self-interest prevails over the interest of the organization.
- Lack of education in the field of ethics.
- Special circumstances which prevail over ethical concerns.
- Potential rewards surpassing the possible punishment for unethical conduct.
- The culture of the organization.
- Organizational pressure.

Ethical dilemma is a situation which requires a person to take a decision for a complex and conflicting problem of ethical behaviour. For example, when a manager has to take the decision of informing the client about the actual situation and lose the clientele or conceal the facts about the product which is not of an appropriate standard.

To prevent these ethical dilemmas, decision makers at the organization need to formulate one agreed-upon set of ethical standards to guide their decisions when conflicting obligations, cost-benefit trade-off, and competing value choices are present (Klein 1991/1992). Following are a set of questions that can be used to generate ethical sensitivity and moral awareness among people (Baker 1992):

- Does this decision meet the social standard of how people should interact with each other?
- Do we have a rule or policy for a case like this?
- Would I expect everyone to take the same decision in a similar situation?
- What are my true motives towards considering this action?

Ethical Dilemma is a situation that requires a person to take a decision for a complex and conflicting problem of ethical behaviour.

Ethical Principles as Rules

Ethical decisions are not based on any specifically accepted rules and principles. Ethical decisions being a matter of personal prerogatives are bound to have differences in terms of what lies behind these decisions. A number of principles and rules have been provided to ethically justify individual's decisions (Bowie 2002). They are as follows:

Self-serving Principles

The principles used to justify self-serving decisions include

- **Might-equals-right principle:** This happens when a person in authority imposes his decision on others without any concern for socially acceptable behaviour but ensuring that it is not illegal.
- **Hedonist Principle:** This principle leads a person to take decisions that serve his self-interest, keeping in mind that it is not illegal.
- **Organization's-interest principle:** A manager, guided by this principle, takes a decision which is in the interest of the organization and is not illegal.

CASELET

Revati Sharma and the Code of Ethics

Revati Sharma had just finished her master's degree in management and had landed her first position with a small consulting company in Ahmedabad. The president of the company, Raman Bhatia, had convinced Revati that his organization offered her a great opportunity to learn the business. He had a large number of contacts, an impressive executive career, and several years of consulting business behind him.

In fact, the firm was growing, adding new clients and projects as fast as Raman could hire consultants. A week after Revati was hired, Raman assigned her to a new client, a small manufacturing company. "I had a meeting with the client for several hours," he told her. "They are an important and potentially large opportunity for our firm. They are looking to us to help them address some long-range planning issues. From the way they talk, they could also use some continuous quality improvement (CQI) work as well."

As Revati prepared for her initial meeting with the client, she reviewed the financial data from the firm's annual report, examined trends in the client's industry, and thought about the issues that young firms face. Raman indicated that Revati would first meet with the president of the firm to discuss the initial issues and the steps to be followed subsequently.

When Revati walked into the president's office, the firm's senior management team greeted her. Team members expressed eagerness to get to work on the important issues of how to improve the organization's key business processes. They believed that an expert in CQI, such as Revati, was exactly the kind of help they needed in order to increase efficiency and cut costs in the core business. Members began to ask direct questions to Revati about the technical details of CQI, the likely timeframe within which they might expect results, how to map key processes, and how to form quality improvement teams to identify and implement process improvements.

Revati was stunned and overwhelmed. Nothing that Raman had said about the issues facing the company was being discussed and, worse, it was clear that he had sold Revati as an "expert" in CQI. Her immediate response was to suggest that all their questions were good ones, but they needed to be answered in the context of the long-range goals and strategies of the firm. Revati proposed that the best way to begin was for team members to provide her with some history of the organization. In doing so, she was able to avert any disaster and embarrassment for herself and her company, and to appear to be doing all the things necessary to begin a CQI project. The meeting ended with Revati and the management team agreeing to meet again the following week.

Revati sought out Raman the next day. She reported the results of the meeting and her surprise as being sold to the client as an expert on CQI. Revati suggested that her own competencies did not fit the needs of the client and requested that another consultant—one with expertise in CQI—be assigned to the project.

Raman responded to her concerns: "I have known these people for over 10 years. They don't know exactly what they need. CQI is an important buzzword. It's the flavour of the month and if that's what they want, that's what we will give them." He also told Revati that there was no other consultant available for this project. "Besides," he said, "the president of the client firm had just called to say how much he had enjoyed meeting with you and was looking forward to getting started on the project right away."

Revati felt that Raman's responses to her concerns included a strong, inferred ultimatum: if you want to stay with this company, you had better take this job. "I knew I had to sink or swim with this job and this client," Revati later reported.

As she reflected on her options, she pondered over the following questions:

- How can I be honest with the client and thus not jeopardize my values of openness and honesty?
- How can I be helpful to this client?
- How much do I know about quality improvement processes?
- How do I satisfy the requirements of my employer?
- What obligations do I have?
- Who's going to know if I do or don't have the credentials to perform this work?
- What if I fail?

After thinking about these issues, Revati summarized her positions in terms of three dilemmas: a dilemma of self (Who is Revati?), a dilemma of competence (What can I do?), and a dilemma of confidence (Do I like who I work for?). Based on the issues, Revati made the following tactical decisions. She spent 2 days at the library reading about and studying total quality management and continuous improvement. She also contacted several of her friends and former classmates who had experience with quality improvement efforts. Eventually, she contracted one of them to be her "shadow" consultant—to work with her behind the scenes on formulating and implementing an intervention for the client.

Based on her preparation in the library and the discussion with her shadow consultant, Revati was able to facilitate an appropriate and effective intervention for the client. Shortly after her assignment was completed, she resigned from the consulting organization.

Issue: Help Revathi find the answers to the questions!

Balancing-interest Principles

According to Weiss (2002), decisions taken to balance the interest of multiple individuals or groups are based on the following ethical principles:

- **Means-end principle:** The individual tries to justify the end by measuring the overall good of the organization even if the decision is slightly unethical but ensuring it is not illegal.
- **Utilitarian principle:** The manager tries to measure the utility of the decision by weighing its good over the damage caused by it by ensuring the legality of the decision.
- **Professional standard principles:** If the manager can justify the decision to his colleagues and peers to maintain professional standards, it is said to follow professional standard principles.

Concern-for-others Principles

Certain decisions are required to be taken keeping in mind the effect of these on those who are going to live with it and the general public as a whole. These principles include:

- **Golden rule principle:** Trying to empathize as to how the other person would feel if a particular decision was taken. One has to ensure that the decision is not illegal.
- **Distributive justice principle:** A manager tries to treat the other person or the group equitably rather than arbitrarily, by doing nothing illegal.
- **Disclosure principle:** The individual tries to find out how the general public would respond to the outcomes of the decision but does nothing illegal.

Summary

Decision making is a process of choosing between the alternatives. There are three phases of any decision-making situation, and they deal with identification, evaluation, and selection of alternatives to a problem. A manager needs to take different types of decisions in an organization. There are three major types of decisions taken by the manager: (1) basic and routine decisions, (2) personal and organizational decisions, and (3) programmed and non-programmed decisions. Decisions have also been classified as mechanistic, analytical, judgemental, and adaptive, on the basis of the dimensions of problem complexity and outcome uncertainty. Decisions are taken under different states of nature, such as decisions under certainty, decisions under risk, and decisions under uncertainty. Four suggested models of decision-making process can help us understand how decisions are, and should be, made. These four models are: (1) the economic model; (2) the bounded rationality model, or the administrative man; (3) the implicit favourite model, or the gamesman; and (4) the garbage can model.

To arrive at a decision, four means of generating alternatives have been identified, which are brainstorming, synectics, nominal group technique, and Delphi decision making. After the generation of alternatives, each alternative must be evaluated in terms of its strengths and weaknesses, benefits and costs, and advantages and disadvantages in achieving organizational

goals. Since there are usually both positive and negative aspects of every alternative, most evaluations involve a balancing or trade-off of anticipated consequences. Once appropriate alternatives have been identified and evaluated, one must select the alternative with the greatest perceived probability of meeting organizational objectives. Once an alternative has been selected, appropriate action must be taken to ensure that it is implemented. Implementation is crucial to the success of an enterprise.

There is evidence to the premise that a group approach to decision making leads to enhanced morale, satisfaction, and productivity, but in emergencies and when there are insufficiencies in information, the individual mode of decision making is more effective. There are seven techniques that a group or a team can use to arrive at a decision. These are decision made by authority without group discussion, decision by experts, decision by averaging individual's opinions, decision made by authority after group discussion, decision by minority, decision by majority vote, and decision by consensus.

In recent times, most of the decisions in any large organizations are usually taken by a group of people rather than by a single individual manager—however brilliant, bright, or powerful the manager may be. It has been observed that groups are superior to individuals as far as the decision-making effectiveness is

concerned. The two phenomena that are sometimes experienced in a group decision situation are referred to as risky shift phenomenon and groupthink, which can lower the effectiveness of the decision.

While taking a decision, the principle of ethics should also be considered. Sometimes while taking a decision, a person is caught up in an ethical dilemma which does not

allow him to take the right decision for the right person. Some of the principles by which ethical dilemmas can be resolved are might-equals-right principles, hedonist principle, organizations-interest principle, means–end principle, utilitarian principle, professional standard principle, golden rule principle, distributive justice principle, and disclosure principle.

■ Key Terms

Adaptive decision: In the case of adaptive decision, a large number of alternatives are available and the outcome of each of the alternatives is not known.

Analytical decisions: An analytical decision needs to be taken in a situation where a large number of alternatives can be generated because a lot of information is available and the outcome of each of the alternatives can be calculated.

Basic decisions: Basic decisions are the decisions that are taken generally only once, and they have a long-lasting impact on the working of an organization.

Bounded rationality model: This model assumes that people are bounded by certain constraints, and though they may seek the best solution, they usually settle for much less because the decisions they confront typically demand greater information-processing capabilities than they possess.

Brainstorming: It involves the use of groups whose members are presented with a problem and are asked to develop as many potential solutions as possible. Brainstorming is based on the premise that when people interact in a free and uninhibited atmosphere, they will generate creative ideas.

Decision by averaging individual's opinions: This technique consists of seeking individual opinions from the team members and averaging their results.

Decision by consensus: This technique consists of taking collective decisions which are arrived at by an effective and fair communication process.

Decision by experts: This is a technique that involves the usage of expertise of one member from the group and letting him take the decision on behalf of the group.

Decision by majority vote: It involves taking the decision when more than 51 per cent of the members are involved in taking the decision.

Decision by minority: In this process, a small part of the team (minority team), comprising of less than 50 per cent of the membership, takes the decision on behalf of the team.

Decision made by authority after group discussion: In this technique, the group members generate ideas to take a decision and carry out discussions after the group leader invites them to do so.

Decision made by authority without group discussion: Under this method, the leader or the superior takes all the decisions himself without consulting any of the group members.

Decision making: Decision making is defined as the process of choosing between alternatives to achieve a goal.

Decision making under certainty: A decision is made under conditions of certainty when a manager knows the precise outcome associated with each possible alternative or course of action.

Decision making under risk: A decision is made under conditions of risk when a single action may result in more than one potent outcome, but the relative probability of each outcome is known.

Decision making under uncertainty: A decision is made under conditions of uncertainty when a single action may result in more than one potential outcome, but the relative probability of the outcome is unknown.

Delphi technique: This is a technique of decision making which does not require experts to be present at the same venue while the decision is taken.

Development phase: During development phase, there is a search for existing standard procedures, ready solutions or the design of a new, tailor-made solution.

Economic model or rational decision-making model: In the rational decision-making model, it is assumed that people are economically rational and that they are making an attempt to maximize their outcome in all situations.

Ethical dilemma: Ethical dilemma is a situation that requires a person to take a decision on a complex and conflicting problem of ethical behaviour.

Garbage can model: This model assumes an organization to be like a garbage can in which the problems, solutions, choices, players, and opportunities move around randomly. If these factors happen to confront and connect, the decision is made.

Groupthink: This phenomenon refers to a mode of thinking in a group in which concurrence-seeking among members becomes so dominant that it overrides any realistic appraisal of alternative course of action.

Identification phase: The identification phase is the period during which the recognition of a problem and a diagnosis is made.

Implicit favourite: Implicit favourite is an alternative for which the decision maker has preferences over others.

Implicit favourite model or gamesman: The entire process is designed to justify to the individual, through the guise of scientific rigour, a non-programmed decision that has already been made in an intuitive fashion.

Judgement decisions: During the process of taking the judgmental decision, a limited number of alternatives are available to solve the problems but the outcomes of decision alternatives are unknown.

Mechanistic decisions: While taking a mechanistic decision, the decision maker is sure of the decision alternatives and the outcome of each of the alternatives.

Nominal group technique: Nominal group technique does not rely on free association of ideas, and it purposefully attempts to reduce verbal interactions. From this latter characteristic, a nominal group derives its name; it is a group “only in name.”

Non-programmed decisions: Non-programmed decisions are made by an individual using the information available and the individual’s own ability to judge the situation.

Organizational decisions: Organizational decisions can often, if not always, be delegated.

Perceptual bias: Perceptual bias is a process that distorts the evaluation of alternatives and the information associated with it.

Personal decisions: Personal decisions cannot ordinarily be delegated to others.

Programmed decisions: Programmed decisions are routine and repetitive decisions which are normally handled by bureaucratic procedures.

Risky shift phenomenon: Contrary to the popular belief that groups are usually more conservative than individuals, there is abundant evidence to support the proposition that groups make riskier decisions than individuals do.

Routine decisions: Routine decisions are those which are taken on a day-to-day basis and do not have a major impact on the long-term working of the organization.

Scenario planning: Scenario planning involves thinking about the future environment and preparing organizations to anticipate and react to such environment.

Selection phase: During the selection phase, the choice of a solution is made.

Synerctics: The term synerctics is derived from a Greek word meaning “the fitting together of diverse elements.” The basic intent of synerctics is to stimulate novel and even bizarre alternatives through the joining together of distinct and apparently irrelevant ideas.

Systematic evaluation: In this, the decision maker has to follow a logical technique to analyse the alternatives.

Discussion Questions

1. Identify any major decision that you have taken lately. Discuss this decision with the help of the three phases in the decision-making process.
2. Classify different types of decisions that a manager is required to take in his work life. How do the processes of problem complexity and outcome uncertainty affect the classification of decisions?
3. How would you take decisions (a) under conditions of total certainty, (b) under conditions of risk, (c) under conditions of uncertainty?
4. How does economic model differ from rationality model? Discuss with examples from your personal and organizational life.
5. Identify the different means of generating alternatives. What are the principles governing each of these techniques?
6. What are the different models of group decision making? Describe the conditions in which these approaches would be effective? Give examples.
7. What are the advantages and disadvantages of individual and group decision making? Which one would you prefer under normal circumstances and why?
8. Describe the phenomena, which impact the group decision-making process. What steps can be taken to manage them well?
9. How can a manager generate ethical sensitivity and moral awareness among people? What are the principles and rules which have been provided to ethically justify an individual’s decisions?

Field Projects

1. Divide yourself into groups of 3–4. Each group is required to review the seven methods for making team decisions and construct methods that can be generalized to make small-scale and large-scale decisions.
2. In groups of 3–4, make a visit to an organization and identify the ways in which they take decisions whether individually or collectively. Analyse the effectiveness of each of the techniques and relative advantage of one over the other. Prepare a report and present it in class.

Exercise

What Is Your Personal Decision-making Style?

To get a feel of your own personal decision style, fill in the decision-style inventory.

Directions

For each of the following questions, select the one alternative that best describes how you see yourself in your typical work situation.

- When performing my job, I usually look for
 - more practical results
 - the best solutions to problems
 - innovative ideas or techniques
 - congenial work environment
- When faced with problems, I usually
 - try to make a careful analysis
 - make use of approaches that have worked in the past
 - try to make use of the feelings generated
 - try to find an innovative approach
- When making plans, I usually emphasize on
 - the attainment of objectives
 - a focus on the future goals
 - the problems that I am currently facing
 - developing my career
- The kind of information I usually prefer to use
 - relies heavily on specific facts
 - is a broad area of information covering many options
 - is one which is complete and based on accurate data
 - consists of data that are limited and simple to understand
- Whenever I am uncertain about what to do, I
 - try to wait and decide later
 - try to look for facts
 - try to find a compromise
 - try to rely on my intuition
- The people with whom I work best are usually
 - full of ambition and energetic
 - self-confident
 - open-minded
 - trusting and polite
- The decisions I make are usually
 - based on other people's needs and sensitive to them
 - broad in nature and are flexible
 - very abstract and systematic in nature
 - direct and realistic

Scoring Sheet

Sl. No.	Style	Responses for Situations						
		1	2	3	4	5	6	7
1.	Directive	a	b	c	a	d	a	d
2.	Analytical	b	a	a	c	b	b	c
3.	Conceptual	c	d	b	b	c	c	b
4.	Behavioural	d	c	d	d	a	d	a

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CHAPTER 13

Organizational Structure and Design

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concept of organizational structure and design and discuss its functions.
2. Outline and discuss the key factors affecting the structure and design of an organization.
3. Identify the elements of organizational structure.
4. Discuss the traditional form of organizational structure with its advantages and disadvantages.
5. Discuss the contemporary form of organizational structure.

ABC Instruments

Sandeep, the production manager of ABC Instruments, barged into the office of the General Manager Vikas Malhotra in a fit of anger. His contention was that as a company ABC was not able to live up to the expectations of its customers. He felt that some internal problems were giving competitors an undue advantage and holding the company back. Vikas listened to him patiently and then commented that he was aware of the problems and had initiated the process of trying to find solutions.

ABC Instruments, a player in the measuring instruments market, had expanded its product line to include barometers, lie detectors, radiometers, speedometers, and thermostats. In the past, the major percentage of the company's business had been through government contracts. All instruments were produced on the basis of specifications provided by the client. The rest of the business was from the private sector. However, the industry, in general, had been experiencing setbacks in recent years because of the substantial reduction in the industrial production on account of a reduction in demand.

To handle the reduction in business volume, the company started seeking more business from the private sector. It started finding it difficult to secure major contracts. The company's bid costs were usually higher than the cost of other competitors, and the quality not

equal to theirs. The glut of private players in the market and the complex and sophisticated products released by them also proved to be a huge challenge for ABC. Unlike government contracts, which require production of instruments based on client specifications, private contracts require substantial amounts of development, and market study.

The general manager of the firm has indicated that the company is revising its management strategy to cope with the changing technological environment. He is responsible for developing a managerial strategy that will involve several changes in manufacturing, research and development, and marketing. He has expressed interest in inviting a management consulting team to help him formulate a plan. At least, a part of the plan involves organizational redesign.

For Discussion

1. Analyse the changes in the environmental characteristics and information-processing requirements of the company.
2. If you are part of the consulting team, what kind of structure would you recommend to ABC Instruments?
3. What are the other problems in the situation described that have not been discussed?

Introduction

Organizations can be structured in a variety of ways. Some organizations have a simple structure, whereas some have very complex structures. Some have loose structures, and others are tightly organized. The structure of an organization is an indicator of how an organization deals with the forces in its environment—the market or technology. The external and the internal environment of the organization have a determining impact on designing the structure of the organization. This chapter will help us identify the key factors in designing organizations.

The concept of organizational design can be best understood within the context of the definition of organization and the concept of organizational fit. An organization is defined as a system composed of individuals, groups, tasks, and managerial controls. When these factors are compatible with each other, it results in enhanced organizational effectiveness. Organizational design is the process of structuring organizational activities so that the structure is compatible with other organizational components as well as with the external environment.

Important Functions of Organizational Design

The important functions of organizational design are as follows:

The organizational design helps to focus on organizational objectives: The structure of an organization is an indicator of the way the activities of an organization are defined so as to achieve the organizational objectives. The objectives may be structured in terms of a means–ends chain, where the goals of one subunit are the means of achieving the goals of the next higher unit. For example, in a small company that manufactures electronic gadgets, in order to achieve the main objective of earning decent profits, the company may have to structure itself into three major subunits—production, sales, and research. The production department’s objectives will be to produce a certain quantity of gadgets at a low cost. The sales department will be responsible for marketing the product to increase the market share, and the research department will be responsible for studying the market and generating innovative products depending on the requirement. So, all the three operations will ultimately lead to the corporate objective of making profit. Figure 13.1 depicts the structure of such an organization.

The organizational design helps to divide the organizational activities into various groups: The organization is divided on the basis of the concept of division of labour, which is concerned with the extent to which the jobs are divided to permit some degree of specialization (Smith 1976). It helps an employee to focus on a number of manageable tasks rather than taking care of a whole array of tasks. By being focused on some special tasks, the employee becomes proficient in that task and gains expertise, which leads to increase in production efficiency. Division of labour also helps to bring in differentiation in professional groups. Untrained employees can be placed to do more routine and simple tasks, while complex and

Organization: An organization is defined as a system composed of individuals, groups, tasks, and managerial controls.

Organizational Design: Organizational design is the process of structuring organizational activities so that the structure is compatible with other organizational components as well as the external environment.

Important Functions of Organizational Design:

- It helps to focus on the organizational objectives.
- It helps to divide the organizational activities into various groups.
- It helps to provide a system of coordination.

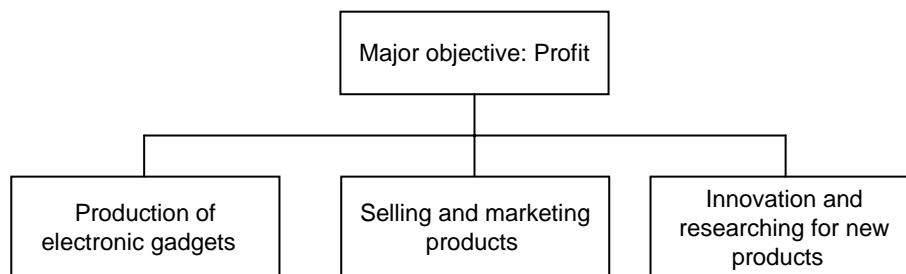


Figure 13.1
Means–Ends Chain
Structure



Courtesy Parimal Joshi. Reproduced with permission.

difficult tasks can be handed over to specialists and skilled employees. People and tasks can be divided into groups in different ways that become the basis for different types of organizational structure.

The organizational design also helps to provide a system of coordination (Thomson 1967): To achieve the overall goals of the organization with the concerted efforts of the organizational sub-units, a system of coordination is essential. As the size of the organization increases, the importance of a coordinated system enhances further. There are a number of ways in which the activities of an organization can be coordinated. These are:

1. **Organizational hierarchy:** The hierarchical structure of an organization helps a senior manager to coordinate the activities of its organizational units and sort out the problems faced by his subordinates, if any.
2. **Rules and procedures:** Rules and procedures prepared in advance help to resolve the coordination problems between organizational units. They become a reference point for the problems that emerge in the functioning of an organization.
3. **Coordinating agents:** The role of the coordinating agent or the committee is to resolve any problem or difference that may occur between groups.
4. **Self-contained project groups:** People from different functional units can be brought together to resolve any problems due to coordination that may arise during the execution of the project.

Factors Affecting the Organizational Design

Organizational structure and design should not be thought of simply as static, mechanical arrangement of boxes and lines of reporting relationships symbolizing the organizational structure. There are a few key factors that play a vital role while designing an organizational structure.

Environmental Factors

The environment in which an organization operates influences its structure. Burns and Stalker (1961) identified mechanistic structures for the organizations that operate in a stable environment and a flexible or organic structure for the organizations that operate in a dynamic environment. Mechanistic structure is characterized by features such as bureaucracy, specialization, centralization, and formalization, while the organic structure is relatively flexible and adaptive and is characterized by lateral communication and exchange of information.

Duncan (1972) proposed another model of environmental typology which operates on the basis of two dimensions of the environment, namely stability and complexity. Stability refers to the predictability in the environmental forces, that is, in resources, market, technological development, economic conditions, and so on. Complexity refers to the variability of environmental forces that an organization has to deal with. Duncan proposes that the lowest perceived uncertainty occurs in a simple static environment in which there are few factors that are unpredictable and changing. A functional organizational structure is most apt to deal with such an environment. The highest perceived uncertainty is experienced by organizations operating in a complex and dynamic environment, in which a large number of factors are unpredictable. In such a structure of environmental uncertainty, an organic structure which is flexible and adaptive is proposed. A moderately perceived uncertainty is, then, found in organizations operating in a simple–dynamic or a complex–static environment.

Stability: Stability refers to the predictability in the environmental forces, that is, in resources, market, technological development, economic conditions, and so on.

Complexity: Complexity refers to the variability of environmental forces that an organization has to deal with.

Technological Factors

Technology plays a very important role in determining the structure of an organization. Rapid advances in technology—especially information technology—have had tremendous impact on management practices and organizational design. When the technology is simple, the organization can continue to have a simple structure and design, but with the current digital revolution, manifest by the combination of information technology and wireless telecommunication symbolic of the new economy, work and organizations need to transform. Today, people are united independently of time and geography through tools such as interactive databases, teleconferencing, e-mails, the Internet, and groupware. Electronic business (e-business, or e-commerce) makes corporate boundaries transparent, by enabling employees, vendors, and customers to be connected through a network of electronic transactions that enables instant and simultaneous access to the same data and information (Schneider and Perry 2000). This results in designing an organization that is not bound by boxes and lines.

Technology: Technology includes the scientific knowledge, processes, systems, and equipment used to create products and services that enable people to do their jobs efficiently and quickly.

A study of more than 75 networked companies concluded that when work is carried out through information networks, organizational structure is bound to change (Stewart 1994). Technology enables people to be in direct contact with each other, thereby surpassing the managerial hierarchy. Technology enablers try to bring down the structure of the organization to a flatter form, and they also dilute the traditional roles that a manager is supposed to play in the organization. Employees lower in the hierarchy may be more talented and informed than their superiors.

Technology includes the scientific knowledge, processes, systems, and equipment used to create products and services that enable people to do their jobs efficiently and quickly. It leads to the enhancement of human productivity and also continuous improvement. Some examples of technological processes and systems that have led to the transformation of work and organizational designs are enterprise resource planning (ERP), statistical process control (SPC), manufacturing resource planning (MRP), just-in-time (JIT) inventory, management information system (MIS), and electronic data interchange (EDI).

Organizational Size

It has been observed that larger organizations have structures that are different from smaller organizations (Mintzberg 1976). Larger organizations, because of their size, require more number of employees with specializations, enhancing the requirement of coordinated efforts. This need for extensive coordination induces a high degree of formalization and standardization in work procedures. In the case of larger organization, the degree of informal communication decreases (Stewart 1997). The decision-making power is passed on to employees at the lower levels as the senior managers do not have enough time to deal with narrower issues, therefore, resulting in a decentralized structure.

Organizational Size: Larger organizations require more number of employees with specializations enhancing the requirement of coordinated efforts. This need for extensive coordination induces a high degree of formalization and standardization in work procedures.

Organizational

Strategy: Organizational strategy refers to the way the organization positions itself in relation to its stakeholders, given the organization's resources, capabilities, and mission.

Organizational Strategy

Organizational strategy refers to the way the organization positions itself in relation to its stakeholders, given the organization's resources, capabilities, and mission (Kilman 1984). In addition to the external environment, technology, and size, the structure and design of the organization gets affected by the strategic choices that managers make, formulate, and implement. Managers within the organization attempt to give shape to the design and structure of the organization based on interactive influence of different factors.

Alfred Chandler (1962), in the early 1960s, proposed that structure follows strategy. The decision maker of the organization develops the growth strategy that becomes the basis for designing the structure of the organization. This conclusion by Chandler has helped organizations choose environments that they want to operate in. A *differentiation strategy* adopted by an organization focuses on delivering unique products to attract customers. It tries to add distinct features to their products so as to attract attention. A business adopting *cost leadership strategy* tries to maximize productivity and offer popular products or services at competitive prices. The strategy selected leads to the selection of organizational structure. A cost leadership strategy calls for a mechanistic structure with standardized rules and procedures and high level of job specialization. A differentiation strategy would require an organic or team-based structure with less formalization and centralization so that products can be tailor-made according to the requirements of the customers.

Therefore, it can be concluded that the design of an organization is influenced by the external environment, technology, size, and the strategy adopted by the organization. Box 13.1 profiles the new organizational structure adopted by Tata Consultancy Services (TCS).

BOX 13.1 NEW ORGANIZATIONAL STRUCTURE AT TATA CONSULTANCY SERVICES

Asia's largest industrial conglomerate Tata Consultancy Services, a part of the Tata Group, offers software and consultancy services. The company employs over 108,000 of the world's best-trained IT consultants in 47 countries and generated consolidated revenues of US \$4.3 billion in 2007. It provides IT services, business solutions, and outsourcing solutions to a large number of global clients. The services are provided through a unique Global Network Delivery Model, which is a benchmark in software development. It offers a consultancy-led, integrated portfolio of IT and IT-enabled services with the help of the global delivery model.

In February 2008, TCS announced its decision to restructure its organization. The reorganization is aimed at enhancing its global operations by developing customer-centric units. The objectives of these customer-centric units are to enhance customer focus, encourage operational dexterity, and focus on the new growth opportunities in the country. This will provide the customer with a single window of contact with TCS and help them keep a record of project delivery and have a sharper focus. Since each customer-centric unit will act as an independent entity, the possibility of developing leaders at all levels is also high. Besides, future leaders of the company will be able to hone their leadership skills by running independent, customer-centric units. They will be empowered to run their units with growth and profit responsibilities.

According to S. Ramadorai, CEO and MD of TCS, this step was essential as the size of the organization was increasing

consistently and the company was losing its agility to work faster. A structure that could cater to the demands of the present-day environment had become essential. This new structure is expected to aid in the evolution of a framework that is scalable for growth across markets and improve the company's focus on strategic initiatives like asset-leveraged solutions, a platform-based BPO as well as other new initiatives.

The new structure will also aid in improving customer satisfaction as it will improve interface with customers. The structure will also allow the company to adapt to specific customer and market requirements while ensuring a uniform global service delivery model. Since this model will contain all domains of delivery and technology expertise, there will be greater collaboration with the customers. As per the new structure, three strategic growth business units, namely TCS financial solutions, small and medium business solutions, and a new platform BPO solutions, operating as independent units will leverage on TCS sales, delivery, and customer relationships. These independent units will be supported by a common group of organizational infrastructure units, such as the technology excellence, process excellence, resource management, and shared services groups.

Source: "TCS Unveils New, Agile Organization Structure", Press Release, 12 February 2008. Available at www.tcs.com (accessed November 2008).

Elements of Organizational Structure

The structure of an organization is not constant. It requires extensive balance between opposing forces, needs, and goals. These opposing forces make the organizational design very challenging as there is always an accord required between elements like centralization and decentralization, autonomy and control, and differentiation and integration.

Centralization and Decentralization

This refers to the focus of decision-making pattern in the organization. Centralization is the concentration of authority and decision making towards one of the centres, mainly the top of the organization. Decentralization is the process of relinquishing authority and decision making to the functional units of the organization. Most organizations have varying degree of centralization and decentralization in their design. Organizations that are large in size with highly competent and skilled employees generally delegate decision making to the lower echelons in the system, thereby giving room to greater participation and less centralization (Connor 1992).

If these firms resort to a centralized structure, their hierarchical structure begins to restrain the effectiveness of the organization over a period (Maynard et al. 1992). In a fast-changing and competitive environment, a centralized structure has a very slow response rate and is not able to adapt to the desired environmental increments. The Tata Group, Infosys, Microsoft, or Unilever would not have been so successful and adaptable if they were being managed by a centralized structure.

As environmental complexity and uncertainties increase, organizations move towards more decentralized control to promote adaptability and effective decision making (Alexander 1991). In such instances, normally the major policy decisions such as resource allocation, investment issues are taken care of by the top management, whereas decisions that can involve the implementation of strategies and policies are delegated to local or lower-level managers. For example, it is found that in banks, loans up to a certain amount can be sanctioned by branch managers, but loans higher than a certain amount can be sanctioned only after central office approval.

Autonomy and Control

A very important element of organizational design is to strike a chord between maintaining control and giving autonomy to employees. In a controlled structure, managers are bound by certain contracts in the form of defined parameters and requirements of approval from higher authorities before proceeding to take a decision or action. In a more autonomous system, organizations are focused to grant power and responsibility to followers to initiate innovative actions that result in the improvement of processes and performance. Such organizations have belief in the competency and ability of their employees and believe that by giving freedom to people, they will encourage their employees to do what is right. People who are closer to action and have information feel liberated in such an environment and generally take responsibility for producing favourable results.

Within an organization, different departments tend to practise different degrees of autonomy and control. For example, managers in the production unit may be able to work in a controlled environment, while those in sales or research and development may require considerable autonomy because the results require individual initiative and creativity. Box 13.2 discusses management by autonomy practised at Johnson & Johnson.

Differentiation and Integration

Differentiation refers to the orientation that employees have towards the subunits of an organization either for a particular departmental function, or discipline. Integration, on the other hand, refers to the orientation towards the overall picture of the organization where the focus

Centralization: Centralization is the concentration of authority and decision making towards one of the centres, mainly the top of the organization.

Decentralization: Decentralization is the process of relinquishing authority and decision making to the functional units of the organization.

Autonomy: In a more autonomous system, organizations are focused to grant power and responsibility to followers to initiate innovative actions that result in the improvement of processes and performance.

Control: In a controlled structure, managers are bound by certain contracts in the form of defined parameters and requirements of approval from higher authorities before proceeding to take a decision or action.

BOX 13.2 MANAGING BY AUTONOMY AT JOHNSON & JOHNSON

Johnson & Johnson, a large diversified pharmaceutical firm with hundreds of product lines, is structured into more than 160 independent business units. Each unit is an autonomous entity in itself, and the president of the unit is given total autonomy to run under a consistent code of ethics. Each unit is structured as a small self-growing unit that is ethically responsive to market forces. A former president once remarked, "I work at my own pace. I don't get distracted by the management." Senior management

at Johnson & Johnson does not create any hindrance for their divisional needs, and each unit prepares its own market plans and manages its research and development. This provides each unit with a sense of ownership of the business and an entrepreneurial motivation to be aggressive in the pharmaceutical market place.

Source: Weber, J. (1992). "A Big Company that Works", *Business Week*, 4 May, pp. 124–132.

Differentiation: Differentiation refers to the orientation that employees have towards the subunits of an organization either for a particular departmental function or discipline.

Integration: Integration refers to the orientation towards the overall picture of the organization where the focus shifts from the smaller subunits to the entire organization.

Mechanistic Structure: A mechanistic organization is highly structured and formalized, leading to conforming behaviour to handle routine functions within an essentially stable environment.

Organic Structure: An organic organization relies on the adaptive capacities of individuals, facilitated by empowerment and a collaborative network, to cope with dynamic internal and external forces.

shifts from the smaller subunits to the entire organization. Integrative forces emphasize on the coordination between the different subunits of an organization and integrate them into a complete whole.

Differentiation in organizations leads to specialization and functional expertise, whereas integration brings in synergy and coordination. Both are important for the organization, in the sense that differentiation leads to the development of competence and expertise in specific areas, whereas integration results in bringing these specialties into a totality giving it a "complete picture." When organizations operate under the realm of differentiation, the mind-set of the managers differ in goals, time horizon, and interpersonal styles across departments, leading to differences in the formality of the structure. For example, the manufacturing and production departments of an organization have goals focused on productive efficiency with a short time horizon and task-based style of management, while the marketing department of the same organization focuses more on customer relations with a more person-focused style of management. Each department tries to struggle over the other department in the pursuit of their own goals leading to explicit and implicit conflict. With increased differentiation in organizations, the roles get messed up by pushing the decisions in upward direction and actions thrust down the hierarchy.

With the advent of globalization and advancements in IT, the notion of integration has started gaining importance. The success of an organization today is measured in terms of the fulfilment of expectations of customers, shareholders, and other stakeholders. Collaborative processes in the form of team work have become more relevant for the success of the organization. Cross-functional teamwork has become more pronounced with increased technological complexity, the speed-up of product introduction, and the need for flexibility in producing customized products and services for the customers (Dean and Susman 1989).

According to Lawler (1992), "under these conditions work teams simply allow more decisions and more coordination activities to be pushed lower in the organization particularly if the production or service process is complicated and involves a number of steps." The concept of integration also helps balance the autonomy and control trade-offs when the quality and speed of decision making are critical (Keidel 1990).

Mechanistic and Organic Structure

A mechanistic organization is highly structured and formalized, leading to conforming behaviour to handle routine functions within an essentially stable environment (Pasmore et al. 1982). An organic organization relies on the adaptive capacities of individuals, facilitated by empowerment and a collaborative network, to cope with dynamic internal and external forces (Hackman 1989). As we have moved on in the twenty-first century, there is an accelerated movement from a tightly structured mechanistic approach to a more flexible and adaptable organic structure. The mechanistic structure has been associated with bureaucracy, whereas organic features have been described using many labels: open-system virtual organization, high-involvement organization, among others (Bergquist 1993). The differences between the mechanistic and organic structures have been listed in Table 13.1.

Table 13.1 Differences Between Mechanistic and Organic Structures

Mechanistic Structures	Organic Structures
1. Have narrow span of control	1. Have wider span of control
2. Have high degree of formalization	2. Characterized by little formalization
3. Centralized decision making	3. Decentralized decision making
4. Follow strict rules and regulations	4. More flexible and adaptable
5. Vertical communication flows	5. Communication flows in all directions
6. Tasks are rigidly defined	6. Tasks are more fluid
7. Task altered only with the sanctions of higher authority	7. Task can be altered according to situations and needs
8. Operate best in stable environments	8. Operate best in dynamic environments

In conclusion, it can be stated that advancements in IT, globalization, changing workforce, and other factors have strengthened the need for more organic structures that are flexible and responsive to these changes. Moreover, the era of knowledge management characterized by information sharing rather than hierarchy and status is more consistent with the organic structure (Lam 2000).

Mintzberg's Description of Organizational Structure

Mintzberg's (1979) description of organizational structure consists of dividing the tasks in the organization and then coordinating them. There are five different approaches by which tasks can be coordinated. These are:

1. Mutual adjustment: When employees use informal communication to bring about coordination between each other's efforts, they are said to be operating through mutual adjustment. This is a typical feature of small organizations where employees have the flexibility and scope of having informal interaction.

2. Direct supervision: With the increasing number of employees in the organization, the process of coordination becomes very difficult. To coordinate the activities of employees in such situations, direct supervision is required. In this, the supervisors coordinate the efforts of the subordinates to get the work done.

3. Standardization of employee skills: Training helps employees develop a skill set that is required in a particular situation which is then standardized. For example, in a bank, each employee has developed certain skills to provide a coordinated service to the customer.

4. Standardization of the work process: The work process refers to methods used to transform inputs in the organization to outputs. Generally, most organizations have the work process in place.

5. Standardization of outputs: The outputs of employees in the form of product, service, and performance have to meet the required standard or specification. This standardization can be achieved by using standard procedures or by giving outcome specifications to the employees so that they don't move away from the norms.

Standardization of the skills, procedures, and the outcomes is generally done with the help of staff specialists and are looked after by line management so that the desired performance can be achieved. In large organizations, all the five approaches are used to coordinate the activities of the employees.

According to Mintzberg, these five approaches combined with the dimensions of organizational structure lead to five different forms of organizations. These are:

1. Simple structure: This structure is more applicable in dynamic but not complex environments. There are no specializations, there are very few formal rules and policies, and there is centralization of authority and decision making. Direct supervision is used as a main coordinating mechanism. Organizations are required to adapt quickly to the demands of the environment.

Simple Structure: This structure is more applicable in dynamic but not complex environments.

Machine Bureaucracy: This is more applicable in large organizations in a simple and stable environment.

Professional Bureaucracy: In a stable but dynamic environment, professional bureaucracy is likely to survive more effectively.

Divisional Forms: When the organization has to cater to different markets or clientele, the divisional form is the best structure.

Adhocracy: Organizations that operate in dynamic environments and situations of high technical complexity adopt adhocracy as their form of organization.

2. Machine bureaucracy: This is more applicable in large organizations in a simple and stable environment. There is a high degree of specialization and well-established ways of working. The main coordinating mechanism is standardization of procedures. A large government organization can be categorized under this category.

3. Professional bureaucracy: In a stable but dynamic environment, professional bureaucracy is likely to survive more effectively. The main coordinating mechanism is standardization of workers' skills. In such organizations, professionalism and expertise of employees is given importance and there is horizontal specialization. Universities and professional firms are grouped under this form of organization.

4. Divisional forms: When the organization has to cater to different markets or clientele, the divisional form is the best structure. Each division of the organization has a simple machine bureaucracy structure as they have to survive in a relatively stable environment. The main coordinating mechanism is the output of products and services.

5. Adhocracy: Organizations that operate in dynamic environments and situations of high technical complexity adopt adhocracy as their form of organization. In such forms, experts enjoy all the powers, and decision making is spread throughout the organization. The experts are attached to the projects with strong market orientation. Coordination is through mutual adjustment, and a lot of importance is given to personal communication to achieve the objectives of the organization.

Basic Organizational Design Structures

The major responsibility for any enterprise employing more than a specified number of people is to assign tasks and duties to individuals and groups (whether in the form of departments, teams, or work units). These duties and responsibilities have to be arranged in a structure that would help employees integrate into a complete whole and propel them to work towards actions that would be instrumental in achieving the mission and objectives of the organization. Organizational design is one of the key functions of management and is the process of assigning responsibilities and structuring work for the purpose of supporting enterprise goals, objectives, and strategies.

Organizational designs have some important functions in organizations (Mohrman and Cummings 1989). These are:

1. Organizational design leads to division and grouping of tasks.
2. They act as a network to convey information.
3. They act as a structure for locating decision centres or authority.
4. They act as processes for coordination, control, and conflict resolution.
5. They act as a means to link the work units with external stakeholders like customers and suppliers.

As has been discussed earlier, organizational structure is more than an array of boxes and charts. It represents a pattern or authority and responsibility relationship between the members of the organization, the flow of communication process in the organization, and a system of task differentiation and integration. As the organization grows, the activities of the organization get differentiated in the form of projects or products, which increases the complexity of the structure. A complex structure is characterized by increased information collection, high task complexity, and uncertainty. This requirement has a significant impact on the selection and design of organizational structure (Galbraith 2000). The structure of the organization can be broadly divided into two categories:

1. Traditional organizational structure
2. Modern organizational structure

Traditional Organizational Structure

Traditionally, organizations have been structured around four paradigms: function, geography, product, and customers. The arrangement of the chosen structure is presented in the form of an organizational chart. Depending upon the choices about the strategy that organizations make, different organizational designs and structure are appropriate, for one simple reason—different designs produce different behaviours and different outcomes (Lawler 1992).

To discuss the traditional organizational structure, we take the help of a hypothetical organization Synergy India Incorporated (SI), which has grown in complexity over a period of time. The business started as a small unit and then grew into a large organization as a result of growth in business and enhanced customer demands.

Functional structure A functional structure organizes employees around specific functional areas. People who have specialized skills are grouped into similar units: for example, those with marketing expertise are grouped under the marketing unit, and those with production expertise are grouped under the manufacturing unit. The founders of SI grouped its essential activities into three main functional areas: production, sales, and finance.

Figure 13.2 shows this simple structure consisting of three departments responsible for specialized activities under which they are grouped.

The role of the production department will be to take care of the manufacturing issues of the product being developed by SI, while the sales department will focus on sales-related issues and customer satisfaction. The finance department will cater to the issues related to the expenditure and investment.

Advantages and disadvantages of the functional structure Functional structure helps people foster professional identity and clarifies career paths. Because of the high degree of specialization, the organization has greater expertise. The functional structure also prompts people to keep up with the latest technical developments in their field of specialization. It also brings in the advantage of direct supervision as managers have similar backgrounds as their employees and the employees approach them with familiar problems and issues. It also serves as a common pool of talent which serves everyone. Another benefit of functional structure is that it also creates economies of scales as the same functional department serves the requirement of the entire organization (Robey 1991).

The major disadvantage of functional structure is that it tends to focus more on the attainment of the goals of the subunit rather than on organizational goals. Unless people are moved from one functional unit to another, they fail to develop an overall connection with the organization. They would have dysfunctional conflict and lack of coordination with employees of another unit. These situations require substantial formal control and coordination. Another disadvantage is in the form of extreme specialization that creates tunnel vision. Decisions that are complex or require coordination between two units get slowed down, and this has a detrimental impact on the quality of the product and customer satisfaction. The functional structure also limits the process of developing broad-based general managerial skills, because of the specialized experience of functional managers.

Geographical or territorial structure As an organization grows in terms of its size, it spreads to new regions or territories. An organization may expand to nearby regions if it is relatively moderate in operation or may spread on a global level, expanding to other countries

Functional Structure: A functional structure organizes employees around specific functional areas.

Geographical or Territorial Structure: As an organization grows in terms of its size it spreads to new regions or territories. An organization may expand to nearby regions if it is relatively moderate in operation or may spread on a global level, expanding to other countries as well.

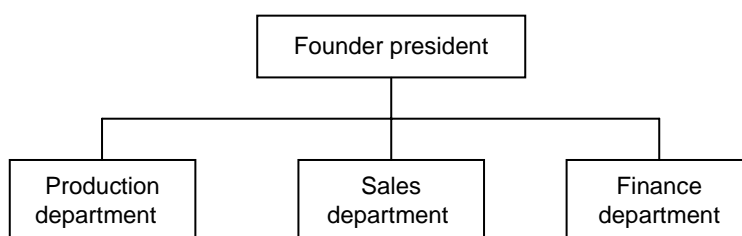


Figure 13.2
Design of a Functional Structure

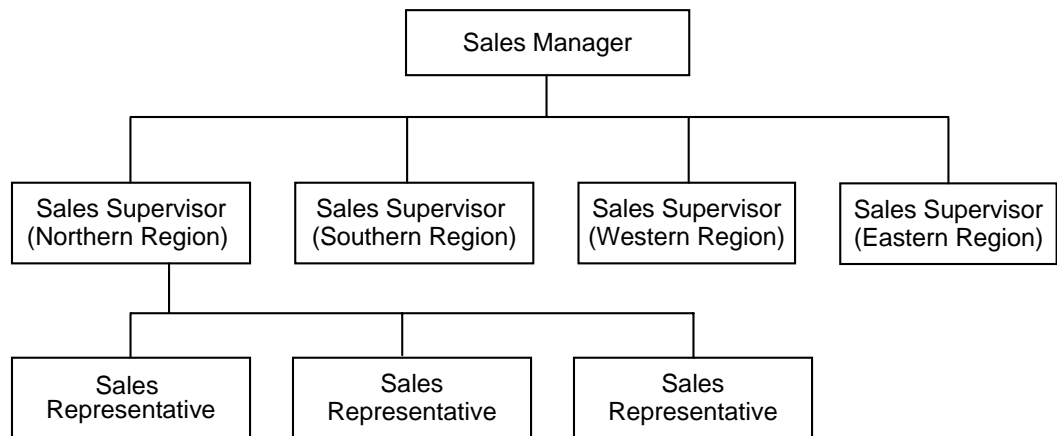


Figure 13.3 Organizational Structure by Geography and Territory

as well. If SI decides to spread its operations to nearby cities to enhance its sales activities, it can appoint an individual to be the overall in charge of this operation and select supervisors for different cities. The structure of the organization based on geographical design would appear like the one shown in Figure 13.3.

In Figure 13.3, the offices of each of the regions could be located in one of the cities of the region. As a result of this, each region will have greater autonomy and will be focused on increasing the market penetration in its particular locations.

Advantages and disadvantages of design by territory This kind of structure will be very well suited for organizations which fall under the category of retail chain or fast-food restaurants as they can adapt to the market conditions of the region. Geographical structure also promotes competitiveness and quality. It helps to create many profit centres where local managers are responsible for both revenues and expenses. However, a survey of executives indicates that geographic design is on a decline as information technology has reduced the need for local representation. Clients can now make their purchases through the Internet and communicate with anyone throughout the world (Davenport et al. 2001).

On the negative side, it becomes difficult to maintain the consistency of image and service by a geographic design. There is a dilemma with respect to the amount of control to be given to local managers versus exercising it centrally. This will depend upon the size and the complexity of the territory being managed. A company like Nestlé or Pfizer International (with operations in a number of countries) will require more autonomy as compared to a local company such as Max Health Care with relatively limited operations. The importance of geographical designs has also decreased because of the possibility of free trade, which has cut down on government intervention. For example, Nortel Networks shifted from geographic to client division structure as fibre optics and telecommunication systems developed more global standards with less governmental intervention.

Customer- or Market-based Organizational Design: As the number of products being delivered by the company increases, it is generally found that the customer or the market may become the basis for designing the structure of an organization.

Customer- or market-based organizational design As the number of products being delivered by the company increases, it is generally found that the customer or the market may become the basis for designing the structure of an organization. As the demand for different products increase, the company may decide to go in for a customer- or market-based structure. Within each regional territory, different types of product lines may be required, each requiring a different market channel for serving the customers. This structure enables the staff to focus on the unique sales/service requirement for each type of customer or channel of distribution.

Figure 13.4 illustrates the organizational structure based on customer/market demands, grouped into custom sales, retail sales, and institutional sales.

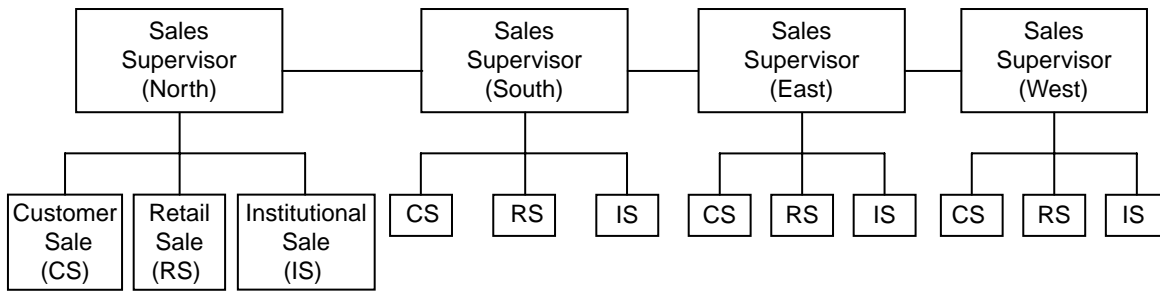


Figure 13.4 Organizational Design by Customer/Market

Advantages and disadvantages of customer-based designs This type of design is generally used in combination with one or other designs. The advantage of this structure is that it keeps in focus the demands of customers and the quality of the service to be provided to them. It also helps to maintain high employee involvement. A company which organizes profit centres around its customers makes it easier for the organization to align its employees with an external customer who gives feedback and makes purchasing decisions (Lawler 1992). Customer focus enables the competitive market to modify the behaviour of employees.

The disadvantage of this structure is that it requires duplication of effort, especially the marketing and the sales effort, with two or more groups selling the same product to different customers. Another challenge is that of having to maintain the product expertise while maintaining a single voice with the customer.

Product-based organizational design Product-based organizational design is based on the uniqueness of the product or the service it renders to customers or clients. A typical product-based structure would be as shown in Figure 13.5.

Advantages and disadvantages of product-based organizational design In large business firms involved with multiple product lines, such as Unilever, decentralization on the basis of product line generates entrepreneurial behaviour. Each unit begins to function as an independent entity. Product-line executives have profit centre responsibility to reinforce accountability.

The disadvantage of the product-based structure is the difficulty in coordinating related activities across business units. There are chances of conflict between colleagues over the availability of resources in terms of money or staff. If they share the same technology for research and development of the product, there are chances of losing economies of scales. In addition to these, some duplication of specialization is inevitable. Box 13.3 describes how and why Bharti Enterprises developed a new apex-level organizational structure.

Product-based Organizational Design: Product-based organizational design is based on the uniqueness of the product or the service it renders to the customers or clients.

Modern Organizational Structure

Most of the structures discussed earlier are more compatible in environments that are static and do not face radical changes. In today's environment that is full of challenges, threats, and opportunities, these structures may not be able to serve the purpose. The best design

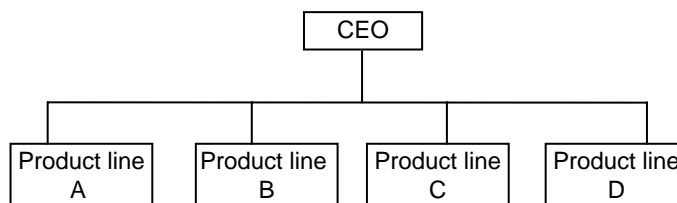


Figure 13.5 Product-based Organizational Design

BOX 13.3 APEX-LEVEL ORGANIZATIONAL STRUCTURE AT BHARTI ENTERPRISES

Bharti Enterprises, a pioneering force in the telecom sector with many firsts and innovations to its credit, unveiled a new apex-level organizational structure in March 2007. The new structure reflects Bharti's strategic objective to lead, build, and grow in businesses that make a positive difference to the lives of people. The group has interests in various sectors like telecom, agro-business, insurance, and retail. As per the new structure, Bharti Enterprises would play a supervisory role and act as the strategic architect of all businesses under the group.

The directors of the group have been assigned specific areas, and their roles will be to review the performance of business, maintain relations with joint ventures, and provide assistance in the form of funding and external alliances. Directors are also required to take ownership across the

various businesses of the group. They provide functional vision, strategic direction, and support to companies focusing on synergies and best practices. They develop a medium- to long-term strategy for their respective functions and are a group resource for all functional teams. Bharti has also institutionalized three group-level governing bodies to reinforce its best-in-class governance model. These are the Bharti Management Board, the Group Finance and Audit Council, and the Bharti Management Council. Bharti aims at building a diversified conglomerate of the future by unveiling a new structure and governance model.

Source: Adapted from "Bharti Enterprises Announces New Apex-level Strategic Organizational Structure". Available at www.airtel.in (accessed November 2008).

of an organization depends on the nature of environment, the strategy chosen by the top management, and the degree of technological interdependence between the groups in the organization. In the wake of these factors, several more modern organizational designs have been identified which include matrix, network, and virtual designs. These have emerged in response to certain deficiencies in traditional structures.

Matrix Structure: A matrix organization consists of dual responsibilities and reporting relationship connecting the chosen functions with specific products or projects.

Matrix structure A matrix organization consists of dual responsibilities and reporting relationships connecting the chosen functions with specific products or projects. The concept of matrix structure evolved in aerospace and was used where people with functional expertise needed to be temporarily assigned to a project, and once the project got over, they would be reassigned to another project (Mohrman et al. 1995). Figure 13.6 presents an overall view of a matrix organization.

In a typical matrix structure, each project is guided by a project manager till the project is over. The responsibility of the project manager is to oversee the project from its beginning till its end. It consists of completing the project on time, on budget, and meeting all essential requirements. For carrying out all these responsibilities, the project manager has to depend on pulling talents from specialized functions and assigning them to respective projects. The role of the functional manager in this situation is to ensure that staff assigned to a particular project is adding value to the respective project. The functional specialists (staff from production, finance, and the marketing department) contribute to the needs of the project and also have an interface with functional managers. Those specialists have a dual reporting relationship, one with the project manager and the other with their functional manager. These employees need to have very strong conflict-management skills as at times there are differences in perspective and priority.

Advantages and disadvantages of the matrix structure One of the foremost advantages of matrix structures is that it usually optimizes the use of resources and expertise, making them ideal for project-based organizations (Knight 1976). Matrix structures lead to enhanced efficiency, improved communication, and project flexibility. They help staff to develop proficiency in the particular area of work under the project while retaining their functional specialization.

The major disadvantage of this structure is that it requires coordination between units and departments. The notion of dual authority may lead to the dilution of accountability. It may also create lots of conflict, stress, and politics in organization (Calabrese 1997). The role

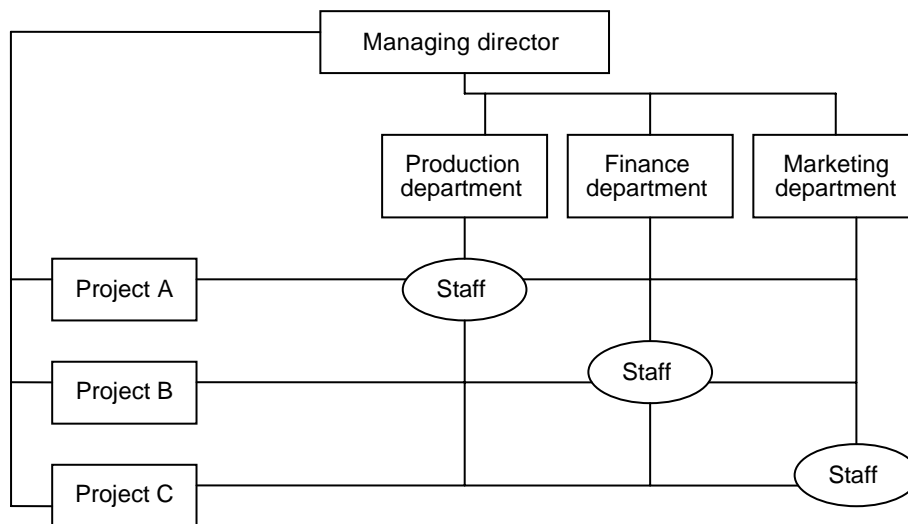


Figure 13.6
The Matrix
Organizational
Structure

of head of the project unit becomes very important as he has to coordinate the performance of staff from different functional units with different perspectives and orientation. Since it is a very fluid structure, many employees have difficulty adapting to it, more so if they have felt comfortable in the traditional structure.

Sometimes, the power struggle between the functional manager and the project manager can lead to instability in the organization. Functional managers may form coalitions to sabotage or undermine the performance of project managers. Matrix structure also requires extensive training on the part of the managers to function in such a complex environment. The training has to be aimed towards developing a set of interpersonal skills, leadership skills, group processes, and conflict-resolution skills in the team.

Network structure A more recent trend in organizations is to focus more on core competencies and hire the services of other organizations to take care of the non-core aspects of their business. The contact with these companies is through a networked structure. The inclusion of a particular company in the network is not permanent, and companies can be added or deleted from the structure as per the requirement. Common examples are the structures of Nike and Reebok, which have earned a name for themselves in the field of sports-related goods, especially footwear. Nike does not have a production facility of its own, and Reebok does not have any plants. They hire the services of cheap and available labour in countries such as Taiwan and South Korea while retaining the core competency which is to keep in mind the changing tastes of customers and their expectations. This is an example of a network structure.

A network structure focuses on sharing authority, responsibility, and resources between people, departments, and/or other organizations that must cooperate and communicate frequently to achieve common goals (Sparrowe et al. 2001). In a network structure, the organizations are mutually interdependent. There is no system of exhibiting authority relationships. A network structure would be successful in situations where the organization is able to prove its distinctive competence over its competitors. Each and every member of the network structure should have a sense of responsibility towards achieving the tasks of the organization. They should be able to channelize their communication openly and rely on common goals. Effective use of IT plays a very vital role in the effectiveness of network structure. Most of the communication between the collaborating parties is through e-mail, voice mail, mobile phone, fax, teleconferencing, LAN (local area network), and WAN (wide area network). The collaborating partners rely on the trust that comes from the belief that each individual is a part of the network structure, that resources are controlled by the other and gains can be obtained by pooling these resources, and having a win-win outcome for all those involved.

Network Structure: A network structure focuses on sharing authority, responsibility, and resources among people, departments, and/or other organizations that must cooperate and communicate frequently to achieve common goals.

A network structure will be able to create a system of effective relationships like the best marriages by meeting the criteria of eight I's (Kanter 1994). They are:

1. Individual excellence
2. Importance
3. Interdependence
4. Investment
5. Information
6. Integration
7. Institutionalization
8. Integrity

All the partners involved should be strong and able to contribute something valuable to the relationship. This relationship should be considered important by all the participating partners, and they should be complementing each other's skills and abilities. They should agree to provide long-term investment that will help equalize benefits and costs over time. Communication and information should be openly shared to achieve the desired goals, and partners should be able to develop linkages with each other by becoming teachers and learners simultaneously. The relationship should be backed by a formal status not to be broken on the slightest of provocation. The design should have strong employee social ties and shared values that indicate a high degree of trust.

Advantages and disadvantages of network structure Network structures offer flexibility in operations by bringing on the benefits of the organic structure. They can adapt themselves well to environmental requirements and realign themselves. This structure also leads to high efficiency as the core firm is able to represent it globally and hire the best people with the best technology. In fact, the pressure of global competition has led to the success of network structure, and advancements in technology have made it possible (Christie and Levary 1998). One of the major disadvantages of network structure is that the core firm becomes dependent on the market forces. The competitors in the market may try to buy the partners or the subcontractors causing considerable damage to the firm. Sometimes excessive use of information technology does not allow for the degree of control that the organization would have if all the services were being operated from within the house.

Virtual Organizations: A virtual organization tends to coordinate and link people from many different locations to communicate and take decisions on real-time issues.

Virtual organizations A variation in the network structure organization has been referred to as virtual organization. A virtual organization tends to coordinate and link people from many different locations to communicate and take decisions on real-time issues (Markus et al. 2000). This type of organization is characterized by electronic linkage between various organizations (suppliers, distributors, and manufacturers) to share cost, expertise, skill, and access to market. It generally makes use of videoconferencing facility, interactive boards, scanner, and faxes to work together. This is the latest type of structure being used in organizations. It permits the manager to change the structure quickly to confront environment challenges. Boundaries between the organization and its customer are not rigid, and customers may feel that they are a part of the company. General Electric in the 1990s proceeded to remove both internal and external boundaries both with customers and suppliers, by eliminating the chain of commands and the rigid department lines and substituting them with teams empowered to take their own decisions.

Virtual organizations generally exist temporarily and are able to reshape themselves according to the needs of the environment. In situations of need, a part of the alliance comes together and works on the project till it is complete. The relationships are mutually determined rather than enforced by any of the members.

High-performance Systems

High-performance systems are more likely to work in countries where individualism is strong, concept of life-time employment is weak, and shareholders are important, as would be now evident in many developing economies including India. High-performance systems were developed in response to an intensification of global competition and pressure from shareholders. High-performance systems are governed by five principles that have been adopted by companies such as AT&T, DuPont, Ford, HP, IBM, Kodak, and Xerox (Useem 1997). These principles are discussed in this section:

Customer-faced operating units: The process of conducting market surveys and focus-group discussions to collect customer reactions on a product or a service and passing on this information to the operating units to make improvements in their techniques and procedures is referred to as the principle of customer-faced operating units. The underlying philosophy is that organizations are more responsive to the customers' needs and preferences. Customers' feedback should be given high weightage in the decision-making process as well as in the determination of rewards for employees.

Devolved decision making: According to this principle, decision making is pushed down giving operating units greater autonomy. This, in a way, gives rise to the development of strategic business units (SBUs) consisting of broad product categories, including functional specialization. SBUs are customer oriented with responsibility for formulating strategy and are responsible for the results. A manager running an SBU may feel that she is running an independent business with the power to act. The top management of the SBU is responsible for meeting the objectives of their division or unit and are expected to be generalists.

Streamlined management control/tighter financial control: This principle results in the reduction of the number of staff at the headquarters and the layers part of management,

High-performance Systems:

They were developed in response to an intensification of global competition and pressure from shareholders

Customer-faced Operating Units:

The process of conducting market surveys and focus group discussions to collect the customers' reactions on a product or a service and passing on this information to the operating units to make improvements in their techniques and procedures is referred to as the principle of customer-faced operating units.

BOX 13.4 BUSINESS PROCESS REENGINEERING AT THE INCOME TAX DEPARTMENT

Former Finance Minister P. Chidambaram initiated a business process engineering exercise for the Income Tax Department in 2006. The existing structure of the department was not able to confront the challenges brought about by the record increase in the collection of direct taxes, globalization of the world economy, and the lowering of trade barriers. A directorate created specially for the reengineering exercise along with external consultants M/s PricewaterhouseCoopers took up the mammoth task.

The major objective of the project was to align people, processes, and technology by identifying the bottlenecks and providing solutions in the form of redesigned processes that are simpler and efficient and that will harness the advantages of the upgraded IT. This would include redesigning or creating new processes that are more efficient to produce the best results; to be able to meet the taxpayers' needs for information, convenience of filing tax returns and documents, payment of taxes and speedier issue of refunds; to benchmark the leading practices of other successful and effective organizations and to improve employee involvement, skills, and creativity.

The project was initiated by creating awareness among the employees about the required changes in the organization.

This was to generate employee support and involvement—the hallmark of success for any change effort. Outreach initiatives were also incorporated, which included setting up of Internet discussion forums to encourage participation and sharing of ideas. Then, 896 personnel were shortlisted and administered a specially designed HR questionnaire to elicit their views on the proposed reengineering exercise. Another activity in the form of voice of customer (VoC) was conducted to collect information from 754 taxpayers of different categories.

The exercise focused on the key strategic areas of tax administration such as pre-assessment, assessment, post-assessment, and appellate/dispute avoidance as well as key enabling processes such as IT, human resources, and infrastructure. The project was carried out in two phases. The first phase was the "as-is" study phase, in which the mapping of existing processes in the department was done followed by a gap analysis to identify the problem areas and bottlenecks. In addition to this, the best global practices in the area of taxes were also studied. The second phase of the study was the "to-be" model stage, in which all the information gathered in the first stage had to be incorporated in redesigning the processes. The exercise was conducted in 15 locations in India.

BOX 13.4 (Continued)

Some major areas which received attention as a result of this exercise were changes to PAN/TAN issuance and management; core processes redesign—assessment, post-assessment and appellate; knowledge management system; human resources and infrastructure; and change management.

Some significant recommendations of the reengineering exercise were:

- Large-scale automation in cases where individual interface was not required, by the creation of Bulk Operation Division (BOD), which would help in reducing the pressure on the inadequate manpower and infrastructure across various offices by leveraging economies of scale and technology, thereby de-cluttering the office of the assessing officers and enabling them to perform their compliance functions in a better manner.
- Setting up of Compliance Operations Division (COD) to carry out specialized activities for a smaller number of taxpayers.
- Setting up of the Directorate of Taxpayer Services to address the issues of taxpayer grievances and education.

- Additional channel for filing tax returns/documents at facilitation centres and ensuring that correct details of payments are recorded and credited to taxpayers' accounts.
- Ease of payment of taxes through automated teller machines of banks (ATMs) for individuals and the establishment of call centres to deal with tax-payers' queries.
- Automatic updating of address from returns in PAN/TAN database and use of IT-enabled processes to ensure quicker processing/issue of refunds.

It was felt that the recommendations suggested would help the department to deliver better taxpayer services and improve enforcement functions, thus resulting in enhanced compliance. This would then lead to increased revenue generation, thereby making larger financial resources available to meet the developmental needs of the country. The project was completed in 8 months and a majority of the recommendations of the BPR exercise have been accepted by the Central Board of Direct Taxes.

Source: Adapted from www.incometaxindia.gov.in/BPR.html (accessed November 2008).

Business Process

Reengineering: Business process reengineering is the fundamental rethinking and the radical redesign of business processes to achieve dramatic improvements in the critical contemporary measures of performance, such as cost, quality, service, and speed.

Benchmarking of

Decisions: This is an activity concerned with seeing a connection between organizational actions, decisions, and shareholder value.

resulting in a wider span of control and flatter structures. Not only does the number of policy directions from the headquarter decrease, the financial controls also become tougher.

Business process reengineering: Hammer and Champy (1993) define business process reengineering (BPR) “as the fundamental rethinking and the radical redesign of business processes to achieve dramatic improvements in the critical contemporary measures of performance, such as cost, quality, service, and speed.” All aspects of business are questioned in BPR. The main features of BPR are that the process cuts across all functions and departments, reduces the lead time for the total process, pushes the decision-making process to the lowest level in the organizations to empower the workers, uses IT as an enabling mechanism to speed up the process, and ensures acceptance from all echelons of the organization. Box 13.4 is a description of the BPR exercise undertaken at the Income Tax Department of the Government of India.

Benchmarking of decisions: This is an activity concerned with seeing a connection between organizational actions, decisions, and shareholder value. The link between management decisions and shareholder value is seen as a connection between share option schemes and company performance.

Summary

The structure of an organization is an indicator of how the organization deals with the forces in its environment—the market or the technology. It is also an indicator of the way the activities of an organization are defined so as to achieve the organization's objectives, and it helps to divide organizational activities into various groups. There are a few key factors that play a vital role while designing an organization. These are environment factors; technological factors; organizational size; and organizational strategy. The environment in which an organization operates influences its structure. Rapid advances in technology—especially information technology—have tremendous

impact on management practices and organizational design. Larger organizations in terms of size require more number of employees with specializations enhancing the requirement of coordinated efforts. This need for extensive coordination induces a high degree of formalization and standardization in the work procedures. The structure and design of the organization gets affected by the ways in which the managers formulate and implement strategies by the strategic choices that they make.

The structure of an organization requires a lot of balance between the opposing forces, needs, and goals. There is always

an accord required between elements such as centralization and decentralization, autonomy and control, and differentiation and integration. Centralization is the concentration of authority and decision making towards one of the centres, mainly the top, of the organization. Decentralization is the process of relinquishing authority and decision making to the functional units of the organization. In a controlled structure, managers are bound by certain contracts in the form of defined parameters and seeking approval from higher authorities before proceeding to take a decision or action. Such organizations have belief in the competency and ability of their employees and believe that by giving freedom to people, they will encourage their employees to do what is right. Differentiation refers to the orientation that employees have towards the subunits of an organization either for a particular department function or discipline. Integration, on the other hand, refers to the orientation towards the overall picture of the organization where the focus shifts from the smaller subunits to the entire organization. A mechanistic organization is highly structured and formalized, leading to conforming behaviour to handle routine functions within an essentially stable environment. An organic organization relies on the adaptive capacities of individuals, facilitated by empowerment and a collaborative network to cope with dynamic internal and external forces.

According to Mintzberg, there are five approaches to coordinate the tasks, namely mutual adjustment, direct supervision, standardization of employee skill, standardization of the work process, and standardization of outputs. On the basis of these approaches, five forms of organizations have been suggested which are simple structure, machine bureaucracy, professional bureaucracy, divisional forms, and adhocracy. The structure of the organization can be broadly divided into two categories: traditional organizational structure and modern organizational structure. Under the traditional structure, organizations have been structured around four paradigms:

function, geography, product, and customers. A functional structure organizes employees around specific functional areas. People who have specialized skills are grouped into similar units: for example, those with marketing expertise are grouped under the marketing unit and those with production expertise are grouped under the manufacturing unit. As an organization grows in terms of its size and arena, it spreads to new regions or territories. An organization may expand to nearby regions if it is relatively moderate in operation or may spread on a global level, expanding to other countries as well. As the number of products being delivered by the company increases, it is generally found that the customer or the market may become the basis for designing the structure of an organization. As the demand for different products increases, the company decides to go in for customer- or market-based structure. Product-based organizational design is based on the uniqueness of the product or the service it renders to the customers or clients.

Several modern designs of organizations have been identified, which include matrix, network, and virtual designs. These have emerged in response to certain deficiencies in the traditional structure. A matrix organization consists of dual responsibilities and reporting relationships connecting the chosen functions with specific products or projects. A virtual organization tends to coordinate and link people from many locations to communicate and take decisions on a real-time.

High-performance systems were developed in response to an intensification of global competition and pressure from shareholders. They are based on five principles, namely customer-faced operating units, devolved decision making, streamlined management control/tighter financial control, business process reengineering, and benchmarking of decisions.

■ Key Terms

Adhocracy: In situations of high technical complexity and when the environment is highly complex and dynamic, adhocracy as a form of organization serves the purpose.

Autonomy: In a more autonomous system, organizations are focused to grant power and responsibility to followers to initiate innovative actions that result in the improvement of processes and performance.

Benchmarking of decisions: This is an activity concerned with seeing a connection between organizational actions and decisions and shareholder value.

Business process reengineering: Business process reengineering is the fundamental rethinking and the radical redesign of business processes to achieve dramatic improvements in the critical contemporary measures of performance, such as cost, quality, service, and speed.

Centralization: Centralization is the concentration of authority and decision making towards one of the centres, mainly the top, of the organization.

Complexity: Complexity refers to the variability of environmental forces that an organization has to deal with.

Control: In a controlled structure, managers are bound by certain contracts in the form of defined parameters and seeking approval from higher authorities before proceeding to take a decision or action.

Customer- or market-based organizational design: As the number of products being delivered by the company increases, it is generally found that the customer or the market may become the basis for designing the structure of an organization.

Customer-faced operating units: The process of conducting market surveys and focus groups to collect the customer's reactions on a product or a service and passing on this information to the operating units to make improvements in their techniques and procedures is referred to as the principle of customer-faced operating units.

Decentralization: Decentralization is the process of relinquishing authority and decision making to the functional units of the organization.

Differentiation: Differentiation refers to the orientation that employees have towards the subunits of an organization either for a particular department function or for a discipline.

Divisional forms: When the organization has to cater to different markets or clientele, the divisional form is the best structure.

Functional structure: A functional structure organizes employees around specific functional areas.

Geographical or territorial structure: As an organization grows in terms of its size and arena, it spreads to new regions or territories. An organization may expand to nearby regions if it is relatively moderate in operation or may spread on a global stage, expanding to other countries as well.

High performance systems: These systems were developed in response to an intensification of global competition and pressure from shareholders.

Integration: Integration refers to the orientation towards the overall picture of the organization where the focus shifts from the smaller subunits to the entire organization.

Machine bureaucracy: This is more applicable to large organizations but in a simple and stable environment.

Matrix structure: A matrix organization consists of dual responsibilities and reporting relationship connecting the chosen functions with specific products or projects.

Mechanistic structure: A mechanistic organization is highly structured and formalized, leading to conforming behaviour to handle routine functions within an essentially stable environment.

Network structure: A network structure focuses on sharing authority, responsibility, and resources among people,

departments, and/or other organization that must cooperate and communicate frequently to achieve common goals.

Organic structure: An organic organization relies on the adaptive capacities of individuals, facilitated by empowerment and a collaborative network, to cope with dynamic internal and external forces.

Organizational design: Organizational design is the process of structuring organizational activities so that the structure is compatible with other organizational components as well as with the external environment.

Organizational strategy: Organizational strategy refers to the way the organization positions itself in relation to its stakeholders, given the organization's resources, capabilities, and mission.

Product-based organizational design: Product-based organizational design is based on the uniqueness of the product or the service it renders to the customers or clients.

Professional bureaucracy: In a stable but dynamic environment, professional bureaucracy is likely to survive more effectively.

Simple structure: These types of structure are more applicable in dynamic but not complex environments.

Stability: Stability refers to the predictability in the environmental forces, that is, in resources, market, technological development, economic conditions, and so forth.

Technology: Technology includes the scientific knowledge, process, systems, and equipments used to create products and services to enable people to do their job efficiently and quickly.

Virtual organizations: A virtual organization tends to coordinate and link people from many locations to communicate and take decisions on real-time issues.

Discussion Questions

1. Discuss the manner in which environmental certainty and complexity interact to determine the type of technology used in organizations.
2. What do you believe are two significant technology-induced challenges facing the managers responsible for shaping the tasks that people perform? Explain.
3. What are the major differences between the mechanistic and organic forms of organization? Identify situations in which each of them could be effective.
4. How does Mintzberg classify the different forms of organizations? What are the key variables affecting these forms?
5. Describe and outline the distinctive characteristics of the four traditional structural forms of the organization. Give at least two reasons for each as to why they should be used to structure the organization and provide two of its limitations.
6. What are the possible advantages and disadvantages of the matrix form of organization?
7. Is it appropriate to believe that a network structure is the most effective design in the highly-competitive globalized economy? Why or why not? Give reasons.
8. What are the characteristics of high-performance system organizations? What are the kinds of organization where they are going to be effective?

Field Projects

1. Study an organization which has a network structure and operates primarily by using information technology (virtual organization). Analyse the pattern of communication and the reward structure in this organization.
2. In groups of 3–4, diagnose the structure of an organization and suggest changes that are required in its structure to make it more effective. Be specific and support your decisions. Prepare a report and present it in the class.

Exercise

Your Preference for the Type of Organizational Structure

Read the following statements and indicate the degree to which you agree or disagree with them. Use your personal beliefs and values to evaluate the statements. Take the help of

the following scale to write your responses.

- 5—Strongly agree
- 4—Agree
- 3—Neutral
- 2—Disagree
- 1—Strongly disagree

	Statement	5	4	3	2	1
1.	In an organization there should be clarity about the individual's position in a well-defined hierarchy.					
2.	With changes in the goals and the needs of the organization, the roles of the employees should change.					
3.	There should be strict supervision, decision, and control with explicit chain of command and well-defined roles.					
4.	If possible, most of the employees of the organization should be involved in the planning exercise and it should not be handled by a selected few at the top.					
5.	The routine activities of organizations should be handled by codified systems of rules, policies, and procedures.					
6.	In an organization, employees should be motivated more by offering challenging and complex tasks rather than by formal rewards.					
7.	Jobs and tasks in the organization should be based on division of labour.					
8.	Employees should be encouraged to work in teams rather than alone on any assigned task.					
9.	The staffing pattern in the organization should be based on technical competence.					
10.	There should be horizontal work flow in organizations rather than specialized functional departments with vertical responsibilities.					
11.	Promotion and pay should be based on individual performance and merit.					
12.	External results (for example, customer satisfaction) should be the basis for the measurement of performance rather than just internal statistics.					

Scoring and Interpretation

Add the score for the item numbers 1, 3, 5, 7, 9, and 11. This is your M score.

Add the score for the item numbers 2, 4, 6, 8, 10, and 12. This is your O score.

Subtract the smaller score from the larger.

If your M score is larger, you prefer a mechanistic or bureaucratic structure.

If your O score is larger, you prefer an organic or flexible structure.

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CHAPTER 14

Power and Political Behaviour in Organizations

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concept of power and identify the sources of power in organizations.
2. Diagnose the bases of power in organizations and determine the ways it is used by managers and leaders.
3. Highlight the outcome of the use of power and discuss the individual and intergroup power tactics.
4. Understand the concept of organizational politics and describe the political subsystems existing in organizations.
5. Identify the conditions that lead to political behaviours and the techniques to control political behaviour in organizations.
6. Discuss the concept of impression management and the role of ethics in power and politics.

Games of Power

Vishal Gandhi and Sonam Sharma both attended a premier business school, where each received an MBA degree with a specialization in marketing, in 1997. As students at the business school, Vishal and Sonam had their own group of friends. Sonam was an extrovert who associated with other students of the class and was always available to them whenever they required her help. She would go out of her way to help her fellow students and was very respectful towards her teachers. She was a conscientious student and was a pleasure to be with.

Vishal, on the other hand, would just hang around with two of his classmates and never seemed very interested in interacting with the rest of the class. If asked a question, he would respond in an arrogant manner. Though he was intelligent, he was quite lax in completing his course work. His teachers were, generally, not very fond of him. They were placed in the same company through campus interviews.

Today, both Vishal and Sonam are department managers at Global Electronics. It has been a long journey of 9 years in the corporate world. Sonam, by virtue of

her hard work and pleasant personality, has done well for herself in her career. As a reward, next week, Sonam will become the company's new director of marketing. Missing this promotion has been the final straw in the long list of disappointments for Vishal. Vishal has been struggling ever since he became a manager in 2005. He has concluded that management is not for him and has decided to accept a non-management accounting job with another organization.

In the day-to-day working of the department, when Sonam asks her subordinates to do something, they usually comply quickly. When Vishal makes a request, he is never sure whether people will comply with his requests. Sonam's subordinates and co-workers always seem to understand her instructions, memos, and other communications. They are very happy working with Sonam. On the other hand, Vishal's attempts at communication frequently elicit a puzzled response of, "What do you mean?" Sonam and her subordinates function as a team, while Vishal struggles with almost constant conflict within his department and the members of his team. None of them seem to be fond of him. They are always found criticizing Vishal over a cup of tea or during lunch time. What has gone wrong for Vishal?



Vishal is found wanting as a manager because he cannot competently manage a variety of interpersonal factors. If an organization is to function effectively, its managers must channelize their subordinates' motivation and behaviour towards meeting organizational goals. The concept of power plays an important role in determining the effectiveness of a leader in such situations.

For Discussion:

1. What is difference in the leadership styles of Sonam and Vishal?
2. How are they using the power bestowed on them by the organization?
3. How would their personality be responsible for their use of power?

Introduction

A common definition of leadership is, "The sensitive use of power to achieve group goals." All leaders have power—some more abundantly than others—but it is the way power is exercised that determines whether or not the leader is successful.

Power provides opportunities, but it does not come with a set of instructions for using it wisely. No warranty is provided. Some leaders fail to use the power they possess; others abuse it or use it illegally or unethically; only a few learn to use it skilfully. Establishing an authority line and then protecting the authority is the only way a leader expresses power. Power manifests itself in communication, delegation of assignments, and especially in decision making. An understanding of the sources of power is essential to understand how power gets operationalized.

Power and Control Issues in Organizations

Power and politics are indisputable facts of organizational life. They are universal, important phenomena that need to be understood by employees, managers, and employers. The practitioners need both awareness (knowledge) and behavioural competency to deal effectively with respect to the issues of organizational power and politics.

Power: Power is the intentional influence over the beliefs, emotions, and behaviours of people.

Defining Power

Salancik and Pfeffer (1971) have defined power as the "ability of those who possess power to bring about the outcomes they desire." According to Pfeffer (1982), "power is the capability of one social actor to overcome resistance in achieving a desired objective or result."

From these definitions, it is seen that interpersonal power in a social situation is the ability to get one's way (McClelland 1970). Examples of social power are seen everywhere: influence, leadership, persuasion, selling, forcing, and coercing—all these acts are power in action. To have power or to exercise power is not, in itself, either good or bad. The phenomenon of power is ubiquitous. Problems with power stem from some of the aims (goals) of powerful persons. Without influence (power), there could be no cooperation and no society. Without the leadership (power) directed towards medical, political, technological, financial, spiritual, and organizational activities, mankind would not have the standard of living it does today. Without the leadership (power), directed towards warfare, confiscation, repression, and the like, mankind would not have much of the misery it has today.

Face of Power: Negative face of power is characterized by a primitive, unsocialized need to have dominance over submissive others. The positive face of power is characterized by a socialized need to initiate, influence, and lead.

Two Faces of Power

McClelland's research indicated that while most people give a negative connotation to power, it is by power that things are done in the world. The exercise of power is behind most human achievements, both good and bad. According to him, the negative face of power is characterized

by a primitive need to have dominance over submissive others. The positive face of power is characterized by a socialized need to initiate, influence, and lead. This positive face of power is intended to enable others to reach their goals as well as let the persons exercising power to reach their goals. The negative face of power seeks domination; the positive face of power seeks “more power to everybody.”

In organizations, the positive face of power is much more prevalent than the negative face of power. Positive changes in organizations take place through the positive face of power and politics.

Source of Power: The main sources of power are the formal position of the leader and the personality characteristics of the leader.

Sources of Power

Power involves the potential to influence others. However, where does the power come from? The sources of power can be primarily categorized into two: formal position of the leader and personality characteristics of the leader.

Formal Position

Generally, the power attached to a position is more potent than the person who occupies the position. For instance, the position of the president of the United States has great power, no matter who occupies it. On a different plane, the same is true for the positions of corporate presidents, police chiefs, and other government officials.

Personality Characteristics of the Leader

In this chapter's opening case, Sonam seems to be an influential personality while Vishal does not. Each individual, whether or not in a leadership role, possesses a certain personality power. At times, people use their personality to influence others. Leaders with a positive attitude, a pleasant voice, a decisive manner, and a strong identity, generally, have the most impact. Charisma is often associated with personality power. Webster's New World Dictionary defines charisma as “a special quality of leadership that captures the popular imagination and inspires unswerving allegiance and devotion.” Charismatic people have a star quality that often makes people want to follow them.

Approaches to Understanding Power in Organizations

The sources of power determine the process of generation and acquisition of power. There are different approaches to understanding who gets power and how (French and Bell 1995). Some of these are discussed in this section:

Power-dependence Theory: Power-dependence theory states that power is inherent in any social relationship in which one person is dependent on the other.

Emerson's Power-dependence Theory

Power-dependence theory states that power is inherent in any social relationship in which one person is dependent on the other. Sociologist Richard Emerson (1962) states that “the dependence of actor A upon actor B is (1) directly proportional to A's motivational investment in the goals mediated by B and (2) inversely proportional to the availability of these goals to A outside of A–B relation.” In other words, if a person has something we want badly and we cannot get it any place else, that person has power over us. The components of this theory are a social relation between two parties, resources (commodities, goals, and rewards) that are controlled by one party and desired by the other party.

French and Raven's Bases of Social Power Theory

John R. P. French and Bertram Raven (1959) have suggested five sources, or bases, of social power:

1. **Reward power:** Power based on the ability of the power holder to reward another, that is, to give something valued by the other.
2. **Coercive power:** Power based on the ability of the power holder to punish the other, that is, to give something that is negatively perceived by the other.
3. **Legitimate power:** Power based on the fact that everyone believes that the power holder has a legitimate right to exert influence and that the power receiver has a legitimate obligation to accept the influences.
4. **Referent power:** Power based on the power receiver having an identification with (attraction to or feeling of oneness with) the power holder.
5. **Expert power:** Power based on the power holder possessing expert knowledge or expertise that is needed by the other. Informational power is a form of expert power where the power holder possesses important facts or information needed by the other.

Salancik and Pfeffer's Strategic Contingency Model

Salancik and Pfeffer's model (1977) asserts that power in organizations accrues to organizational subunits (individuals, units, or departments) that are most important for coping with and solving the most critical problems of the organization.

These critical problems are generally "uncertainties" posed by the environment. This theory also supports the notion that those who have something highly valued by others have power.

Once power is gained, it is used by subunits, indeed used by all who have it, to enhance their own survival through the control of scarce critical resources, through the placement of allies in key positions, and through the definition of organizational problems and policies.

Strategic Contingency Model:

This model asserts that power in organizations accrues to organizational subunits (individuals, units, or departments) that are most important for coping with and solving the most critical problems of the organization.

Mintzberg's Genesis of Power Theory

Mintzberg's (1983) theory of organizational power is built on the premise that "organizational behaviour is a power game in which various players, called influencers, seek to control the organization's decisions and actions." The three basic conditions for the exercise of power are:

1. some source or basis of power coupled with
2. the expenditure of energy in a
3. politically skilful way when necessary.

There are five possible bases of power according to Mintzberg: first, control of a resource; second, control of a technical skill; and third, control of a body of knowledge. All these bases are critical to the organization. The fourth basis of power could be legal prerogatives—being given exclusive rights or privileges to impose choices. The fifth basis of power is access to those who have power based on the first four bases. In addition to the bases of power, the influencer must have the will and the skill to use power. There are many potential influencers in and around an organization, such as board of directors, managers, the top executives, the employees, the unions, suppliers, and regulators.

In summary, these four views of the sources of power in organizations are remarkably similar. Power stems from the possession or mediation of desired resources. The resources may vary from the ability to reward and punish, being in control of critical skills, knowledge or information, being able to solve critical problems or exigencies, or anything that creates dependence of one actor or set of actors on another.

The three basic sources of leadership power are role power (the power that goes with the position), personality power (power generated by the force of the individual), and knowledge power (power that derives from special skills or knowledge).

Mintzberg Genesis of Power Theory:

Mintzberg's theory of organizational power is built on the premise that "organizational behaviour is a power game in which various players, called influencers, seek to control organization's decisions and actions."

Using Role Power

In most cases, the power attached to a leadership position is more potent than the person who occupies it realizes. For example, the position of the administrative head of a country has great power—no matter who occupies it. To a lesser degree, the same is true for corporate presidents, police chiefs, and other government officials.

Role power is, generally, accepted without question. People, however, do not react well to leaders who abuse power. A boss who betrays his employees' trust will soon find himself without followers. As a leader, one should live with role power comfortably and use it gracefully. It should be recognized but neither overplayed nor underplayed. In this chapter's opening case, Sonam is able to understand her role power effectively and manage it, while Vishal is unable to do so.

Using Personality Power

Personality power becomes important in positions of leadership that are inherently weak in role power. When a power personality occupies a power role, we have the possibility of outstanding leadership, provided that both power sources are used effectively. Sonam seems to have a powerful personality while Vishal is not able to exercise his power effectively.

Using Knowledge Power

When a leader has special skills and knowledge to back up the leadership role she occupies, an additional source of power is generated. This is knowledge power. People like to be led by those who know the answers. They look up to those with expertise, giving them more authority than they would otherwise possess. Knowledge—real or imagined—is power.

Taking the example from the opening case, Sonam may have answers to most of the questions put across by her subordinates, while Vishal does not have it.

One base of power may affect the value of the others. For instance, those managers who reward subordinates may be well liked and may have substantial referent power. On the other hand, those managers who use coercive methods may be liked less and may have less referent power. Sometimes, an attempt to influence can increase the operation of one power base but may decrease or even negate another. For example, coercion may lead to public compliance but may cause the agent to be disliked and lead to private non-compliance.

Bases of Power

Power involves the potential to influence others—both the things they do and the way they feel about something. There are individual bases of power, which are factors that give people the capacity to influence others successfully. It is an inevitable fact of organizational life that some individuals can boast of a greater capacity to influence people successfully than others. Within organizations, the distribution of power is typically unequal. The five bases of social power derived from the characteristics individuals possess and the nature of relationship between individuals with or without power has been discussed earlier in this chapter. Later on, two other bases of power were added to the list, namely information and connection power (Hersey et al. 1979).

Reward Power: Individuals with the capacity to control the rewards the followers will receive are said to have reward power over the followers.

Reward Power: Control over the Resources Valued by Followers

Individuals with the capacity to control the rewards the followers will receive are said to have reward power over the followers. Subordinates often comply with their supervisors' wishes in the hopes of receiving the valuable rewards that the supervisors control.

The rewards at a manager's disposal may be tangible, such as raises, promotions, and time off, or intangible, such as praise and recognition. In either case, access to these resources

often forms a source of individual power in organizations. Often, managers at lower levels in organizations complain that their inability to control resources leads them to a feeling of being undervalued in organizations. They suffer from a feeling of powerlessness.

It is worth noting here that one can actualize reward power on followers only when the followers value that reward. To be effective, the presentation of rewards should be closely tied with the manifestation of desired behaviour from the followers. Thus, whereas access to valued resources may enhance a manager's power base, the manager, to be effective, must administer rewards properly. Having resources at one's disposal and using them appropriately are obviously two different things.

While using the reward power base, the manager should keep in mind that reward power results in positive reinforcement for subordinates and, therefore, highly appealing to leaders. But it is essential that the rewards should be distributed in a fair and equitable way and should be performance linked. The rewards provided should be valued as well as expected by subordinates. For example, a promotion with a transfer may not be motivating for the subordinate. Rewards also should not be offered to promote bribery or unethical behaviour.

Coercive Power: Controlling Punishments

In addition to controlling the desired resources, leaders often control the punishments others receive—a capacity known as *coercive power*. Punishments may include pay cuts, demotions, and suspension without pay, formal reprimands, and undesirable work assignments. Coercive power also can be effective only if properly used.

There may be undesirable side effects of using coercive power on followers. If the leader is too harsh and uses coercive power indiscriminately, his subordinates may group together to protest against him. Nonetheless, the capacity to administer punishment represents an important source of power in organizations.

While using the coercive power base, the manager should keep in mind that this power may have adverse effects on the relationship of the subordinate with the leader. As far as possible, exercising coercive power should be avoided in organizations. If coercive power is used in a hostile or manipulative way, it is likely to cause resistance. When mild punishment that fits in with the person's mistake is offered, compliant behaviour can be expected from the subordinate. While offering severe punishments in case of severe mistakes, care should be taken to see that the procedure is appropriate and impartial. Rules governing unacceptable behaviour should be communicated, and proper justification for the punishment has to be indicated. Care should also be taken to see that the wrong person is not penalized.

Legitimate Power: Power Vested in Organizational Authority

Legitimate power is the recognized right of individuals to exercise authority over others because of their position in an organizational hierarchy. This power is vested in the position of the person within the organizational set-up. A professor in the classroom has a legitimate power to evaluate the performance of his students, whereas a student of the class does not have this power. As a result, a student indulging in such an act will be rejected by his classmates.

Usually, legitimate power is derived from an individual's formal rank or position; organizational members are likely to accept the attempts to influence their behaviour because one has a higher position. However, leaders will have authority only over those aspects of other's behaviours that fall under their accepted areas of organizational responsibility. The follower or subordinate can reject any illegitimate, undue demand from the leader or the boss. The key point is that legitimate authority applies only to the range of behaviours that are recognized and accepted as legitimate by the parties involved.

While using legitimate power base, the leader should keep in mind that certain behavioural traits are considered desirable in the exercise of legitimate power. For example, politeness in the issue of orders; being courteous when dealing with people, in particular those who are older; and confidence and calmness in dealing with subordinates who are nervous or

Coercive Power: Leaders often control the punishments others receive—a capacity known as coercive power.

Legitimate Power: Legitimate power is the recognized right of individuals to exercise authority over others because of their position in an organizational hierarchy.



Courtesy Parimal Joshi. Reproduced with permission.

anxious about the situation. In some situations, subordinates may be unsure of the rationale for the course of action for which they are held responsible, and why they are expected to undertake the task. Therefore, it is important for the leader to explain the order or request given to the subordinate.

Referent Power: Individuals who are liked and respected by others can get them to alter their actions in accord with their directives—a type of influence known as referent power.

Referent Power: Power Based on Charisma

Individuals who are liked and respected by others can get them to alter their actions in accordance with their directives—a type of influence known as *referent power*. Senior managers who possess desirable qualities and good reputations may find that they have power over younger managers who identify with them and wish to emulate them. Similarly, heroes and popular movie stars often have referent power over their admiring fans (a fact advertisers often capitalize on when they employ these individuals to endorse their products).

While practising the referent power base, the manager should keep in mind that this power requires subordinates to identify with the leader. If subordinates have the same background, education, or training, they will identify with the leader as leaders remind them of themselves. Another way of practising referent power is through the process of role modeling, where subordinates emulate the behaviour of the leader.

Expert Power: To the extent that a subordinate recognizes a superior's advanced skills or knowledge and follows his orders because he realizes that the superior knows what is best, the superior is said to have expert power.

Expert Power: Power Based on Skills and Knowledge

To the extent that a subordinate recognizes a superior's advanced skills or knowledge and follows his orders because he realizes that the superior knows what is best, the superior is said to have *expert power*. Running an organization often relies on experts who must be consulted frequently and whose advice must be followed if an organization is to survive.

Expert power can be a very successful way of influencing others in an organization. If a person is competent and proficient in a particular ability and skill, he would be the most sought-after employee with respect to these skills, irrespective of his position in the organization. To gain an advantage with expert power, one has to prove one's competency in the organization with records of successes.

While using the expert power base, the leader has to project the image that he or she possesses the expertise desired by subordinates. This expertise is expressed either through word of mouth or by actions of the leader. Leaders with expert knowledge in their field of business must communicate this to their subordinates in order to practise expert power.

Managers using expert power take pains to update their knowledge of issues in their areas of responsibility and are sensitive to the concerns of subordinates. The maintenance of this power is dependent on the continuation of the leader’s credibility in exhibiting the expertise.

Information Power: Control Based on Access to Information

This is based on the perception of one member in the relationship that another member possesses or has access to information that is valuable to others. This power, generally, is vested in the organizational position. An individual’s position in the organizational network and the kind of task assigned to him will determine how much access he has to information and how it could be utilized as a power base.

The power emanating from access to information could be misused by the power holder for his personal gains, which could be detrimental to the organization.

Information Power: This is based on the perception of one member in the relationship that another member possesses or has access to information that is valuable to others.

Connection Power: Control Derived from Networking

This power is based on the perception of one member in the relationship that another member is connected to influential or important people. This power would generally emerge from the position that person holds in the organizational system. If the person has access to influential members of the organization, the person is likely to enjoy connection power.

Connection Power: This is based on the perception of one member of the relationship that another member is connected to influential or important people.

Application of French and Raven’s Power Bases

Using French and Raven’s bases of power, Yukl (1994) provides a framework for understanding how power can be employed under different conditions. The bases of power are related to forces residing in the subordinates—namely, those of commitment, compliance, and resistance (as shown in Figure 14.1).

A **committed** subordinate will have little difficulty in accepting and identifying with the leader and may put in the extra effort necessary to complete a project that is important to the leader.

A **compliant** subordinate is likely to carry out the leader’s wishes, provided it does not involve extra effort but will work at a reasonable pace.

A **resistant** subordinate is likely to be in conflict with the leader and may neglect the project as a means of contravening the leader’s instructions or guidelines.

The subordinate’s reaction to the use of power has been identified by Yukl (1994) as presented in Table 14.1.

Position Power: Position power is power based on one’s formal position in an organization. It includes three of the five French and Raven power bases—legitimate power, reward power, and coercive power—and the new one, information power.

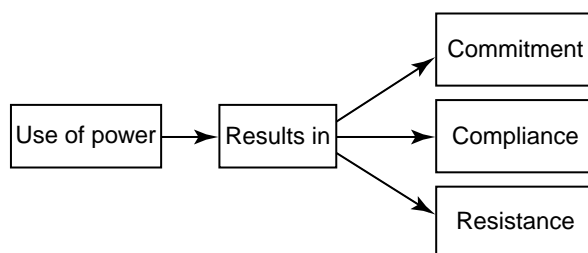


Figure 14.1
Outcome of the Use of Power

Table 14.1 Yukl's Adaptation of the French and Raven Model

Type of Power Used	Outcome as a Result of Subordinate		
	Commitment	Compliance	Resistance
Reward	If the followers believe that the request is important to the leader, the person will respond appropriately.	If the reward is given in an impersonal way, it is likely that the followers will comply.	If the reward is applied in a manipulative or arrogant way, the followers are likely to resist it.
Coercive	The individual is unlikely to commit to the directive under the threat of coercion.	If applied in a helpful and non-punitive way, it is possible that the followers will go along with the directive.	If used in a hostile or manipulative way, the followers are likely to resist.
Legitimate	The follower is likely to go along with the request if it is viewed as appropriate and is politely presented.	If the order is viewed as legitimate, the followers are likely to comply with it.	If the request does not appear to be proper, it is possible that the leaders will encounter resistance to it.
Referent	If presented in a subtle and personal way, the follower is likely to go along with the request.	If the request is viewed as important to the leader, it is possible that the followers will comply with it.	If the followers believe that the request will bring harm to the leader, they are likely to resist it.
Expert	If the request is persuasive and the followers share the leader's desire for the fulfilment of the directive, they are likely to be committed to it.	If the request is persuasive and the followers are apathetic about the goals, it is possible that they will comply with it.	If the leader is arrogant or insulting, the followers are likely to oppose the directive.

Source: Adapted from Yukl, G. A. (1994). *Leadership in Organizations*. Upper Saddle River, NJ: Prentice Hall.

Personal Power:

Personal power refers to the power that one derives because of one's individual qualities or characteristics. It includes two of the French and Raven power bases—expert power and referent power—plus persuasive power and charisma.

One broad dimension, referred to as **position power**, has to do with the power based on one's formal position in an organization. It includes three of the five French and Raven power bases—legitimate power, reward power, and coercive power—and the new one, information power.

The other broad dimension is known as **personal power**. This refers to the power that one derives because of his individual qualities or characteristics. It includes two of the French and Raven power bases—expert power and referent power—as well as persuasive power and charisma. *Persuasive power* refers to the ability to use facts and logic to present a case persuasively. In contrast, charisma is more elusive—namely an attitude of enthusiasm and optimism that is contagious.

CASELET

Use and Abuse of Power

In January 2004, Binay Verma became the executive vice-president of a 500-employee service corporation. He was a diligent worker before his elevation as vice-president; however, his colleagues were surprised at the sudden transformation in his behaviour. Verma started using his authority to get his subordinates to complete his work. An assistant was asked to stay back until midnight to prepare a summary report of an impending business deal. The five division heads of the company were instructed to develop and present him with a management by objectives programme. They were forced to comply. His secretary was asked to pick up his laundry, and

the office accountant was forced to tutor his college-going son. The company's expense account manager was asked to reimburse Verma's fudged travel bills. Matters reached a standstill when he made undesirable advances to an attractive employee from the human resources department during an overnight business trip.

Binay soon found himself looking for a new job. He was fired by the president of the company after an investigation into his behaviour, based on an anonymous complaint received as part of the company's whistle-blowing policy. Binay Verma paid the price for abusing his powers in the organization.

BOX 14.1 TATA IN SINGUR: A GAME OF POWER

Tata Motors' decision to pull out its Nano project from Singur in West Bengal is a recent example of power dynamics at play. The Tata small car plant launched in 2006 with great fanfare was mired in controversy from the beginning. The investment by the Tatas was expected to herald a new beginning for West Bengal's troubled industrial sector.

The Trinamool Congress led by Mamata Banerjee demanded the return of 400 of the total 997.11 acres allotted by the Bengal government to the Tatas for the project. Negotiations between the company, the state government, and the protesting farmers failed and culminated in Tata Motors' decision to pull out of Singur. Ratan Tata publicly blamed the Trinamool Congress for the pull out. "This decision has been prompted because we do not see any change on the horizon," Tata said. "Throughout the two years we have faced enormous disruption, assault, and intimidation of some of the employees."

On the political front, the Chief of the Trinamool Congress Mamata Banerjee refused to take the blame and accused it of being a "joint game plan" between the auto company and the state government. She called it an outcome of the political joint venture between both the parties concerned. Her stance was that agriculture and industry can go hand in hand and passing on the blame to her party was unfair.

Tata's decision to pull out of Singur cast a damper on West Bengal's hopes of industrialization as well as raised fears that other companies would be hesitant in making investments in the state.

Source: "Tata Announces Nano Pullout from West Bengal, Unfortunate Says India Inc.," IANS, 3 October 2008. Available at <http://howrah.org/headlines/32437.html> (accessed November 2008).

Power can be ennobling as well as corrupting. Power can be used by organizational leaders to do things that they might not otherwise do. When the behaviours or actions of the leaders have little or no relationship to legitimate organizational activities, power is seen as corrupting. On the other hand, if the leader uses this power to enhance the effectiveness and performance of the subordinates, power is said to be ennobling.

Abuse of power raises ethical questions to which there are no easy answers. Asking a subordinate to run a personal errand during lunch hour is an example of the unethical use of power by a manager.

Leaders are trained in organizations to develop their power base. Power is needed to run an organization; however, each person with power is ethically bound to carefully consider the impact that this power will have on others. When one uses power to influence others, it is best to ask the following questions: "Will this behaviour hurt this person physically or psychologically?" "Am I exerting more influence than is necessary?" "Am I encouraging this person to do something she would prefer not to do?"

To manage this situation effectively, as a leader, one should determine how much interpersonal power is needed to direct the behaviour of others. Too much of interpersonal power can damage the working relationship between leaders and the followers. Box 14.1 is an example of power dynamics at play that led to Tata Motors pulling out its Nano project from Singur in West Bengal.

Organizational Politics

Politics, the study of the dynamics of power in a group and its management, has been defined in different ways. Organizational politics "involve[s] intentional acts of influence to enhance or protect the self-interests of individuals or groups" (French and Bell 1995). Mayes and Allen (1977) define organizational politics as "the management of influence to obtain ends not sanctioned by the organization or to obtain ends through non-sanctioned influence means." French and Bell treat politics as illegitimate power. Analysis of these definitions suggests that the concept of power and politics are very similar. Both relate to getting one's way—effectance. Both relate to the pursuit of self-interest and overcoming the resistance of others. Organizational politics is power in action in organizations; it is engaging in activities to get one's way in an organizational setting.

Politics is neither good nor bad per se but, like power, has two faces. Pursuit of unsanctioned organizational goals or the use of unsanctioned organizational means might be examples of the negative face of politics. Illegitimate uses of authority, information, and resources might

Organizational Politics:

Organizational politics involves intentional acts of influence to enhance or protect the self-interests of individuals or groups.

also be examples of the negative face of politics. However, a positive face of politics is shown whenever “hard decisions” must be made, are made, and most organizational members feel good about what was decided and how it was decided. In this regard, Jeffrey Pfeffer argues that politics is necessary if organizations are to function effectively and efficiently. Some organizations reflect a mostly positive face of politics, and other organizations reflect a mostly negative face of politics.

Organizational politics tend to be associated with the decision making, resource allocation, and conflict resolution processes in organization. Those are the key decision points; those are the areas where actors win and lose; those are where the “goods” are distributed and the goals are decided. In fact, one gains a quick understanding of the overall “political climate” of an organization by studying its methods of resource allocation, conflict resolution, and choosing between alternative means and goals.

The Political Subsystem:

The political subsystem is composed of the sources, locations, and flow of power through the organization.

The Political Subsystem

The *political subsystem* is composed of the sources, locations, and the flow of power through the organization. The basic criterion, that is, effectiveness within the subsystem, is the extent to which sufficient power can be accumulated and transferred to these locations (that is, the individuals) in the organizations to maintain productive operations, solve problems, and implement solutions. A political subsystem is efficient to the extent that power can be accumulated and transferred quickly and with precision.

A tenet of general systems theory is that subsystems interact with one another. Therefore, changes in either the social or the political subsystem will produce changes in the other. The interactive relationship poses at least two basic problems for the consultants concerned with organizational politics. The first is determining how much support can be generated within the political subsystem to aid work within the social subsystem. The second is knowing what changes are necessary in the social subsystem for the development of an effective and efficient political subsystem.

The consultant needs to be politically more sophisticated and active in order to increase the intervention success rate. However, in the past, consultants have shown minimal interest in politics, so the issue that is raised is how they have been able to survive, much less be successful. One reason may be just good fortune. Another may be that clients themselves come to see that political cooperation is necessary to protect their own self-interest. There may be a third reason: The consultants have developed a largely unrecognized political orientation in addition to its clinical one, and this political orientation complements the clerical one in producing successful interventions.

The knowledge base incorporates clinical concepts relevant to the models of power and even sources of power available to consultants for work in interventions (Huse 1980). Properly viewed, such concepts of power can come from a foundation on which to build political theory and intervention strategy. Yet, even today, the knowledge base of consultants remains essentially lacking in political theory and models to help guide the consultants in terms of political intervention strategies. Therefore, if political assistance is given to a consultant, it must come from the value and the technological base of the field.

Conditions for the Use of Power and Politics

The first condition for the use of power is interdependence, a situation in which what happens to one organizational actor affects what happens to others. Interdependence can arise because of competition or from some joint activity on some work product, so that what one unit does to the product affects, and may be affected by, what another unit does. Interdependence is an important condition because it ties the organizational participants together, in the sense that each is now concerned with what the other does and what the other obtains. In the absence of such interdependence, there would be no basis for conflict or for interaction between the participants.

The second condition for the use of power is heterogeneous goals, or goals, which are inconsistent with each other. A related condition would be heterogeneous beliefs about technology, or the relationship between decisions and outcomes.

The third condition resulting in the use of power is scarcity. To the extent that resources are insufficient to meet the various demands of organizational participants, choices have to be made concerning the allocation of those resources. The greater the scarcity, the greater the power, and effort that will be expended in resolving the decision.

As indicated in Figure 14.2, conditions of scarcity, interdependence, heterogeneous goals, and beliefs about technology produce conflict. Whether or not that conflict eventuates in politics and the use of power in the organizational setting depends upon two other conditions. The first condition is the importance of the decision issue or the resource. In situations in which the decision may be perceived as less critical, power and politics may not be employed to resolve the decision because the issue is too trivial to merit the investment of political resources and effort. The second condition is the distribution of power. Political activity, bargaining, and coalition formation occur primarily when power is dispersed. When power is highly centralized, the centralized authority makes decisions using its own rules and values. The political contests that sometimes occur in organizations take place only because there is some dispersion of power and authority in the social system.

Influencing Strategies

The concept of influence refers to the attempts, whether successful or not, to affect another in a desired fashion. Although you may attempt to affect another person’s behaviour in a certain fashion, your attempts may be unsuccessful. This would not mean that you did not influence the person, just that you did not successfully influence the person. Let us take the example of Pritish who wants people to work overtime on a party night. A supervisor heading a group of staff members working on an important project, Pritish is supposed to make a presentation to a new client the next day. The report required for the presentation is not ready, so staff members will have to work a few hours extra to complete the job on time. Unfortunately, a company party is scheduled on the same day, and, therefore, no staff member is willing to work late.

What should Pritish do to persuade the staff to work late and complete the job? In other words, how can Pritish influence their behaviour?

Suppose you see your supervisor coming out of his room, and you feel that he will ask to you to work overtime. Uninterested in doing so, you walk away from your desk, hoping that he has not seen you and will ask someone else instead. In this case, can it be said that the supervisor influenced you? The supervisor was unsuccessful, but clearly had an effect on you. However, he was not able to influence your behaviour as desired. For that to be true, the supervisor would have to be successful in getting you to stay and work overtime.

Influence: The concept of influence refers to the attempts, whether successful or not, to affect another in a desired fashion.

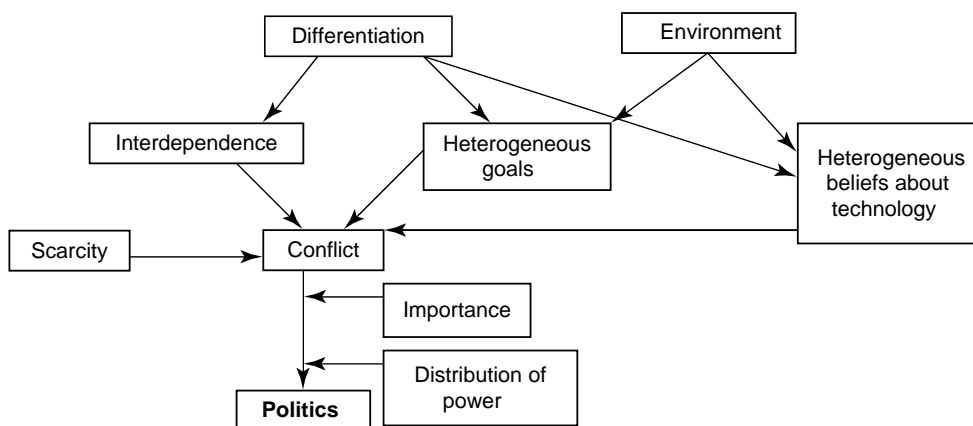


Figure 14.2
A Model for the Conditions for the Use of Power and Politics in Organizations

Power refers to the potential to influence another person successfully. The concept of power refers to the capacity to change the behaviour of another person in a desired fashion. A supervisor has power over newly recruited employees by virtue of access to considerable resources. The boss can reward the subordinate with a raise for being cooperative or punish the subordinate by not supporting a promotion. These represent the formal actions the supervisor can take to attempt to influence the subordinate successfully.

Power is exercised through the use of various behavioural strategies or methods. Both supervisors and subordinates exercise their power but through different methods. The exercise of influence is a fundamental activity in organizations. But leaders do not exercise influence for the sheer joy of changing other people's behaviour. For the most part, there are logical reasons underlying their attempts to influence people. Sometimes, influence is used for such personal reasons as securing personal benefits or better work assignments. Most often, however, it is used in the course of performing organizational roles that require influencing others—for example, to encourage others to perform effectively, to promote new ideas, or to introduce new work procedures. Frequently, combinations of personal and organizational reasons underlie the exercise of influence.

Power Tactics Used in Organizations

Power tactics are used by individuals on their own within groups (intragroup) and between groups (intergroup) in order to influence events. Influence can be used in a positive or a negative way. When used positively, we can expect beneficial outcomes. There are different types of power tactics used in organizations. Some of these are discussed in this section:

Individual and Intragroup Strategies

In an empirical study of how managerial employees influence others (including superiors, subordinates, and co-workers) and the conditions under which one tactic is more suitable than other, Kipnis and his colleagues (1984) concluded that seven tactics could be identified.

1. **Assertiveness:** This would entail setting a deadline for others to comply with a request, ordering others to do what they were asked to do, emphasizing the importance of complying with the request, and repeatedly reminding others of their obligation to perform.
2. **Friendliness or ingratiation:** This is designed to make the person favourably disposed to comply with a request. It could amount to flattery by lavishing praise on the person prior to the request, exaggerating the importance of complying with the request, acting in a humble and friendly way when seeking the person's cooperation, and waiting until the person is in a receptive mood before striking.
3. **Rationality:** This amounts to using facts and information in a logical way so that the request for action is seen to be detailed and well prepared. The rationale for the request is given together with a statement of what is required of the person. The originator of the request is portrayed as a competent individual.
4. **Sanctions:** This amounts to the use of coercive power, whereby organizational rewards and punishments are activated—for example, a promise of an increase in salary or a promotion or a threat to give a person an unsatisfactory performance appraisal.
5. **Higher authority:** This consists of efforts to secure support from people further up the organizational hierarchy and could be exemplified by securing the informal support of superiors and others in higher positions.
6. **Bargaining:** This could amount to exchanging favours and benefits through a process of negotiation. Also, the person seeking the favour may remind the other person of benefits that the former has bestowed on her in the past.

7. **Coalition:** This consists of getting help from others in the organization, by building up alliances with subordinates and co-workers. There is strength in numbers, which is evident when employees join trade unions. Coalitions are more likely to be formed where interdependency exists between organizational units and where broad-based support is necessary for the implementation of decisions.

Kipnis and his colleagues (1984) found that these tactics differed in importance. For example, the most popular tactic was the use of reason, irrespective of whether the influence was going up or down the hierarchy. Table 14.2 shows the tactics, ranging from the most popular to the least popular.

Table 14.2 classifies different influence tactics in terms of their popularity in both the contexts, that is, when managers influence their subordinates and when managers influence their superiors.

For a collection of practical suggestions based on research into managerial influence behaviours, Keys and Case (1990) discuss the tactics most frequently used and those most effective in their impact on supervisors, subordinates, and peers. They outline five steps necessary to develop and maintain managerial influences:

1. Develop a reputation as a knowledgeable person or as an expert.
2. Balance the time spent in each critical relationship according to the work needs rather than on the basis of habit or social preference.
3. Develop a network of resource persons who can be called on for assistance.
4. Choose the correct combination of influence tactics for the objective to be achieved and for the target to be influenced.
5. Implement influence tactics with sensitivity, flexibility, and adequate levels of communication.

Situational Influences

The choice of a power tactic is influenced by the following situational factors.

Relative power: Managers who control valuable resources or who occupy a position of dominance use a greater variety of tactics when compared to a manager with less power. However, the former shows an inclination to use assertiveness more often than the latter. Assertiveness and directive strategies generally come into play where there is a refusal or a reluctance to comply with a request. In contrast, the manager with less power is more likely not to persevere with trying to influence others when resistance is experienced.

Manager's objectives: Managers attempt to match tactics to objectives in their dealings with both superiors and subordinates. When the objectives are to derive benefits from superiors, there tends to be reliance on friendliness or ingratiation. By contrast, if the objectives are to get a superior to accept new ideas, the most likely tactic is to use reason.

Table 14.2 Use of Power Tactics

	When Managers Influenced Superiors	When Managers Influenced Subordinates
Most popular	Reason Coalition Friendliness Bargaining Assertiveness Higher authority	Reason Assertiveness Friendliness Coalition Bargaining Higher authority
Least popular		Sanctions

Source: Adapted from Kipnis, D., S. M. Schmidt, C. Swaffin-Smith and I. Wilkinson (1984). "Patterns of Managerial Influences: Shotgun Managers, Tacticians, and Bystanders", *Organizational Dynamics*, 12 (3): 58–67.

CASELET

A Political Reality

Prateek Sharma, executive vice-president of Riband Chemical Corporation, was distressed by the personal squabbles among the department heads of marketing, production, and R&D. He was particularly concerned about the director of R&D, Dr Gaurav Khanna. Srikant, the director of marketing and sales, and Jayant, the production superintendent, had complained that Khanna frequently ignored operational procedures and encroached upon areas considered to be under their jurisdiction.

The company manufactured a variety of chemicals for pharmaceuticals, medical, pest control, and food and beverage industries. The organization was divided into three major areas—R&D, sales, and production—along with other support groups. The R&D department was into conducting applied research, experimentation, and product development. The sales department was responsible for marketing research, promotion, sales, and customer services. The production department took care of manufacturing products upon completion of the product development stage.

Most of the conflict was the result of activities involving product development and sales. Khanna had a habit of

getting involved with customers in the stage of feasibility study and customer service. He often talked to the customers without consulting the marketing department. In the production department he disregarded the responsibilities of the production superintendent by interfering with the pilot production run.

Khanna had been with the company for 20 years and was a close associate of the president, Mukul Sagar. He was generally well respected and admired by most people in the organization because of his amiable personality and accomplishments. He had been instrumental in developing some of the company's main products. He was a good scientist, but not an effective administrator. He kept sloppy records and did not usually follow the operational procedures when interacting with other departments.

Prateek was bothered by the R&D director's behaviour, but he did not know how to handle the situation. He had been with the company for only two years, replacing Mukul, when he was promoted to his present position as president. Although he was Khanna's superior, he often felt Khanna had more influence on various managerial decisions than he had.

Manager's expectation of success: The degree of success in influencing either superiors or subordinates in the past is a strong determinant of the tactic to be used currently. Where managers have been successful in exerting influence, they are likely to use simple requests to obtain compliance. By contrast, where the success rate is low, they are tempted to use the tactics of assertiveness and sanctions.

Organizational culture: This is one of most important situational variables. For example, some cultures are supportive of a friendly approach, whereas others may favour reason. Apart from organizational culture, ethnic background may also influence the choice of a tactic (Xin and Tusi 1996).

Intergroup Power Tactics

Intergroup power is related to influence and dependence. When one group can exert influence over the other, the former has power over the latter. This power is determined by three factors.

1. Uncertainty absorption: Within organizations, there are specialized groups performing a variety of functions, for example, industrial relations, pay, and bargaining. When complex issues arise, the expertise of an appropriate specialist group can be brought to resolve the problems, and in the process, these groups absorb the uncertainty normally associated with such matters. Consequently, the specialist group gains some power over the user of its services.

2. Substitutability: In the example just given, if the user of the service can obtain a substitute provider (for example, an external consultant), then the power of the specialist can be reduced or eliminated. However, in practice, it might not be possible to substitute internal providers with external providers where an available internal facility exists.

3. Integrative importance: When a group's services—for example, central computing services—are needed to a significant extent by other groups within the organization in order that the latter can function effectively, the provider has a lot of intergroup power. The level of power would be less if the services provided by the group are needed only to a rather limited extent.

As has been discussed earlier, individuals and groups form alliances or coalitions to acquire or enhance a power base. Thompson (1967) has identified some of the cooperative tactics used on occasion by groups in order to expand their power. These are referred to as contracting, co-opting, and coalescing.

Contracting, which does not necessarily culminate in a formal legal agreement, is a tactic arrived at between two or more groups to regulate future actions. For example, a management group not wishing to maintain a confrontational stance with a trade union, which is likely to undermine its position, signs an agreement of cooperation with the union.

Co-opting is a process whereby others are admitted to the membership of a group, in order to avoid threats to the group's stability or survival.

Coalescing comes about when there is a joint venture between two groups. There is strength in pooling resources for the benefit of the organization. This would be particularly beneficial when two groups combine their efforts, rather than engaging in wasteful competition.

Controlling Political Behaviours in Organizations

It has been accepted that it is impossible to eliminate political behaviour from organizations, but it is possible to counter the worse effects of political behaviour. Moorhead and Griffin (1998) have identified certain measures to help managers limit the dysfunctional impact of unhealthy politics. These are:

Awareness: The first step in controlling the negative impact of political behaviour is to become aware of the various strategies and tactics of the political behaviours that have been discussed earlier. Awareness of these will help employees take corrective or preventive actions in situations of politicking in organizations and manage such situations more effectively.

Reduction of uncertainty: Uncertainty or ambiguity regarding work, procedures, and activities stalls our performance. Therefore, the factors which cause these, both internal and external, should be managed properly. The process of organizational change and development results in uncertainty, and so it becomes important for change agents to help unravel the ambiguities in the situation. If they remain silent, they give room for rumour-mongering and inciting speculation. A more detailed description of this process has been discussed in the chapter on organizational change.

Open communication: If managers or employees are open about the scarcity of resources and the basis for their allocation in the organization, a lot of political maneuvering can be avoided. No individual in the organization should be given the right to control the information or manage the lines of communication. Relevant information should be available to all members of the organization.

Vecchio (1995) has offered a list of other actions to combat the impact of dysfunctional political behaviours in organizations. These include:

Confrontation: Confronting people who play political games in organizations is an effective way of handling such actions. An individual who indulges in dysfunctional political activities has to be directly confronted by an acceptable authority so that such actions are not condoned.

Clear job assignments: A lot of political actions arise because of lack of clarity. Giving clear instruction about the job description and responsibilities with well-defined and discrete assignments will remove the potential for ambiguity.

Eliminating coalitions: Formation of coalitions and cliques are detrimental to effective work performance in organizations and can be avoided by transfers and dismissals. Individuals in organizations can be rotated from one job to another so that they are not able to form any permanent association in the organization; rotation of tasks also helps in enriching their experiences at different jobs.

Setting an example: Managers should act as a role model for their subordinates by supporting and encouraging truth, fairness, and justice in the organization. An equitable treatment given to employees tends to reduce the scope for unhealthy political behaviours.

Controlling Political Behaviours in Organizations:

- Awareness
- Reduction of uncertainty
- Open communication
- Confrontation
- Clear job assignments
- Eliminating coalitions
- Setting an example

Impression Management: Impression management is defined as “the process by which people attempt to control and manipulate the reaction of others to create images of themselves or their ideas.”

Impression Management

Rao and his colleagues (1995) define impression management as “the process by which people attempt to control and manipulate the reactions of others to create images of themselves or their ideas.” This comprises of one’s way of talking, behaviour, and appearance. Most impression management activities are focused towards creating a good impression on others, but sometimes people also deliberately create negative impression over others. The most relevant form of impression that managers try to create is upward impression management (the process of impressing one’s superiors).

Positive Impressions

The process of engaging in creating a favourable impression on others comprises of projecting an upbeat attitude at all times, trying not to offend others, and dressing for success, if the motive is to improve the chances of getting what you want in life (Pratt and Rafaeli 1997). A moderate amount of impression management is a part of every employee’s life in today’s business scenario. If impressions are not managed at all, there are chances that a manager will overlook the contributions made by a valuable employee while taking decisions about the work assignment, pay, and promotions. If it is over managed, there would be the risk of being labelled as sycophants or phony (Vonk 1998). The risk of unintended insult is very high when impression management tactics cross gender, racial, ethnic, and cultural lines (Montagliani and Giacalone 1998). There are three categories of upward impression management tactics (Wayne and Ferris 1990):

1. **Job focused:** This consists of maintaining and manipulating information about one’s job performance.
2. **Supervisor focused:** This comprises of praising and doing favours for one’s supervisor.
3. **Self-focused:** This consists of presenting oneself as a very polite and good person.

Negative Impressions

This idea of creating negative impressions in the eyes of others appears to be quite absurd. But there can be both motives and tactics for creating bad impressions about oneself. A study has revealed four motives for creating bad impression (Becker and Martin 1995):

1. **Avoidance:** Sometimes, employees deliberately try to create negative impressions basically to avoid additional work, unwanted relocation or promotion, and also to save themselves from any stress in organizations.
2. **To obtain concrete rewards:** Negative impressions may also be created to seek a pay raise, desired transfer, or promotion.
3. **Exit:** Employees may want to get fired or suspended or sometimes may be seeking unemployment compensation.
4. **Power:** They may want to control or intimidate others, take revenge, or make someone else look bad.

There are five tactics identified to create a negative impression (Becker and Martin 1995):

1. **Displaying a bad attitude:** This comprises of deliberate delays, repeated complaints, acting strangely, and picking up arguments with colleagues.
2. **Working below potential:** This will consist of pretence of ignorance and not using one’s capabilities to the fullest.
3. **Withdrawal:** It consists of being tardy, taking frequent breaks in between work, and faking illness.
4. **Decreasing performance:** This comprises of restricting productivity, deliberately making more mistakes, and neglecting tasks.
5. **Broadcasting limitations:** This will consist of announcing one’s problems (whether physical or psychological) to one’s colleagues and friends.

There are number of ways to manage employees who deliberately create negative impressions in organizations. Some of these consist of providing more challenging work, better feedback about their performance, effective leadership, better motivational practices in the form of recognition and rewards, clarity in job description, and enabling a congenial and trusting work environment.

Ethics in Power and Politics

The issue of ethics in power and politics has been a subject of extensive research. An ethical manager tends to behave in compliance with the letter of the law or the company policy and also lives in its spirit (Cavanagh et al. 1981). It is not apt to always relate power and politically motivated behaviour to unethical or immoral activities.

Ethics and Use of Power and Politics Are Not Mutually Exclusive

A person’s actions can be classified as ethical or unethical while he is using power and politics in an organization. This classification can help the employees to evaluate whether they are applying or thinking of applying power too far beyond the boundaries of ethical propriety (Figure 14.3).

Ethical management The ethical manager focuses on developing and adhering to ethical goals, motives, standards, and general operating strategies. The use of power is basically to pursue fair and just ends. Laws are taken as the minimum standards of conduct. Ethical management is essentially unselfish and not prone to self-serving politics. Ethical management does not believe in compromising performance; in fact, it promotes enduring self-interest. Ethical managers support their people, recognize their accomplishments, are sensitive to their fears and needs, communicate confidence in the organization’s purpose and products, and use power and politics in a justifiable way.

Unethical management The unethical manager is not only devoid of ethical principles, but also actively opposed to what is ethical (Carroll 1987). For unethical managers, selfishness is paramount, whether they are focusing on using power for personal gain or maximizing short-term gains for the firm. Senior managers of Beech-Nut, the baby food company, deliberately moved inventories of bottled sugar water (deceptively labelled as apple juice) from warehouse to warehouse in efforts to evade Food and Drug Administration investigators. They were knowingly engaging in unethical (and illegal) behaviour (Welles 1988). Unethical managers have a tendency to cut corners and conceal the facts as they are obsessed with personal power. This seems to be the case with tobacco-industry executives proclaiming that their product is non-addictive, and yet their proprietary research has revealed for decades the addictive capacity of tobacco.

Ethical Manager: An ethical manager tends to behave in compliance with the letter of the law or the company policy and also lives in its spirit.

Unethical Manager: The unethical manager is not only devoid of ethical principles, but also actively opposed to what is ethical.

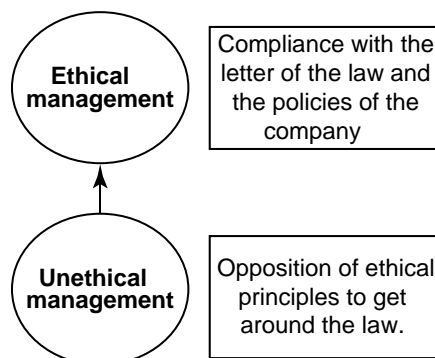


Figure 14.3
Classification of Ethics in Organizations

An unethical manager also lacks any moral sensibility whatsoever. He can have either an intentional or an unintentional approach to ethical issues. The intentionally unethical manager will deliberately keep ethics out of personal decisions within the organization. The unintentionally unethical manager does not give any thought to ethical principles at all. He may lack ethical principles and thus not reflect on the broader consequences of how power is used.

One of the greatest dangers of unethical management is that decisions are made without anticipating the negative consequences. Some of the examples include Nestlé's decision to market concentrated baby formula in underdeveloped countries with impure water or police department's decision on height and weight requirements that effectively exclude many persons from ethnic groups that, on average, are slight in stature (Carroll 1987).

Advancements in technology have posed a new ethical challenge. Technology now permits supervisors to eavesdrop on their staff's phone conversations and to secretly observe computer screens or even type in warnings when they see something they do not approve of (Bylinsky 1991). Whether the employee is a reservation agent or stockbroker, such use of power invades privacy with an aura of "Big Brother is watching you." Electronic eavesdropping is not only a questionable use of power, but it can accentuate negative feedback and lead to the overuse of punishment to boost performance.

■ Summary

Power and politics are indisputable facts of organizational life. They are important universal phenomena that need to be understood by employees, managers, and employers. Power has both positive and negative faces. In organizations, the positive face of power is much more prevalent than the negative face of power. Positive changes in organizations take place through the positive face of power and politics. The sources of power can be primarily categorized into formal position and the personality characteristics of the leader.

There are individual bases of power, which are the factors that give people the capacity to influence others successfully. Five bases of social power derived from the characteristics individuals possess and the nature of relationship between individuals with or without power are reward power, coercive power, legitimate power, expert power, and referent power. Later on two other bases of power were added to the list, namely information and connection power. A subordinate can respond to the power base by being committed, comply with it, or resist it.

Politics is neither good nor bad per se but, like power, has two faces. The pursuit of unsanctioned organizational goals or the use of unsanctioned organizational means might be examples of the negative face of politics. But a positive face of politics is shown whenever "hard decisions" must be made, are made, and most organizational members feel good about what was decided and how it was decided. The political subsystem is composed of the sources, locations, and flow of power through the organization.

The first condition of the use of power is interdependence, a situation in which what happens to one organization actor affects what happens to others. The second condition of the use of power is heterogeneous goals, or goals which are inconsistent with each other. The third condition resulting in the use of power is scarcity. To the extent that resources

are insufficient to meet the various demands of organizational participants, choices have to be made concerning the allocation of those resources. Together, the conditions of scarcity, interdependence, and heterogeneous goals and beliefs about technology produce conflicts which eventuate in politics.

The concept of influence refers to attempts, whether successful or not, to affect another in a desired fashion. Power is exercised through the use of various behavioural strategies or methods. Individual and intragroup power strategies can be identified as assertiveness, friendliness or ingratiation, rationality, sanctions and higher authority, bargaining, and coalition. Intergroup power tactics can be classified as contracting, co-opting, and coalescing.

It is impossible to eliminate political behaviour from organizations, but it is possible to counter the worse effects of political behaviour. Certain measures to help managers limit the dysfunctional impact of unhealthy politics are awareness, reduction of uncertainty, open communication, confrontation, clear job assignments, eliminating coalitions, and setting an example. Impression management is defined as the process by which people attempt to control and manipulate the reaction of others to create images of themselves or their ideas. The process of engaging in creating favourable impression on others comprises of projecting an upbeat attitude all times, trying not to offend others, and dressing for success. There are three categories of upward impression management tactics: job focused, supervisor focused, and self-focused. This idea of creating negative impressions in the eyes of others appears to be quite absurd. Four motives for creating bad impression are avoidance, to obtain concrete rewards, exit, and power. Five tactics to create negative impression are displaying a bad attitude, working below potential, withdrawal, decreasing performance, and broadcasting limitations.

An ethical manager tends to behave in compliance with the letter of the law or the company policy and also lives in its spirit. He focuses on developing and adhering to ethical goals, motives, standards, and general operating strategies. The use of power is basically to pursue fair and just ends. Ethical managers support their people, recognize their accomplishments, are sensitive to their fears and needs,

communicate confidence in the organization's purpose and products, and use power and politics in a justifiable way. The unethical manager is not only devoid of ethical principles, but also actively opposed to what is ethical. He also lacks any moral sensibility. One of the greatest dangers of unethical management is that decisions are made without anticipating negative consequences.

■ Key Terms

Assertiveness: This would entail setting a deadline for others to comply with a request and ordering others to do what they were asked to do.

Bargaining: This could amount to exchanging favours and benefits through a process of negotiation.

Charisma: Charisma is a special quality of leadership that captures popular imagination and inspires unswerving allegiance and devotion.

Coalescing: Coalescing comes about when there is a joint venture between groups. There is strength in pooling resources for the benefit of the organization.

Coercive power: Leaders often control the punishments others receive—a capacity known as coercive power.

Commitment: A committed subordinate will have little difficulty in accepting and identifying with the leader.

Compliance: A compliant subordinate is likely to carry out the leader's wishes, provided that they do not involve extra effort but will work at a reasonable pace.

Connection power: This is based on the perception of one member of the relationship that another member has connection with influential or important people.

Contracting: Contracting is a tactic arrived at between two or more groups to regulate future actions.

Co-opting: Co-opting is a process whereby others are admitted to the membership of a group, in this case, in order to avoid threats to the group's stability or survival.

Ethical manager: An ethical manager tends to behave in compliance with the letter of the law or the company policy and also lives in its spirit.

Expert power: To the extent that a subordinate recognizes a superior's advanced skills or knowledge and follows his orders because he realizes that his superior knows what is best, the superior is said to have expert power.

Face of power: Negative face of power is characterized by a primitive, unsocialized need to have dominance over submissive others. The positive face of power is characterized by a socialised need to initiate, influence, and lead.

Friendliness or ingratiation: This is designed to make the person favourably disposed to comply with a request.

Higher authority: This consists of efforts to secure support from people further up the organizational hierarchy.

Impression management: Impression management is defined as the process by which people attempt to control and manipulate the reactions of others to create images of themselves or their ideas.

Influence: The concept of influence refers to attempts, whether successful or not, to affect another in a desired fashion.

Information power: This is based on the perception of one member of the relationship that another member possesses or has access to information that is valuable for others.

Job-focused impression management: This consists of maintaining and manipulating information about one's job performance.

Knowledge power: When a leader has special skills and knowledge to back up the leadership role she occupies, it is called knowledge power.

Legitimate power: Legitimate power is the recognized right of individuals to exercise authority over others because of their position in an organizational hierarchy.

Organizational politics: Organizational politics involves intentional acts of influence to enhance or protect the self-interests of individuals or groups.

Personal power: Personal power refers to the power that one derives because of his individual qualities or characteristics. It includes two of the French and Raven power bases—expert power and referent power—plus persuasive power and charisma.

Personality power: Power which resides in the personality of a person is called personality power.

Position power: Position power, is power based on one's formal position in an organization. It includes three of the five French and Raven power bases—legitimate power, reward power, and coercive power—and the new one, information power.

Power: Power is the intentional influence over the beliefs, emotions, and behaviours of people. Potential power is the capacity to do so, but the kinetic power is the act of doing so. One person exerts power over another to the degree that he is able to exact compliance as desired.

Rationality: This amounts to using facts and information in a logical way so that the request for action is seen to be detailed and well prepared.

Referent power: Individuals who are liked and respected by others can get them to alter their actions in accord with their directives—a type of influence known as referent power.

Resistance: A resistant subordinate is likely to be in conflict with the leader and may neglect the project as a means of contravening the leader's instructions or guidelines.

Reward power: Individuals with the capacity to control the rewards the followers will receive are said to have reward power over the followers.

Role power: Power attached to the leadership position of a person is called role power.

Sanctions: This amounts to the use of coercive power, whereby organizational rewards and punishments are activated.

Self-focused impression management: This consists of presenting oneself as a very polite and good person.

Source of power: The sources of power can be primarily from the formal position of the leader and the personality characteristics of the leader.

Supervisor-focused impression management: This comprises of praising and doing favours for one’s supervisor.

The political subsystem: The political subsystem is composed of the sources, locations, and flow of power through the organization.

Unethical manager: The unethical manager is not only devoid of ethical principles, but also actively opposed to what is ethical.

Discussion Questions

- Suppose your professor asks you to redo a homework assignment. Explain the bases of power the professor may use to influence your behaviour in this situation.
- Argue for or against the statement: “The use of power in organizations is unethical.”
- Suppose you have just been hired as a brand manager of a toothpaste brand for a large consumer-product company. Your job mainly involves encouraging the advertising and production groups to promote and manufacture your product effectively. These departments are not under your direct authority, although company procedures indicate that they must complete certain tasks requested by the brand manager. Describe the bases of power you can use to ensure that the advertising and production departments will help you make and sell the toothpaste brand more effectively.
- Describe a situation in which (a) you had the power to influence the behaviour of another person and (b) another person had the power to influence you. In each case, explain the sources of power applied.
- Of the influence tactics discussed, which do you use the most when dealing with your friends, parents, boss, or professors? Would the other tactics be effective?
- Based on your experience, give examples of effective and ineffective uses of power and their outcomes. Explain why each situation occurred.
- Mention examples of situations in which you have been committed, compliant, and resistant as a result of influence on you. Also, describe some situations in which your attempts to influence others led to commitment, compliance, and resistance.
- What steps can be taken to control political behaviour in organizations? Why is controlling political behaviour in organizations important?
- How does the process of impression management influence the action of managers in business organizations? Give examples.
- Why is it important for managers to be ethical while exercising power in organizations? When does the behaviour become unethical and what is its impact?

Exercise

How Much Power Do You Have?

Instructions: Each one of us derives power either from our personality or from our positions. Given below are the statements which will help you determine your bases of power in your organization. Read the following statements and rate

yourself on a 5-point scale as shown below:

- 1—Strongly disagree
- 2—Disagree
- 3—Neutral
- 4—Agree
- 5—Strongly agree

Statements		Rating
1.	I am in a position where I can reward people lower to me in position.	
2.	I am in a position where I can punish people lower to me in position.	
3.	I have lots of authority in my position.	
4.	I am seen as an expert in the job that I do.	
5.	I set a good example for my subordinates.	
6.	The appraisal made by me has a high impact on the promotion of my juniors.	
7.	I can keep a tab on people who work below me.	
8.	I make critical decisions for my department.	
9.	I have an advantage because I am trained in my area.	
10.	My personality is seen as a role model by my subordinates.	

	Statements	Rating
11.	The tangible benefits received by my subordinates are based on my reviews.	
12.	I am very strict with my juniors.	
13.	As I hold such a position, employees look to me for professional support.	
14.	Based on my proficiency, I can improve the systems and processes in this organization.	
15.	I am treated as an informal leader in my group or department.	

Field Projects

1. Find out different bases of power at different levels in organizations. Also find if there is any variation in the power bases of public- and private-sector managers.
2. In groups of 3–4, conduct a survey of an organization to find out the political strategies used by managers to influence the behaviour of their subordinates. What is the impact of these tactics on employees? Prepare a report and present it to the class.

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CHAPTER 15

Organizational Culture

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Define organizational culture and identify its elements.
2. Discuss the functions of organizational culture and the techniques to diagnose it.
3. Identify and discuss the models to describe organizational culture.
4. List and describe the elements to manage organizational culture.
5. Discuss the relationship between ethics and organizational culture.

Culture and Make or Break of an Organization

Alpha Corporation is an organization that takes care of its employees in a number of ways. The company has initiated many steps to make things easier for the employees and to promote positive organizational behaviour. On the transportation front, the company provides AC cab facility to the staff to commute to the company. This service is provided free of cost. Among other free benefits, food is catered to the employees from the Taj. Employees are strongly urged to work to complete their tasks during the scheduled working hours. All facilities are provided for people working overtime.

The senior management team closely interacts with junior teams. Often managers come to the desk of employees with bouquets and organize small celebrations for employees on occasions such as birthdays and anniversaries. This encourages informal interaction and teaches employees a lot about the culture of the organization. Festivals such as Holi and Diwali are celebrated with lunch or dinner parties.

The culture of the organization is open and non-hierarchical. Many members of the staff are so impressed with the culture and the management style of senior managers that they have made them their role models. This has gradually resulted in building harmony in the organization. The regular interactions between senior management and employees enable younger employees to adapt to the organization much faster. They are given all possible opportunities to seek opinions and explanations from the senior management about any doubts that they might have.

There are regular training programmes in the company. The training programmes are on different aspects such as behavioural training, technical training, and domain-specific training. This contributes towards the overall development of the employees along with developments in their technical skill. This also helps in making employees more congruent with the company policies and objectives.

The reward and recognition programmes at the company are based on merit. The pay structures as well as the extra rewards are given on the basis of performance in different projects. The compensation offered by the company is competitive though not the highest in the industry. Employees are recognized for the work that they do during regular summits in order to honour leading performers.

The offsite programmes for employees are arranged team-wise, business unit-wise, and pan-company wise. The general atmosphere in the company is that of stability and calm, and is conducive to learning and improvement. It has a great brand name internationally and maintains the same working conditions and policies for its employees in India.

Although the organization promotes positive behaviour among its employees through various initiatives, there are some issues which need to be tackled. First, as a result of the free culture, the level of competition that can drive employees to greater success is lacking. Also compared with its peers, the organization does not provide fast career growth to employees, which may discourage and frustrate ambitious employees. As most of the organization's systems are set and structured,



there is limited scope for feedback and change. Also, as the organization is relatively large, it does not promote an entrepreneurial mindset in its employees, and takes fewer risks.

As projects are assigned arbitrarily to teams, some teams get to work on more challenging and exciting projects than others. This creates feelings of discontentment, irritation, and resentment in employees who are assigned less exciting projects. As employees are used to working only until 5:30 p.m., some of them are unwilling to put in longer hours when a larger project or assignment is due. As the organization tries to promote stability, it is also soft on all employees—including incompetent and unmotivated employees. Thus, the organization has to support more than its fair share of “deadwoods,” which affects and hampers the productivity of other employees.

Although the company sponsors several festivals, celebrations, and contests, participation is limited to a few enthusiastic employees.

Finally, despite several fine initiatives, several employees are dissatisfied with their monetary compensation. Thus, this may be the primary reason why many employees are always on the look out for an opportunity to quit the organization.

A few interesting trends were observed in the organization over the past few years. According to a survey conducted, most employees admired the organization and its values. Most employees who quit the organization did so within two years of joining, and were generally new graduates. Employees, who quit when at mid-management level are highly sought after and get attractive offers in leadership roles within the industry. Among the older employees, many have spent their entire career comprising more than 20–30 years in the organization. The top management comprises of a large percentage of women and non-resident Indians based in the United States.

For Discussion

1. How would you classify this organization on cultural parameters?
2. What are the problems encountered by this organization?
3. Identify the initiatives taken by the organization to promote its strong culture.
4. If you were the CEO of this organization, how would you bring about a positive culture in the organization?

Introduction

Organizations, to cope with global competition and the changing business environment, envision a “futuristic state” with a new purpose and goals to be achieved. They try to move to that “state” using a planned strategy. This strategy could entail redesigning, reorganizing, or innovating current work activities and the organizational structure or processes in order to retain/improve the organization’s current competitive position, customer focus, and customer satisfaction. While changes are brought about in work, structure, or process, it is to be noted that all these need to take place in the overall context of the organization’s culture. Organizational culture is like the blood flow in the human system that connects and energizes the various internal organs. Changes made in the systems/subsystems may not be effective until they are compatible with the organizational culture. Otherwise, cultural incongruence/resistance will defeat the purpose of any planned change.

When small or incremental changes are made in an organization, they need to be tuned to its overall culture. However, when an organization plans to bring in radical, transformational, or fundamental changes or plans to recreate it, it becomes imperative for the organization to change its current culture, without which such deep and significant changes are not possible.

Culture, in popular managerial parlance, usually refers to how people feel about the organization, the authority system, and the degree of employee involvement and commitment—the “soft” stuff, all of which refers to the culture of the organization. Managers need to learn

that where culture may matter most is, in its impact on the “hard” stuff, such as strategy and structure. Most managers are quite blind to the fact that their strategies and structures are dominated by cultural assumptions and that the history of success and failure hardwire these cultural assumptions into their thinking.

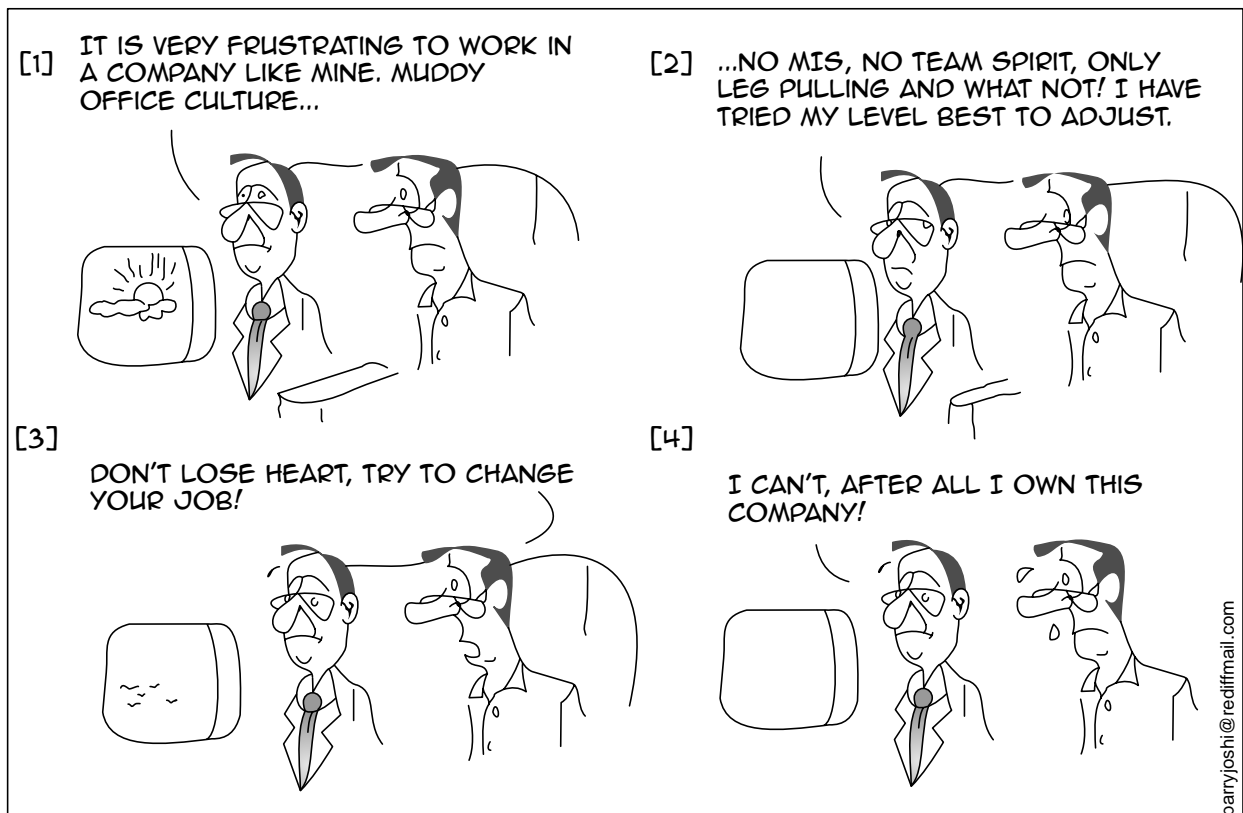
Organizational Culture:

Organizational culture is defined as a “set of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid, and therefore, to be taught to new members as a correct way to perceive, think and feel in relation to these problems.”

What is Organizational Culture?

People get affected by the culture, in which they live. Values, beliefs, and expected behaviours of a family are taught to its members through the process of socialization within the family. The same is true for organizations. When people join an organization they have certain values and beliefs that may not be sufficient for achieving organizational goals. Therefore, they are required to adapt to the culture of the organization. Every organization has its own missions and goals and to attain these, it adopts unique modes and methods of operations. In the process of achieving the corporate mission, participants internalize organizational values and norms to give meaningful expressions to the same in their day-to-day activities. Thus, all the members of an organization come to adapt shared values, beliefs, norms, attitudes, and ways of doing things and practicing which are unique to the organization. This is termed as the culture of the organization. As Hagberg and Heifetz (2000) concede “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 difficult to define culture and still harder to specify or delineate it. It is *reflected* in *how things are done* (Flanagan 1995) and *how problems are solved* in an organization. It may be defined as the *ethos of a company* (as US firms do) or the *shared values and team spirit* (as European firms prefer to define it). In biological terms, culture is like the DNA of an organization, invisible to the naked eye, but critical to shaping its behaviour. One culture could



Courtesy Parimal Joshi. Reproduced with permission.

be distinguished from another in terms of how some commonly shared human problems are addressed and the specific solutions that are sought (Trompenaars 1993), affecting the performance of everyone within the culture in positive or negative ways.

Organizational culture has been defined by scholars in varied ways. Numerous definitions of organizational culture have been proposed. A few of these insights are given here.

Edgar H. Schein (1982) defines organizational culture as a “set of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid, and therefore, to be taught to new members as a correct way to perceive, think, and feel in relation to these problems.”

Porter et al. (1979) identify organizational culture as a “set of customs and typical patterns of ways of doing things. The force, pervasiveness, and nature of such model, beliefs, and values vary considerably from organization to organization. Yet it is assumed that an organization that has any history at all has developed some sort of culture and that this will have a vital impact on the degree of success of any effort to improve or alter the organization.”

Elements of Culture

At the root of any organizational culture is a set of core characteristics that are collectively valued by members of an organization. Recent research by Chatman and Jehn (1994) has shown that seven elements of organizational culture may be used to describe organizations. These are

1. **Innovation**—the extent to which people are expected to be creative and generate new ideas.
2. **Stability**—valuing a stable, predictable rule-oriented environment.
3. **Orientation towards people**—being fair, supportive, and sharing respect for individuals’ rights.
4. **Result orientation**—the strength of its concern for achieving desired results.
5. **Easygoingness**—the extent to which the work atmosphere is relaxed and laid back.
6. **Attention to detail**—concern for being analytical and precise.
7. **Collaborative orientation**—emphasis on working in teams, as opposed to individually.

Different sets of core values are reflected in the cultures of different organization. Testing this idea, Chatman and Jehn compared 15 companies in four different industries with respect to these seven aspects. Their results suggest that there were similarities between the cultures of companies within the same industries. For example, consulting firms had cultures that were more similar to each other than they were to other types of companies, such as accounting firms. The researchers also found connections between cultures and various industry characteristics. In general, companies had cultures that were matching with the kind of work they did. For example, consulting firms had cultures that were more innovative and more people oriented than did the postal service. These results suggest that organizational culture is not only a key factor in distinguishing between individual companies but also between entire industries.

Another description of the elements of organizational culture is presented by Schein (1982) which proposes that the culture of an organization comprises of basic assumptions, artefacts, and values.

Basic Assumptions

These are the basic precepts that characterize an organization in terms of what it is, what it stands for, and what it is all about. It is what drives the organization, and determines how its members perceive, think, feel, and behave. It underlies the various aspects of organizational activity and represents the core ideology. Some examples of basic assumptions underlying the organizational culture of a few companies are given in Table 15.1.

Basic Assumptions:

These are the basic precepts that characterize an organization in terms of what it is, what it stands for, and what it is all about. It is what drives the organization.

Table 15.1 Examples of Companies With Their Basic Assumptions

Company	Basic Assumptions
AT&T	Market-oriented communication system
Citibank	Customer orientation
Boeing and Hewlett Packard	Risk taking and innovation
Sony and Toyota	Employee participation, open communication, and security
Asea Brown Boveri	Entrepreneurism, self-discipline, and control

Artefacts: The visible manifestation of culture as seen in the physical and social environment of the organization.

Artefacts

The visible manifestation of culture as seen in the physical and social environment of the organization such as:

1. Its structure, systems and subsystems, symbols, plaques.
2. Public documents it releases, media reports, and stories about it.
3. Its rituals, norms, rules, and procedures.
4. The observable behaviour of its members (the way they talk, the jargon they use, the way they dress).

An example of a cultural artefact is the 24-hour hotline for customers that both IBM and Citibank provide.

Values: These are the social principles, goals, or standards held by members of an organization, individually and collectively.

Values

These are the social principles, goals, or standards held by members of an organization, individually and collectively. Values evolve out of the basic assumptions and form the core (or heart) of the culture, reflecting what is important in the organization and determining how the organization needs to be (the ethos and the personality of the organization). Box 15.1 describes values held by some prominent organizations.

Although an organization espouses a series of values, its core values are limited to a few in number. These are the essential and enduring tenets of an organization. They are reflected in the core capabilities of a company, form the basis of its policies and actions, and are generally not compromised for short-term benefits or financial gains. In fact, an organization's goals, policies, and practices may even be altered if they do not go along with its core values.

BOX 15.1 VALUES HELD BY SOME ORGANIZATIONS

Sam Walton captured the core value of Wal-Mart in the statement that Wal-Mart puts the customer ahead of everything else. Boeing maintained its core value of product safety, applying the most conservative safety standards, testing, and analysis ever to a commercial aircraft. Merck, to be true its core value of imagination, facilitated a breakthrough in the pharmaceutical industry (Collins and Porras 1994). Belief and trust in employees, individual identity, and entrepreneurship reflect the core values of 3M, while IBM's core value is customer service. Canon is said to value overcoming self-obsolence through organizational renewal. The five core values that formed the basis of cultural change within Bell Atlantic were integrity, respect and trust, excellence,

individual fulfilment, and profitable growth (Kanter, Stein and Jick 1992).

Different companies in the same business may have different values. For example, American Express is associated with elitism (privileged membership), while Visa reflects ubiquity (universality—it is everywhere you want it to be). As long as an organization reflects its espoused values in its relationship with customers, and its customers think it does, it can sell its products very well. This would mean, first, that values should be securely localized within the firm (practices should be seen as congruent with values); second, that they are reflected in the values of customers and suppliers; and third, that they are tied to the company's products and services (Stewart and Margolis 1996).

Values do not sprout in the CEO’s office or in the offices of the top management. They grow out of employees working together as well as out of their core professional skills and practices. Rather than instilling values communicated “top down,” employees themselves should be involved, through participation and dialogue, in the development of desired corporate values. A 360-degree evaluation system could be a useful tool to help develop a genuine link between values and behaviour.

Identifying Organizational Culture

Among the best known representation of organizational culture are Hofstede’s (1994) “onion diagram” subtitled “manifestation of culture at different levels of depth” and Schein’s (1982) “levels of culture.” Each emphasizes that organizational cultures manifest themselves in many ways. Some of these are visible and, therefore, easy to discern when studying the organization but because of their shallow and superficial nature, the true meaning is difficult to decipher. These manifestations are Hofstede’s “symbols,” “heroes” and “rituals,” and Schein’s artefacts (see Figure 15.1). Changing these visible practices and artefacts enables a culture change. Unfortunately, for real change, the process also needs to occur far more deeply at the less visible levels.

The deepest level of culture (Hofstede’s “values” and Schein’s “basic underlying assumption”) is invisible and as a consequence, extremely difficult to discover. They provide what Argyris (1995) terms as “the theories in use” upon which the more visible “practices” and “artefacts” of organizational cultures are built. Hofstede refers to these values as the core of culture. Such values are likely to have become so taken for granted that there will be little variation in them within a culture or sub-culture (Schein 1982). They will be communicated to new employees, thereby transferring the culture. If these basic underlying assumptions are strongly held, then group members will find behaviours or any other premise inconceivable. For this reason, changing these is likely to result in a true culture change which will also be reflected in “practices” and “artefacts.” However, because they are deeply held in individuals’ subconsciousness, they are extremely difficult to change. Between the shallowest and the deepest level are the “espoused values.” These are the values connected with moral and ethical codes and determine what people think ought to be done, rather than what they necessarily do. Often organizations represent a particular view of their culture through formal documents, such as annual reports, mission statements, or speeches by senior managers, all of which reflect these espoused values.

	Shallow ←————→ Deep
Hofstede (1994)	Practice Symbols ←————→ Values Heroes Rituals
Schein (1982)	Artefacts ↔ Espoused values ↔ Basic underlying assumptions
	Visible ←————→ Invisible

Figure 15.1
Comparison of Hofstede’s and Schein’s Representation of Organizational Culture

Functions of Organizational Culture

Culture to an organization is an intangible force, with far reaching consequences. It plays several important roles in organizations. Different functions performed by culture are discussed below.

Culture Gives a Sense of Identity to Its Members

An organization's culture provides a sense of identity to its members. The more clearly an organization's shared perception and values are defined, the more strongly people can associate themselves with their organization's mission and feel a vital part of it.

Culture Helps to Generate Commitment Among Employees

The second important function of culture is generating commitment to the organization's mission. Sometimes it is difficult for people to go beyond thinking of their own interest: How will this affect me? However, when there is a strong, overarching culture, people feel that they are part of that larger, well-defined whole and involved in the entire organization's work. Not just focussed on any one individual's interest, culture reminds people of what their organization is all about.

Culture Serves to Clarify and Reinforce Standards of Behaviour

A third important function of culture is that it serves to clarify and reinforce standards of behaviour. While it is essential for newcomers, it is also beneficial for veterans. In essence, culture guides employees' words and deeds, making it clear what they should do or say in a given situation. In this sense, it provides stability to behaviour, both with respect to what an individual might do at different times and what different individuals may do at the same time. For example, in a company with a culture that strongly supports customer satisfaction, employees will have clear guidance as to how they are expected to behave; doing whatever it takes to please the customer. By serving these important roles, it is clear that culture is an important force influencing behaviour in organizations.

Google has created and communicated an exciting organizational culture. The highly communicative work culture at Google offices worldwide foster a productivity and camaraderie fuelled by the realization that millions of people rely on Google results. Exciting and interesting celebrations such as the Pyjama Day, quarterly and annual off-sites, summer picnics give Googlers a chance to get to know each other socially and have fun.

A work team at Google India.
(Photo courtesy Google India Pvt. Ltd.
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Diagnosing Organizational Culture

Diagnosing organizational culture requires uncovering and understanding the basic assumptions, values, norms, and artefacts underlying organizational life as perceived and felt by the organizational members. One needs to examine how managerial tasks are typically performed (for example, how are tasks supervised? how is task performance monitored, appraised, and rewarded? how are decisions made and communicated?), and how are organizational relationships usually managed (for example, superior–subordinate relationships, team spirit, interdepartmental coordination, union–management relations, customer orientation).

Some techniques that assist in identifying/diagnosing an organization's culture are:

1. Interviewing employees at different levels of an organization (for example, workers, supervisors, managers).
2. Administering relevant questionnaires and conducting attitudinal and morale surveys (socio-metric techniques assist in identifying cliques and subcultures within the organization).
3. Analysing the process aspects (organizational policies, decisions, procedures, rules and regulations, and how the resources are procured and managed, etc.).
4. Examining the organization's external relationships with its customers, clients, etc. in terms of how they perceive and evaluate the organization.

However, diagnosing the cultural elements could be difficult for several reasons. A few of these reasons are as follows:

1. Cultural assumptions are generally taken for granted and not talked about much. It may, therefore, be difficult to get any information about the cultural aspects from the employees.
2. Culture is implicit rather than explicit and can only be inferred from cultural artefacts and creations.
3. Expressed beliefs and values could be different from what one really believes in and follows the former arising from social desirability that characterizes most of our behaviour.
4. Informal groups in the organization may hold assumptions that are different from the corporate culture. Organizations are generally characterized by subcultures that are stable and functional, and similar/dissimilar or supportive/non-supportive of the general culture.
5. Customers and clients may perceive the culture as an outcome of their personal experiences that may be either positive or negative and may not exactly reflect the true state.

Types of Organizational Culture

Although organizations tend to have their own unique culture, Sonnenfeld (1988) notes that these commonly fall into one of the four different categories—the academy, the club, the baseball team, and the fortress.

1. **Academy:** An organization that provides employees opportunities to master many jobs and move on to others can be called an academy (for example, Coca-Cola, IBM, and Procter & Gamble).
2. **Club:** Organizations that lay emphasis on getting people to fit in and be loyal, and value the age and experience of employees can be called clubs. The military is a good example of a club.
3. **Baseball team:** Organizations in high-tech fields (for example, software development firms and biotech companies) and professional fields (for example, investment

Types of Organizational Culture:

- *Academy*: An organization that provides opportunities for people to master many different jobs and to move from one to the next.
- *Club*: Organizations that are highly concerned with getting people to fit in and be loyal.
- *Baseball Team*: People in such organizations tend to be entrepreneurs who take risks and are handsomely rewarded for their success.
- *Fortress*: An organization that is facing hard times and is preoccupied with survival falls into the “fortress culture.”

banking, law, and accounting) have highly skilled employees who tend to take risks and are handsomely rewarded for their success. They have a culture that can be compared with the culture of a professional baseball team with stars who are willing to be traded to another baseball team if the compensation is right.

4. **Fortress**: An organization that is facing hard times and is preoccupied with survival fits into the “fortress culture.” A fortress may be a stimulating place to work for those who thrive on the challenges of turning around a company.

Not all organizations fit perfectly into these four different types. One reason is simply that organizations may have a blend of cultures operating at the same time. Another reason is that organizations tend to change over time and may be in transition.

Approaches to Describing Organizational Culture

No single framework for describing the values in organizational culture has emerged; however, several frameworks have been suggested. Although these frameworks were developed in the 1980s, their ideas about organizational culture are influential even today. Some of the “excellent” companies that they described are less excellent now, but the concepts are still used in companies all over the world. Managers should evaluate the various parts of the frameworks described and use the parts that fit the strategic and cultural values for their own organization.

The Ouchi Framework

One of the first researchers to focus explicitly on analysing the culture of a limited group of firms was William G. Ouchi (1981). Ouchi analysed the organizational culture of three groups of firms, which he characterized as (1) typical US firms, (2) typical Japanese firms, and (3) type Z US firms.

Based on his analysis, Ouchi developed a list of seven points on which these three types of firms can be compared. He argued that the cultures of typical Japanese firms and US type Z firms are very different from those of typical US firms and that these differences explain the success of many Japanese firms and US type Z firms and the difficulties faced by typical US firms. The seven points of comparison developed by Ouchi are as follows:

Commitment to employees According to Ouchi, typical Japanese and Type Z US firms share the cultural value of trying to retain employees. Thus, both types of firms layoff employees only as a last resort. In Japan, the value of “keeping employees on” often takes the form of lifetime employment. This cultural value is manifested in a commitment of what Ouchi called “long-term employment.”

Ouchi suggested that typical US firms do not have the same cultural commitment to employees as Japanese firms and US type Z firms do. In reality, American workers and managers often spend their entire careers in a relatively small number of companies. Still there is a cultural expectation that if there is a serious downturn in a firm’s fortune, change of ownership, or a merger, workers and managers will be let go.

Evaluation Ouchi observed that in Japanese and type Z US companies, appropriate evaluation of workers and managers is thought to take a very long time—up to 10 years—and requires the use of qualitative as well as quantitative information about performance. For this reason, promotion in their firms is relatively slow, and promotion decisions are made only after interviews with many people who have had contacts with the person being evaluated.

Careers Ouchi next observed that the careers most valued in Japanese and Type Z US firms span multiple functions. In Japan, this value had led to very broad career paths, which

may result in employees gaining experience in six or seven distinct business functions. The career paths in type Z US firms are somewhat narrower.

However, the career path valued in typical US firms is considerably narrower. Ouchi's research indicated that most US managers perform only one or two different functions in their careers. This narrow career path reflects the value of specialization that is part of so many US firms.

Control All organizations must exert some level of control to achieve coordinated action. Thus, it is not surprising that firms in the US and Japan have developed cultural values related to organizational control on how to manage it. Most Japanese and type Z US firms assume that control is exercised through implicit, informal mechanisms. One of the most powerful of these mechanisms is the organizational culture.

In contrast, typical US firms expect guidance to come through explicit directions in the form of job descriptions, delineation of authority, and various rules and procedures, rather than informal and implicit cultural values.

Decision making Japanese and type Z US firms have a strong cultural expectation that decision making occurs in groups and is based on the principles of full information sharing and consensus. In most typical US firms, individual decision making is considered appropriate.

Responsibility Here, the parallels between Japanese firms and type Z US firms break down. Ouchi showed that in Japan strong cultural norms support collective responsibility, that is, the group as a whole, rather than a single person, is held responsible for decisions made by the group. However, in type Z US firms and typical US firms, individuals are expected to take responsibility for decisions.

Concern for people In Japanese firms and type Z firms, the cultural value that dominates is a holistic concern for workers and managers. Holistic concern extends beyond concern for a person simply as a worker or a manager to concern about that person's home life, hobbies, personal beliefs, hopes, fears, and aspirations. In typical US firms, the concern for people is a narrow one that focuses on the workplace. A culture that emphasizes a strong concern for people, rather than the one that describes a work task orientation can decrease worker turnover (Powell and Mainiero 1993).

Theory Z and performance Ouchi argued that the cultures of Japanese and type Z firms help them outperform typical US firms. Toyota imported the management style and culture that succeeded in Japan into its manufacturing facilities in North America. Toyota's success has often been attributed to the ability of Japanese and type Z firms to systematically invest in their employees and operations over long periods, resulting in steady and significant improvement in long-term performance.

The Peters and Waterman Approach

Tom Peters and Robert Waterman (1982) in their best seller "In search of Excellence" focused even more explicitly than Ouchi on the relationship between organizational culture and performance. Peters and Waterman chose a sample of highly successful US firms and sought to describe the management practices that led to their success. Their analysis rapidly turned to the cultural values that led to successful management practices. Some of the excellent values practiced in the sample firms are as follows:

Bias for action According to Peters and Waterman, successful firms have a bias for action. Managers in these firms are expected to make decisions even if all the facts are not in. They argued that for many important decisions, all the facts will never be in. Delaying decision making in these situations is the same as never making decisions. Meanwhile, other firms

probably will have captured whatever business initiatives that existed. On average, according to these authors, organizations with cultural values that include a bias for action outperform firms without such values.

Stay close to the customer Peters and Waterman believe that firms which value customers over anything else outperform firms without this value. The customer is a source of information about current products, a source of ideas about future products, and responsible for the firm's current and future financial performance. Focusing on the customer, meeting the customer's needs, and pampering the customer when necessary lead to superior performance.

Autonomy and entrepreneurship Peters and Waterman maintained that successful firms fight the lack of innovation and the bureaucracy usually associated with large size. They do this by breaking the company into smaller, more manageable pieces and then encouraging independent, innovative activities within smaller business segments. Stories often exist in these organizations about the junior engineer, who takes a risk and influences major product decisions, or of the junior manager, who implements a new and highly successful marketing plan because he is dissatisfied with the current plan.

Productivity through people Peters and Waterman believe that successful firms recognize that their most important assets are their people—both workers and managers—and that the organization's purpose is to let its people flourish. It is a basic value of the organizational culture—a belief that treating people with respect and dignity is not only appropriate but also essential to success.

Hands-on management They also noted that the firms they studied insisted that senior managers stay in touch with the firm's essential business. It is an expectation, reflecting deeply embedded cultural norms that managers should not manage from behind the closed door of their offices but by “wandering around” the plant, the design facility, the research and development department, and so on.

Stick to the knitting Another cultural value characteristic of excellent firms is their reluctance to engage in business outside their areas of expertise. These firms reject the concept of diversification, the practice of buying and operating businesses in unrelated industries. This notion is currently referred to as relying on the “core competencies,” or what the company does best.

Simple form, lean staff According to Peters and Waterman, successful firms tend to have few administrative layers and relatively small corporate staff group. In companies that are managed excellently, importance is measured not only by the number of people who report to the manager but also by the manager's impact on the organization's performance. The cultural values in these firms tell managers that the performance of the staff is more important than their number.

Simultaneously loose and tight organization The final attribute of organizational culture identified by Peter and Watermen appears contradictory. The firms are tightly organized because all their members understand and believe in the firm's values. This common cultural bond is the strong glue that holds the firms together. At the same time, however, the firms are loosely organized because they tend to have less administrative overheads, fewer staff members, and fewer rules and regulations. The result is increased innovation and risk taking and faster response time.

The Udai Pareek Approach

According to Pareek (2002), there are eight values that govern the culture of an organization. These eight values together are responsible for making the culture of an organization strong or weak. These are as follows:

Openness As the term implies openness refers to free sharing of thoughts, ideas, and feelings with each other in an organization. The open environment of the organization results in a culture where employees have no reservation or negative hidden feelings against each other. In situations of disagreements they are able to come out openly and share their concerns with each other. Openness also deals with doing away with the physical boundaries and erected walls in the organizations. Openness has to be practiced both in terms of giving as well as receiving information at all levels in the organization.

Confrontation With openness comes the ability to face the situation as it comes to us rather than move away from it. In cases where there is willingness to face the problem and solve it, many interpersonal differences are resolved and individuals come forward with their ideas and solutions.

Trust The surety with which people can share their confidential information with each other without the fear of it being known all over the organization reflects the level of trust in the organization. In organizations where trust is high among employees, there is better problem solving and less stress.

Authenticity This refers to the equivalence that members of an organization have between their words and deeds. If people do what they say and feel, it leads to high level of openness and trust in organizations.

Proactivity Proactive organizations are ready to face any eventuality and are prepared for adversaries too. Proactive individuals are more calm and relaxed in their behaviour towards others. With proactivity, there is a possibility of thinking and planning ahead and being prepared to encounter situations or individuals.

Autonomy It involves giving enough space to other individuals in the organization as you would seek for yourself. A person with knowledge and competence should be given freedom to take the decisions for the department or the organization. This promotes a sense of achievement and self-confidence among employees thereby leading to mutual respect.

Collaboration Organizations consist of individuals who are expected to work together in a group and this sense of togetherness can only be generated by the top management in organizations. People should be forced to learn to work together to develop a sense of team spirit. It will result in openness, trust among members, sharing, and a sense of belongingness and commitment to the organization.

Experimentation In this age of scarce resources, and fast change, any organization which is not willing to try out new and better ways of working is likely to perish fast. Individuals as well as organizations can sustain themselves only if they are able to experiment with the available resources and identify and develop better approaches to deal with the problems. There has to be out of the box thinking in which nothing that is obsolete is likely to be accepted.

These eight values have been given the acronym OCTAPACE meaning eight (octa) steps (pace) to create an organization, which is identified as an effective organization with a strong culture.

Table 15.2 An Overview of Three Approaches to Describing Organizational Culture

Ouchi's Approach	Peters and Waterman's Approach	Pareek's Approach
Commitment to employees	Bias for action	Openness
Evaluation	Stay close to the customer	Confrontation
Careers	Autonomy and entrepreneurship	Trust
Control	Productivity through people	Authenticity
Decision making	Hands-on management	Proaction
Responsibility	Stick to the knitting	Autonomy
Concern for people	Simple form, lean staff	Collaboration
	Tightly organized	Experimentation

BOX 15.2 ORGANIZATIONAL CULTURE AT NOKIA

Nokia, based in Finland is one of the largest mobile manufacturing companies in the world with more than 50,000 employees spread across the world. In the midst of intense competition and continuous change, the company firmly believes that its people policy has helped it to achieve 40% share of the global handset market and industry-leading profit margins of 20–25%.

Their culture ascribes to the Nokia Employee Value Proposition, which the firm describes as “a concrete employment offering for each employee from the very first Nokia day onwards.” There are four elements of this proposition. They are:

The Nokia way and values: The flat structure of the company provides speed and flexibility in decision making, ultimately leading to the development and introduction of new products. Importance is given to customer satisfaction, respect for colleagues, achievement orientation, fostering change and development, effective management and leadership, and employee participation.

Performance-based rewards: The typical compensation package by Nokia is custom built for every country and comprises of annual base salary, incentives, bonuses, possible participation in equity plan, and other local benefits. It offers rewards to employees on the basis of both individual and team achievements. It also takes into consideration an employee's overall position and “significant economic influencers.”

Professional and personal growth: Nokia as a coaching organization believes in developing people in terms of

their competencies and skills. Through its global network of learning centres, the company aims to offer a consistent standard of training and development to all its employees. It also believes in filling its post with the help of internal candidates except for a few senior positions. Employees are encouraged to improve their competencies through job rotation. The performance–management system followed by Nokia is known as Investing-in-People (IIP). Employees are encouraged to “own” their IIP, to understand what is expected of them, and how their individual achievements support the company's overall strategy.

Work–life balance: The company believes in maintaining a perfect work–life balance for its employees. The efforts made by the organization to improve work–life balance are tele-working, mobile working, flexible working hours, sabbaticals, study leave, health-care services, and recreational activities.

All the characteristics discussed above are the hallmarks of a strong culture in an organization. Nokia is one of the best employers in today's environment. According to Hallstein Moerk, senior vice president and director of human resources, “We have created various solutions to ensure that employees get what they most need and value during their employment, taking into account the fact that individuals have different needs at different stages in their working lives.”

Source: Pollitt, D (2004). Nokia Connects HR Policy with Company Success. *Human Resource Management International Digest*, 12 (6): 30–32.

Table 15.2 gives an overview of the comparison between the three frameworks to understand organizational culture namely Ouchi's framework, Peters and Waterman's approach, and Pareek's framework. Box 15.2 describes the strong organizational culture at Nokia.

Managing Organizational Culture

The work of Ouchi, Peters and Waterman, Pareek, and many others demonstrates two important facts. First, organizational cultures differ among firms; second, these differences in organizational cultures can affect a firm's performance. Based on these observations, managers have become more concerned about how to best manage the cultures of their organization. The three elements of managing organizational cultures are (1) taking advantage of the existing culture, (2) transmitting organizational culture, and (3) changing organizational culture.

Taking Advantage of the Existing Culture

Most managers are not in a position to create an organizational culture; rather, they work in organizations that already have cultural values. For these managers, the central issue in managing culture is how best to use the cultural system that already exists. It may be easier and faster to alter employee behaviours within the existing culture than it is to change the history, tradition, and values that already exist (Wilhelm 1992).

To take advantage of an existing cultural system, managers must first be fully aware of the cultural values and what behaviours or actions these values support. Becoming fully aware of an organization's value usually is not easy; however, it involves more than reading a pamphlet about what the company believes in. Managers must develop a deep understanding of how organizational values operate in the firm, an understanding that usually comes only through experience. This understanding, once achieved, can be used to evaluate the performance of others in the firm. Articulating organizational values can be useful in managing other's behaviour. Senior managers who understand their organization's culture can communicate their understandings to lower-level managers. Over time, as these lower-level managers begin to understand and accept the firm's culture, they require less direct supervision. Their understanding of corporate values guides their decision making.

Transmitting the Organizational Culture

A new employee joining the organization is made aware of the expectations that the organization has from him. In other words, organizations try to pass on their values and code of conduct to the new entrant and transmit its culture. There are three main vehicles used for this transmission:

Role of leaders According to Edgar Schein (1983), leaders play a crucial role in shaping, reinforcing, and transmitting organizational culture. For a new entrant, the leader of the organization, at any level, becomes the role model. The leader communicates the culture to the employees by being consistent in what they pay attention to and, therefore, sends clear signals about their expectations of the employees. The way leaders deal with a crisis and how they behave under stressful circumstances go a long way in telling the new employees about the culture of the organization. How the rewards are distributed by the management speaks a lot about the culture of the organization. If the standards set by the leader are followed by him in rewarding the employees, they sense authenticity and genuineness in the culture of the organization. On the contrary, if the standards are not met, it sends conflicting signals to the new entrant.

Socialization Socialization is a process through which individuals become social beings (Whiting 1968) As studied by psychologists, it is a process through which children learn to be adults in a society—how they learn what is acceptable and polite behaviour and what is not, how they learn to communicate, how they learn to interact with others, and so on. In complex societies, the process of socialization may take many years.

Employees are socialized into organization, just as people are socialized into societies; that is, they come to know over time what is acceptable in the organization and what is not, how to communicate their feelings, and how to interact with others. They learn both through observations and through efforts by managers to communicate this information to them. Research into the process of socialization indicates that for many employees, socialization programmes do not necessarily change their values but make them more aware of the differences between personal and organizational values and help them develop ways to cope with the differences (Hebden 1986).

A variety of organizational mechanisms can affect the socialization of employees in organizations. By observing examples from the behaviour of experienced employees, new employees develop a repertoire of stories they can use to guide their actions. This is not to suggest

Transmitting the Organizational Culture

- **Role of leaders:** Leaders play a crucial role in shaping, reinforcing, and transmitting organizational culture.
- **Socialization:** Organizational socialization is the process through which employees learn about their firm's culture and pass their understanding and knowledge on to others.
- **Process of selection:** The process of selection is meant to create a right fit between the person and the job.

that formal training corporate pamphlets and corporate statements about organizational culture are unimportant in the socialization process. However, these factors tend to support the socialization process based on people's close observation of the actions of others.

Process of Selection The process of selection is meant to create a right fit between the person and the job. At the time of selection, certain criteria are chosen to select the most appropriate person for the job. These criteria are mentioned in the requirements posted. Ideally, any person who fits within those set criteria applies for the job. This is the first step towards choosing the right organization by the applicant, thereby initiating the process of learning the culture of the organization. In the second stage, when the applicant is face to face with the organization, the organization decides to either select or reject the person. Consciously or subconsciously, the decision taken to select the person is based on the matching of the value system of the person with the value system (culture) of the organization. If there is a perfect or less than perfect fit, the person is chosen for the job as it is expected that he will be able to learn the culture quickly. On the other hand, if there is a misfit, he is rejected as it is assumed that he will not be able to adjust with the culture of the organization.

Box 15.3 describes the culture of RPG Enterprises, one of India's most successful companies.

BOX 15.3 ORGANIZATIONAL CULTURE OF RPG ENTERPRISES

RPG Enterprises is one of India's largest industrial houses, with a turnover touching US \$3.25 billion and assets worth US \$1.8 billion. Since 1979, the company has been one of India's fastest growing groups and today has large-scale presence with more than 20 companies spread across seven business sectors: retail, IT and communications, entertainment, power, transmission, tyres, and life sciences.

The RPG Management Board is the backbone of the conglomerate. Its members are highly qualified professionals and well experienced in their respective fields. Wide-ranging businesses, growing returns, and a reputation to reckon, makes working with RPG an enriching experience. The group's operating style combines professional management with entrepreneurial drive, durable international partnerships, and management of the changing environment. The employees at RPG have excellent managerial and technical skills and operate in an environment of autonomy and delegation. The management has high trust in the competence of employees and does not believe in tight controls. The management also gives emphasis to the high morale, professional growth, and satisfaction of the employees in addition to high productivity and growth. The top positions are generally filled from within the organization with the best available people. However, depending on the requirements people are hired from outside too. The company has a proud reputation of being a great place to work. The philosophy of the business is quite evident from the words of its Emeritus Chairman, Mr R. P. Goenka who believes that business can be built only by trust and confidence of all the people who deal with the company (Dwivedi 1995).

The top management reinforces the founder's philosophies and remains actively involved in managing the business in the changing environment. RPG's business ethics promote high levels of excellence. The basic values adhered

by the group for the successful operations of the business include:

- Customer sovereignty;
- People orientation;
- Innovation and entrepreneurship;
- Transparency and integrity;
- Passion for superior performance;
- Anticipation;
- Speed and flexibility.

These values propel the organization to perform and excel in all spheres of business. For RPG, quality determines success. Continuous process improvements are carried out to ensure complete satisfaction of customer and market requirements. RPG is a socially responsible organization, which believes in giving back to the community what it has gained from it. The group regularly contributes towards the welfare of various social groups and is involved in promoting social activities in the field of art and sports.

At RPG, organizational excellence is an effort towards achieving excellence by enhancing performance through clarity of purpose, meticulous planning, tenacious execution, and passion to excel. RPG's organizational approach translates the group's organizational excellence strategy through an effective three-point programme—six sigma, continuous improvement, and total productive maintenance. RPG also presents organizational excellence awards. Initiated in 1999, these awards aim to encourage higher levels of business excellence among group companies.

Source: Adapted from *The Economic Times* (New Delhi, India) 31 March 2007.

Changing the Organizational Culture

Research by Ouchi and Peters and Waterman indicates that not all firms have cultural values that are consistent with high performance. Ouchi found that Japanese firms and the US type Z firms have performance-enhancing values. Peters and Waterman identified performance-enhancing values associated with successful companies. By implication, some firms not included in Peters and Waterman's research must have had performance-reducing values. What should a manager who works in a company with performance-reducing values do?

The top managers in such firms should try to change their organizations' cultures. However, this is a difficult thing to do (Barney 1986). Culture is a powerful influence on behaviour—it embodies the basic values of the firm, it is often taken for granted, and is typically communicated most effectively through stories or other symbols. When managers attempt to change a culture, they are attempting to change people's basic assumptions about what is appropriate behaviour and what is not in the organization.

Despite these difficulties, some organizations have changed their cultures from performance reducing to performance enhancing (Norman 1993). Some of the important elements of the cultural change process are as follows:

Managing Symbols

Research suggests that organizational culture is understood and communicated through the use of stories and other symbolic media. Managers interested in changing cultures should attempt to substitute stories and myths that support old cultural values with those that support new values. They can do so by creating situation that gives rise to new stories.

Suppose an organization traditionally has held the value "employee opinions are not important." When the management meets in this company, the ideas and opinions of the lower-level employees are normally rejected as foolish and irrelevant. The stories that support this cultural value talk about managers who tried to make a constructive point only to have that point lost in personal attacks from superiors. A manager in a higher position, who can handle problems and take up decisions individually, might ask a subordinate to prepare to lead a discussion in a meeting and follow through by asking the subordinate to take the lead when the topic arises. The subordinate's success in the meeting will become a new story, one that may displace some of the many stories suggesting that the opinions of lower-level employees do not matter.

The Stability of Change

The process of changing a firm's culture starts with a need for change and moves through a transition period in which efforts are made to adopt new values and beliefs. In the long run, a firm that successfully changes its culture will find that the new values and beliefs are just as stable and influential as the old ones. Value systems tend to be self-reinforcing. Once they are in place, changing them requires an enormous effort. Thus, if a firm can change its culture from performance reducing to performance enhancing, the new values are likely to remain in place for a long time.

Is it Possible to Change Corporate Culture?

1. Culture is as deep seated in an organization as personality is in an individual, so it may be difficult to change the culture of the organization.
2. Any attempt to change the corporate culture requires an understanding of the cultural dimensions (artefacts, norms, values, and basic assumptions).
3. While the outward layers of organizational culture such as the artefacts and norms are relatively easy to change, it is hard to bring about change in the deeper layers constituting

the values and basic assumptions, as the latter are crystallized organizational experiences accumulated over years of dealing with threats and opportunities (external/internal).

4. Changes that occur in the outer layers of organizational culture are deceptive, as the change may not trickle down to the deeper layers (values and basic assumptions). In fact, resistance to change attempts may arise from the value base.
5. Changes in the corporate culture, rather than being an initial solution to organizational problems, should be considered only after the other less difficult and less costly solutions have been found to be either inadequate or inappropriate. It is to be remembered that changing corporate culture can be extremely difficult (Stewart 1994). When you ask managers why introducing change in an organization is difficult, they often say it is because of the organizational culture. In a way, this implies that changing culture is very difficult. At IBM, decentralization efforts could not overcome decades of unchanged culture and leadership practices. Cultural change is not something that occurs overnight. It is a long-drawn-out process that requires commitment, involvement, and persistence of effort at all levels of an organization. What matters is not what the top management says about cultural change, but how it is actually implemented in day-to-day tasks by mobilizing people in the organization. Cultural change should not get diluted along the way—the top management should have the tenacity to stay the course (Ettorre 1996).
6. While changing culture, the depth of cultural change has to be identified—does it lie in the artefacts, norms, or values? Not all aspects of culture change at the same rate. For example, deeper aspects of culture either do not change or change very slowly, while modifying the outer layers of culture such as the artefacts, norms, or subcultures may not be that difficult or traumatic. For any cultural change to be successful there is a need to raise the “culture consciousness” of employees. A “culture audit” could assist in that.
7. Cultural change may involve certain issues of ethical and legal sensitivity. Conflicts of interest between individuals and the organization are likely to occur when changes are implemented. Cultural values often publicized in change efforts are the promotion of employee integrity, equitable treatment, and job security. These create certain expectations in employees about their rights and privileges. In the actual implementation of change, if expectations are not met with (even for a few people), it may result in a breach of faith and consequently gives rise to certain emotional, legal, and ethical problems. To minimize these problems, realistic values should be set to govern cultural change, involving employees in the process of both setting the values and developing guidelines to resolve such issues.
8. Change is necessary in corporate culture when:
 - Business environments are characterized by fundamental changes due to rapid technological, economic, and political changes.
 - The industry is highly competitive.
 - An organization is poised for growth and expansion.
 - Organizations plan to implement radical, fundamental, or strategic changes or plan to recreate themselves.
 - It is the only way to ensure organizational survival.
 - Two organizations are merged. It could be a challenging experience to merge the cultures of two organizations. A survey conducted by Hewitt Associates on 218 major US companies suggests that 69% of them reported integrating organizational cultures a major challenge, in spite of an earlier merger experience (Tatenbaum 1999).

Are There Identifiable Phases or Stages of Achieving Culture Change?

In a report discussing his observations on more than 100 attempts at organizational change, Kotter (1995) concludes that most failures are due to organizations' skipping or making mistakes at one of the eight necessary steps in the process.

1. Establishing a sense of urgency;
2. Forming a powerful guiding coalition;
3. Creating a vision;
4. Communicating the vision;
5. Empowering others to act on the vision;
6. Planning and creating short-term wins;
7. Consolidating improvement and producing still more change;
8. Institutionalizing new approaches.

Levy and Merry (1986) list crisis, transformation, transition, and stabilization and development as the four stages of organizational change. Sathe (1994) proposes a seven-phase model:

1. Shock the organization;
2. Break the old mind-set;
3. Make the tough decisions;
4. Demand performance;
5. Track progress;
6. Weed out those unwilling or unable to change; recognize and reward those willing and able to change;
7. Begin to build a culture of high competence and performance.

Sathe emphasizes the importance of avoiding the "vision trap" (Langelier 1992), whereby the vision evolves into an excessively ambiguous goal that can distract the organization from its important task of building things people will buy.

While most change models take a linear form, Kaplan and Norton's (1996) "Balanced Scorecard" approach outlines a four-phase cycle for organizational change:

1. Clarifying and translating vision and strategy;
2. Communicating and linking objective and measures;
3. Planning and target settings;
4. Strategic feedback and learning (and back to the beginning).

The linear model described relates to the process of managing a single, major organizational transformation effect resulting in an organizational form qualitatively different from that existing previously. In contrast, the "cycle" model appears to relate to an ongoing process of incremental change not involving major upheaval. Both types of models are valid and useful, but under different conditions; that is, depending on the type of change. The organizational transformation model seems most appropriate for guiding top-down change efforts, whereas the cyclical model might be used for bottom-up change or organizational development.

Organizational Culture and Ethics

The scandal at Enron has made organizations realize the importance of ethics in their culture. The statement made by Joseph Bernardino, CEO of Arthur Anderson, during the congressional hearing that “America harbours a cottage industry of accountants and bankers devoted to circumventing audit rules,” is a glaring example of depiction of evasion of ethics in our organizations.

Business ethics is the application of ethical values to business behaviours. It applies to the code of conduct of an organization and, therefore, relates to its culture. Literature has suggested three sources of business ethics, that is, structure and culture of the organization, business category, and the culture of societal system that envelops the organization (Krishna and Tandan 2002). In a survey conducted by the national accounting firm Touche-Ross in 1988, 63% of corporate executives believed that high ethical standards strengthened, rather than weakened a firm’s competitive position (Neal 1993).

As an organization grows and achieves success, the members of the organization begin to take things for granted, and values and norms drop out of conscious awareness and tend to become basic assumptions. In such circumstances, any organization that promotes ethical norms will generate ethical behaviours from their employees and the one which does not do so becomes unethical. It has been mentioned earlier that the role of leadership is very important in shaping the culture of an organization (Sherwood 1988). If the leader or the top management exhibits correct behaviour, it helps to foster ethical behaviours in organizations. The role of ethical leadership has been recognized recently by Ciulla (1998). In a decision-making situation the choice made by the leader is governed by his ethical orientation. Few universally accepted principles that govern the issue of ethics and morality in organizations are fairness, honesty, integrity, trustworthiness, respect, and citizenship (Beauchamp and Bowie 1988; Kouzes and Posner 1995). These principles are the guideposts that influence their ethical conduct. Thus, ethical behaviours of managers in an organization influence and reflect its culture.

At Wipro, adherence to values while conducting business is like a religion. The company does not believe in compromising on quality. At times, the company does not do business with customers if it feels that it will not be able to do justice to the expectations of the clients in terms quality delivery and service (Srinivasan 2003). Once, when the state electricity board refused to provide power until their demands of bribery was met, the company ran its own generators to complete the assigned tasks by incurring huge expenditure.

Ethical decisions taken by the leader became the defining moments for the organization (Srinivasan 2003). They have a profound impact on the culture of the organization as they are the real reflection of what an organization actually does rather than what it proposes to do. They give an impression to the employees and the market outside about the real culture of the organization.

Whistle Blowing: Whistle blowing is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization.

Whistle Blowing

Whistle blowing is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization. It happens because whistle blower himself feels powerless to change such practices and, therefore, appeals outside the organization.

Possible Risks Faced by the Whistle Blower

The whistle blower in an organization is not free from hassles. He or she is likely to face certain risks. A few of these are:

1. Whistle blower is likely to be ostracized by other employees in the organization.
2. He/she may be isolated or threatened by the management.
3. His/her whistle blowing may follow dismissal, demotion, or relocation to a less favourable place.

4. He/she may be forced to resign from his job or change the statement.
5. Sometimes the whistle blower may himself be at fault thereby jeopardizing his/her as well as the organization's reputation for a very long time.

Organizations have to make attempts to promote ethical behaviours in their culture. They need to:

1. Choose the value system that governs the values of both employees and management to create the culture of the organization.
2. Be fair in deciding on the reward structure and promotional policies of the organization.
3. Be realistic. Do not promise something that cannot be delivered to the customer.
4. Promote a strong culture where members do not get swayed by immoral attractions.
5. Focus on imparting ethical training to the members of the organization so that they are familiar with the ethical procedural guidelines (Pruzan 2007).

Finally, it can be concluded that an organizational culture that promotes ethical behaviour is not only compatible with prevailing cultural values of its country but also makes good business sense.

International Comparisons of Organizational Cultures

In one of the earlier works of Ouchi (discussed earlier in the chapter), an attempt was made to compare the culture of typical Japanese firms with the typical US firms. With the opening up of the economy, lowering of the trade barriers, and globalization of business it has become imperative to understand the cultural values of the organizations of other countries too. Employees whose work takes them across cultural and national boundaries face different legal and political systems as well as different primary values and practices that characterize particular cultures.

Managers in today's organizations have to think internationally because of the creation of a single market without borders and the requirements to work with people of all nationalities. In addition to the developed economies, developing Asia Pacific countries such as China, India, South Korea, Japan, Taiwan, and Hong Kong are growing in importance. Managers in these situations have to understand and cope with cultural barriers that exist between countries.

Understanding Cross-Cultural Dimensions

Hofstede (1980) conducted a study on the employees of a multinational company spread across different countries. His objective was to identify the similarities and differences across different national cultures. The situation was controlled so that it was not affected by the variation in the practices and the policies of the company's method of operation. Therefore, differences or similarities could be directly attributed to national cultures. As a result of this study, four dimensions of culture were identified and culture could be rated either high or low on these dimensions. These dimensions were:

1. Power distance
2. Uncertainty avoidance
3. Individualism–collectivism
4. Masculinity–femininity

Power Distance: Power distance is the extent to which a culture encourages superiors to exercise power over others in the organization.

Power Distance

Power distance is the extent to which a culture encourages superiors to exercise power over others in the organization. A culture which was rated high on power distance believed in exercising power over subordinates thus creating power imbalance between the seniors and the juniors. In such cultures, there was low trust between people, subordinates were passive, organizational structure was tall, and decision making was highly centralized. The countries in this category are Philippines, Hong Kong, India, Venezuela, and Brazil. In a culture which was ranked low on power distance, the relationship between the superior and subordinates was of mutual trust and joint decision making and action. The structure of the organization was flatter and there was decentralization. The examples of countries with low power distance were the UK, USA, the Netherlands, Australia, and Canada.

Uncertainty Avoidance: The extent to which a culture encourages or discourages risk taking has been referred to as uncertainty avoidance.

Uncertainty Avoidance

The extent to which a culture encourages or discourages risk taking has been referred to as uncertainty avoidance. In countries with high uncertainty avoidance, the need for security was found to be high and there were strict laws, and stiff punishments for the deviants. The people of these cultures believed in working very hard for results, not changing jobs and not being sympathetic to disobedience. The examples included Greece, Portugal, Japan, Peru, and France. In cultures rated low on uncertainty avoidance, ambiguous situations were more tolerable and less importance was attached to adherence to rules. Managers were prepared to take risks and believed in their own self-competence. Denmark, India, Great Britain, Sweden, and USA were categorized as countries with low uncertainty avoidance.

Individualism–Collectivism: This refers to the extent to which a culture comprises of individualistic features or believes in collective or group approach to deal with the situations around them.

Individualism–Collectivism

This refers to the extent to which a culture comprises of individualistic features or believes in collective or group approach to deal with the situations around them. The individualist countries are focused towards inward concerns based on self and family with importance given to achievement and personal initiatives. The UK, Canada, and USA would be individualistic societies. In a collectivist culture, the organization is treated as family with greater loyalty and commitment towards it. The emphasis is on belonging to others, and on the power of group decision making. The examples of collectivist cultures are Singapore, Taiwan, and Mexico.

Masculinity–Femininity: This dimension refers to the types of accomplishments valued by a particular culture.

Masculinity–Femininity

This dimension refers to the types of accomplishments valued by a particular culture. In masculine societies, the emphasis is on money, material, and ambition and there is clarity about male and female roles in the society. People in this culture are encouraged to be individual decision makers. The examples of masculine cultures would include countries such as the UK, Germany, South Africa, and Italy. In cultures where feminism is present, emphasis is on cooperation, care, quality of life, and a very blurred distinction between the sex roles. There is more autonomy for the employees and decisions are taken collectively. The Netherlands and Scandinavia are the examples of feminine cultures.

Long-term Orientation: Long-term orientation refers to personal thrift, perseverance, and adoption of traditions to the modern world.

Hofstede (1993) added another dimension to this list to differentiate between cultures. This was called as *long-term orientation*. This refers to personal thrift, perseverance, and adoption of traditions to the modern world. This orientation is the feature of the East Asian culture.

An international manager bears more responsibilities than his counterpart who has to operate only in one culture or country. The most effective international managers are those who are perceptive, rely on intuition, monitor situations carefully, and adapt well (Ratiu 1983). To operate in the multicultural sphere, it is important to have a right mind-set and ability to view the organization in an international sphere. Bolt (1988) has suggested certain steps to adjust in an international scenario. These are:

BOX 15.4 ENCOUNTERING CULTURAL DIFFERENCES

It is imperative for managers to recognize cultural differences in the ways people from diverse countries and cultures do business. In Germany, long working hours are an indication of the incompetence of the performer and humour is not appreciated in this culture. The Chinese and Indians are extremely flexible and are willing to make adjustments to their schedules. The French do not mind having long lunch hours and discussing business during the course of dessert. In Japan and India, people stand up when a superior enters the room. The British are very flexible and can face adverse situations comfortably. In the US, the status of a person is determined by his income and people are seldom aware of the culture of other countries. In Asian countries such as India, Japan, and China, superiors are given lot of respect and are rarely addressed by names, whereas in developed economies it is a relation-

ship of equals where people are generally addressed on a first-name basis.

International managers are required to be sensitive to all areas where differences of opinions might occur. Managers in Germany who are accustomed to structure and predictability may feel disturbed by the ambiguity in the Brazilian's approach. Managers in the UK and US may find it difficult to get used to hierarchical business operations in France. People with high achievement needs and Type A personalities may do well in an individualistic culture but may be uncomfortable in most Asian countries that have consensus-driven cultures.

Adapted from Maitland, A. (1999). From Ordeal Survivor to Ideal Adaptor. *Financial Times*, January 21, p. 14. and Marx, E. (1999). *Breaking Through Culture Shock*. London: Nicholas Brealey Publishing.

1. The communication system of the organization should be well managed so that right information about any of the changes—political, financial, or economic—is immediately available to run the business.
2. The structure of the organization should be flexible to cope up with any international challenge.
3. The teams in the organization should be multicultural with an international outlook so as to be able to respond to the demands of the world market.
4. The composition of the top management team should be international.

The ideal qualities of an international manager are curiosity, flexibility, communication skills, assertiveness, team working, resistance, and self-reliance. Box 15.4 highlights the cultural differences that one may encounter while conducting business in different countries.

Summary

Every organization has missions and goals and to attain them it adopts unique modes and methods of operations. In the process of achieving the corporate mission, participants internalize organizational values and norms to give meaningful expressions to the same in their day-to-day activities. All the members of an organization come to adapt shared values, beliefs, norms, attitudes, and ways of doing things which are unique to the organization. This is called the culture of the organization. Different sets of core values are reflected in the cultures of different organizations. Organizational culture is not only a key factor in distinguishing between individual companies, but also between entire industries. Schein (1982) proposes that the culture of an organization comprises of basic assumptions, which are the basic precepts that characterize an organization in terms of what it is, what it stands for, and what it is all about; artefacts which are the visible manifestations of culture as seen in the physical and social environment of the organization, and values which are the social principles, goals, or standards that are held by members of an organization.

Among the best known representation of organizational culture is Hofstede's (1994) "Onion Diagram" subtitled "manifestation of culture at different levels of depth" and Schein (1982) "Levels of culture." Culture gives a sense of identity to its members, culture helps to generate commitment among employees, and culture serves to clarify and reinforce standards of behaviour. Some techniques that assist in identifying/diagnosing an organization's culture are interviewing employees at different levels of an organization, administering relevant questionnaires and conducting attitudinal and morale surveys, analysing the process aspects and examining the organization's external relations with its customers, clients, etc. in terms of how they perceive and evaluate the organization. However, diagnosing the cultural elements could be a difficult process. Classification of organizational culture falls into one of the four different categories—the academy, the club, the baseball team, and the fortress.

Approaches to describing organizational culture can be classified as (1) The Ouchi Framework which includes criteria such as commitment to employees, evaluation, careers, control,

decision making, responsibility, and concern for people; (2) Peters and Waterman's approach including criteria such as bias for action, staying close to the customer, autonomy and entrepreneurship, productivity through people, hands-on management, stick to the knitting, simple form, lean staff, and tightly organized; (3) Pareek's approach including variables such as openness, confrontation, trust, authenticity, proactivity, autonomy, collaboration, and experimentation.

Managers have become more concerned about how to best manage the cultures of their organization. The three elements of managing organizational culture are (1) taking advantage of the existing culture, (2) transmitting organizational culture, and (3) changing organizational culture. The three main vehicles used for transmission of culture are the role of leaders, socialization, and the process of selection. Literature has suggested three sources of business ethics, that is, structure and culture of the organization, business category, and the culture of societal system that envelops the organization. Ethical behaviours of managers in an organization influence and

reflect its culture. Whistle blowing is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization. It happens because the whistle blower himself feels powerless to change such practices and therefore appeals outside the organization. An organizational culture that promotes ethical behaviour is not only compatible with the prevailing cultural values of its country but also makes good business sense.

Managers in today's organizations have to think internationally, moderated by the creation of a single market without borders and the requirements to work with people of all nationalities. The cultures of countries can be studied with the help of five dimensions, that is, power distance, uncertainty avoidance, individualism–collectivism, masculinity–femininity, and long-term. The most effective international managers are those who are socially perceptive, rely on intuition, monitor situations carefully, and adapt well. To operate in the multicultural sphere it is important to have the right mind-set and ability to view the organization in an international sphere.

■ Key Terms

Academy: An organization that provides opportunities for people to master many different jobs and to move from one level to the next level is known as an academy.

Artefacts: The visible manifestations of culture as seen in the physical and social environment of the organization.

Authenticity: This refers to the equivalence that members of an organization have between their words and deeds.

Autonomy: It involves giving enough space to other individuals in the organization as you would seek for yourself.

Baseball team: People in such organizations tend to be entrepreneurs who take risks and are handsomely rewarded for their success.

Basic assumptions: These are the basic precepts that characterize an organization in terms of what it is, what it stands for, and what it is all about. It is what drives the organization, and determines how its members perceive, think, feel, and behave.

Club: Some organizations are highly concerned with getting people to fit in and be loyal. Such an organization is called a club.

Collaboration: Organizations consist of individuals who are expected to work together in groups and this sense of togetherness can only be generated by the top management in organizations.

Confrontation: The ability to face the situation as it comes to us rather than move away from it.

Experimentation: Individuals as well as organizations can sustain themselves only if they are able to experiment with the available resources and identify and develop better approaches to deal with the problems.

Fortress: An organization that is facing hard times and is preoccupied with survival fits into the "fortress culture."

Individualism–collectivism: This refers to the extent to which a culture comprises of individualistic features or believes in collective or group approach to deal with the situations around them.

Long-term orientation: Long-term orientation refers to personal thrift, perseverance, and adoption of traditions to the modern world.

Masculinity–femininity: This dimension refers to the types of accomplishments valued by a particular culture.

Openness: As the term implies openness refers to free sharing of thoughts, ideas, and feelings with each other in an organization.

Organizational culture: Organizational culture is defined as a "set of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration that have worked well enough to be considered valid, and therefore, to be taught to new members as a correct way to perceive, think, and feel regarding these problems.

Organizational socialization: This is the process through which employees learn about their firm's culture and pass their understanding and knowledge to others.

Power distance: The extent to which a culture encourages superiors to exercise power over others in the organization.

Proactivity: Proactive organizations are ready to face all eventualities and are prepared for adversaries too.

Process of selection: The process of selection is meant to create a right fit between the person and the job.

Trust: The surety with which people can share their confidential information with each other without the fear of it being known all over the organization reflects the level of trust in the organization.

Uncertainty avoidance: The extent to which a culture encourages or discourages risk taking has been referred to as uncertainty avoidance.

Values: These are the social principles, goals, or standards held by members of an organization, both individually and collectively.

Whistle blowing: This is a process of disclosing the illegal, immoral, unethical, and illegitimate practices of their employees to people inside or outside the organization.

Discussion Questions

1. Define organizational culture. Operationalize the elements of organizational culture in the context of any business organization you are familiar with.
2. According to Schein, culture of an organization is defined in terms of its artefacts, values, and basic assumptions. On the basis of your experience with any organization, discuss how basic assumptions influence the values held by the organization.
3. Identify and discuss the roles played by culture in sustaining the viability of an organization.
4. Why is it difficult to diagnose the culture of an organization? What are the techniques used to diagnose the culture?
5. What are the factors that have led to the success of typical Japanese firms and type Z US firms over typical US firms? Discuss with examples. How do these differ from Peter and Waterman’s classification of the cultural factors?
6. How do OCTAPACE values make the culture of an organization strong or weak? Discuss with examples.
7. Discuss the ways by which managers can effectively manage the culture of an organization.
8. What is whistle blowing? What are the possible risks faced by a whistle blower? How can organizations help to promote ethical behaviours?
9. In today’s context, why is it important for managers to be familiar with cross-cultural dimensions? What steps can be taken by the organizations to help employees adapt to the international scenario?

Exercise

Which Culture Would You Want to Work for?

Read the following statements and indicate your choice, for the type of culture you would want to work for on a five-point scale, based on the following description:

- 1—Not at all
- 2—To some extent
- 3—Undecided
- 4—To a great extent
- 5—Totally

I Would Want to Work for an Organization Where:

	Statement	Choice
1.	People like to work together in teams.	
2.	A lot of emphasis is given to the quality of products and services.	
3.	There is total order in the work environment.	
4.	Customers are given top priority and heard immediately.	
5.	All employees are treated fairly.	
6.	Employees try to look for new avenues for development.	
7.	Employees are flexible enough to adapt to new situations.	
8.	Leaders try to keep their employees happy and satisfied.	
9.	Seniority is given priority over rest of the criteria.	
10.	Employees derive a sense of pride by achieving the organizational goals.	
11.	Competence prevails over rest of the criteria.	
12.	Senior executives are respected.	
13.	Everyone is working as per the orders given.	
14.	Innovation is encouraged.	
15.	Personal problems of employees are given due consideration.	

	Statement	Choice
16.	Company rules are strictly followed.	
17.	Lot of experimentation is encouraged.	
18.	Everyone puts in more than the expected level of performance.	
19.	Market opportunities are immediately exploited.	
20.	There is proper communication with the employees.	
21.	Employees respond to competition with proper knowledge.	
22.	Top executives make most of the decisions.	
23.	Total control is exercised by the management.	
24.	Employees care for each other.	

Scoring: Score the above inventory based on the following scale.

Command culture: Total the score for item numbers 3, 9, 12, 16, 22, and 23.

Execution culture: Total the score for item numbers 2, 6, 10, 11, 13, 18, and 21.

Affiliation culture: Total the score for item numbers 1, 5, 8, 15, 20, and 24.

Receptive culture: Total the score for item numbers 4, 7, 14, 17, 19, and 21.

Field Projects

1. On the basis of your familiarity with any business organization, identify the values shared by the employees. Also analyse the role of the founder in developing and transmitting these values to the members of the organization. Have these values undergone any change with the passage of time?
2. In groups of 3–4, conduct a survey of any organization with respect to all dimensions of its organizational culture. Also identify the factors which determine the culture of the organization. Prepare a report and present it to the class.

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CHAPTER 16

Nature of Planned Organizational Change

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Understand the concept of change.
2. Identify the importance of change in business organizations.
3. Outline and discuss the external factors causing change in business organizations.
4. Identify and discuss the internal factors leading to organizational changes.

Sea Side Is Forced to Modernize

1991 ushered in a new era for Sea Side, the mail order retailing agent. The company with a turnover of over a billion rupees was growing faster than ever before and was no longer the small, home-grown catalogue store. Located in South Kolkata, its 5,000 employees adhered to its culture and its management practices as well as the philosophy of its founder and chairman, Shantanu Das, "Take care of your people, take care of your customers, and the rest will take care of itself." In 1991, Das decided that the company needed to apply modern management practices to keep up with its growing size and complexity.

The first step was the recruitment of a new executive vice president from competitor Mountain View, Subodh Marwah, to lead the changes. Marwah quickly made numerous changes to modernize the management systems and processes, including team-based management, numerous training programmes for trainees at all levels, a new multi-rater evaluation system in which managers were rated by peers and subordinates as well as their supervisors, and the use of numerous consultants to provide advice. The company reworked on its mission to provide excellent products and services and to turn every customer into a friend. In addition, the company entered into a new international venture and a new business segment each year, resulting in solid businesses in the UK, Japan, and Germany. Marwah was promoted as the chief executive officer in 1993. In the continuation of the modernization efforts, he hired seven new vice presidents, including Ankit Verma as the new vice president of human resources to oversee all the changes in the employee arena. In the first two years, the changes seemed to be working as the company added 100 million rupees to its revenues and posted record profits.

However, all was not as rosy as the profit picture seemed to show. In spite of the many programmes aimed at employee welfare, training, and team building, many employees complained of always having to meet production and sales targets. The new employee performance evaluation system resulted in numerical ratings, which seemed to depersonalize relationships. No matter how many pieces she monogrammed per day, one employee felt that her work was never appreciated. Other employees complained of too many meetings necessitated by the reorganization and the cross-functional teams. One team of catalogue artists, buyers, and copywriters needed numerous meetings each week to coordinate their activities. A quality assurance manager complained that his work week had increased from 40 to 55 hours and that the meetings were taking time away from his real job. Many employees complained that they did not need to go to training programmes to learn how to take care of customers and communicate when they had been doing that all along.

The doubts grew until late 1994, when the board, led by Das decided that the new management was moving the company too far too fast and moving far away from the basic philosophies that made the company successful. On 2 December 1994, Das and the Vice Chairman Nikhil Rao asked for Marwah's resignation and fired Verma, citing lack of confidence in the direction the company was heading under the present management and the need to return to the company's basic philosophy.

Mr Das then chose 34-year-old Vikash Sen as the chief executive officer to steer the company. Sen, an 11-year veteran of Sea Side (his entire working career), immediately started the about-face by dismantling most



of the teams, reorganizing the others, and returning to focus on what the company excelled at previously—top-quality classic clothes and excellent customer service. Three other executives left the company shortly after Sen's appointment.

Shortly after his takeover, however, paper prices doubled, postal rates increased, and the demand for clothing dropped sharply and profits for the third-quarter dropped by 60%. As the year ended, overall profits were down to 30.6 million rupees on barely Rs 1 billion in sales and Sen had to cancel a mail order to save money. Rather than cutting quality and laying off people, Sen spent even more on increasing quality and employee benefits, such as adoption assistance and mental health referrals. His philosophy was that customers still demand quality products and those employees who feel squeezed by the company will not provide good customer service. Early results were positive, with the company's first-quarter producing profits three times as those produced the previous year.

Critics of Mr Sen's return to basic philosophy argue that the modernization attempts were necessary to position the company for global competition and faster reaction to competition in several of its catalogue lines. Its return to growth occurred primarily in acquisition and new special catalogue lines and not in the main catalogue for which it was so famous. Mr Sen has put further acquisition and global expansion on hold as he concentrates on the core businesses. Employees say that they have fewer meetings and more time to do their work.

For Discussion

1. How would you characterize the two sets of changes made at Sea Side? Which set of change is really modernization?
2. How did the change processes differ?
3. How do you think employees will view future attempts to implement change at Sea Side?

Introduction

Change is a reality that individuals, groups, and organizations must constantly cope with in order to survive. Change is one of the most critical aspects of effective management. It is the coping process of moving from the present state to a desired state that individuals, groups, and organizations undertake in response to dynamic internal and external factors that alter current realities.

Fortune magazine first published its list of America's top 500 companies in 1956. Sadly, fewer than 30 companies from the top 100 on the original list remain today. The other 70-plus have disappeared through dissolution, merger, or downsizing. Survival, even for the most successful companies, cannot be taken for granted. In many sectors of the economy, organizations must have the capacity to adapt quickly in order to survive. Often the speed and complexity of change severely tests the capabilities of managers and employees to adapt quickly and effectively. When organizations fail to change, the cost of failure may be quite high.

To a certain extent, all organizations exist in a changing environment and are constantly changing themselves. For example, according to Kiechel (1993), the world of business is thought to be changing in the following ways:

1. The average company will become smaller, employing fewer people.
2. The traditional hierarchical organization will give way to a variety of organizational forms, such as networks of specialists.
3. Technicians ranging from computer repair technicians to radiation therapists will replace manufacturing operatives as the worker elite.
4. A horizontal division of labour will replace the vertical division of labour.
5. The emphasis of many businesses will shift from making a product to providing a service.
6. Work itself will be re-defined with more emphasis on constant learning and higher order thinking.

Change: Change is the coping process of moving from the present state to a desired state that individuals, groups, and organizations undertake in response to dynamic internal and external factors that alter current realities.

Increasingly, organizations that emphasize bureaucratic or mechanistic systems are ineffective. Organizations with rigid hierarchies, high degree of functional specialization, narrow and hunted job descriptions, inflexible rules and procedures, and impersonal management cannot respond adequately to demands for change. Organizations need designs that are flexible and adaptive. They also need systems that both require and allow greater commitment and use of talent on the part of employees and managers. Some of the major changes in the Asian continent in recent times are as follows:

1. Japan has emerged as one of the most powerful economies of the world.
2. Rise and fall of the Asian countries such as Singapore, Thailand, Malaysia, Hong Kong.
3. China has emerged as a super economy of the world.
4. India and China to be nations of the world with the youngest workforce.

Why is change important to managers and organizations? Simply stated, organizations that do not bring about change in timely ways are unlikely to survive. One reason for the accelerating rate of change is that knowledge and technology feed on themselves, constantly creating innovations at exponential rates. Few leaders would have envisioned in the mid-1990s the revolutionary impact the Internet and World Wide Web would have on business practices in the early twenty-first century.

The Importance of Change

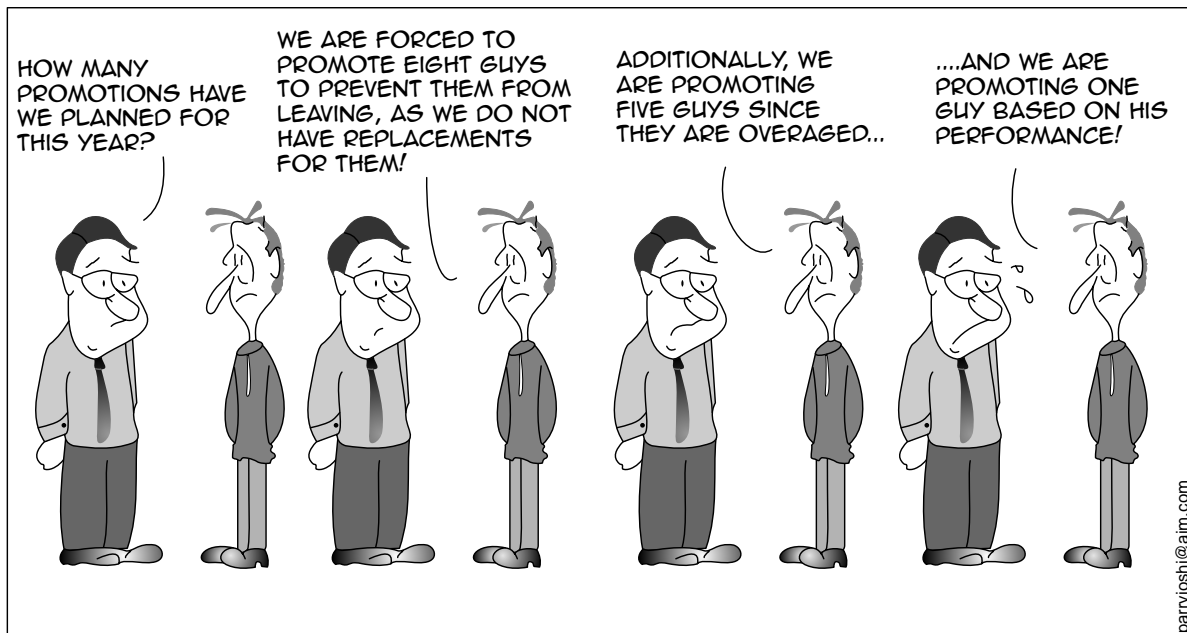
Change will not disappear or dissipate. Managers and the enterprises they serve, be they public or private, service or manufacturing, will continue to be judged upon by their ability to effectively and efficiently manage change. Unfortunately, for the managers of the early twenty-first century, their ability to handle complex change situations will be judged over by the ever-decreasing time scales.

The pace of change has increased dramatically; mankind wandered the planet on foot for centuries before the invention of the wheel and its subsequent “technological convergence” with the ox and horse. In one “short” century, man has walked on the moon; satellites orbit the earth; your neighbour or competitor, technologically speaking, could be on the other side of the planet; and biotechnology is the science of the future.

Businesses and managers are now faced with highly dynamic and ever more complex operating environments. Technologies and products along with the industries they support and serve are converging. Is the media company in broadcasting, or telecommunication, or data processing or indeed all of them? Is the supermarket chain in general retail, or is it a provider of financial services? Is the television merely a receiving device for broadcast messages, or is it part of an integrated multimedia communication package? Is the airline a provider of transport or the seller of wines, spirit and fancy goods, or an agent of car hire and accommodation?

As industries and products converge, along with the markets they serve, there is a growing realization that a holistic approach to the marketing of goods and services is required, thus simplifying the purchasing decisions. Strategic challenges, designed to maximize the “added value” throughout a supply chain, while seeking to minimize costs of supply are fast becoming the competitive weapons for the future. Control and exploitation of the supply chain make good commercial sense in fiercely competitive global markets. The packaging of what were once discrete products (or services) into what are effectively “consumer solutions” will continue for the near future.

Producers no longer simply manufacture vehicles, they now distribute them through sophisticated dealer networks offering attractive servicing arrangements, and provide a range of financing options, many of which are linked to a variety of insurance packages. Utility enterprises now offer far more than their original core service. This combined with the general ability



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to replicate both “hard” and “soft” innovations within the ever-diminishing time scales place the creative and effective management of change well towards the top of the core competencies required by any public or private enterprise.

How can we manage change in such a fast moving environment, without losing control of the organization and existing core competencies? There are ways to manage such a change, as one would expect no easy answers and certainly no blueprints detailing the best practices. Designing, evaluating, and implementing successful change strategies largely depend on the quality of the management team, particularly the team’s ability to design the organization in such a way as to facilitate the change process in a responsive and progressive manner.

Organizational Change: Some Determining Factors

The last century has witnessed a plethora of changes because of the move from an agrarian society to an industrial society—industrial revolution—and then the move from an industrial society to an information society. Currently, we are experiencing another industrial revolution—one driven by a new wave of economical and technological forces (Stewart 1993). “This workplace revolution ... may be remembered as a historic event, the western equivalent of the collapse of communism (Sherman 1993).”

Interestingly the forces for organizational change are not isolated to any one area, they are global in nature. To illustrate this point, a survey was conducted among 12,000 managers in 25 different countries (Kanter 1991). When asked to identify the changes they have experienced in the past two years, respondents reported that major restructurings, mergers, acquisitions, divestitures and acquisitions, reduction in employment, and international expansion had occurred in their nations. Although some forms of change were more common in some countries than the others, organizations in all countries were actively involved in each of these change efforts—especially major restructuring. Clearly, the evidence suggests that organizational change is occurring throughout the world.

In recent years, just about all companies, large and small, have made adjustments in the ways they operate, some more pronounced than others did. They have radically altered the

Table 16.1 Some Determining Factors of Change

	Planned	Unplanned
Internal	Internal planned change	Internal unplanned change
External	External planned change	External unplanned change

way they operate, their culture, the technology they use, their structure, and the nature of their relations with their employees. With many companies making such drastic changes, the message is clear, either adapt to the changing conditions or shut your doors.

Obviously, ever-changing conditions pose a formidable challenge to organizations, which must learn to be flexible and adapt to them. However, not all organizational changes are planned and intentional. The large variety of determinants of organizational change—forces dictating change—can be organized into four major categories. These categories are created by combining two key distinctions: (1) whether the organizational change is planned or unplanned by the organization, and (2) whether it derives from factors internal or external to the organization. The taxonomy that results from combining these two dimensions, as shown in Table 16.1, is planned internal change, planned external choice, unplanned internal change, and unplanned external change.

This classification is used to summarize the major determinants of organizational change.

Planned Internal Change

A great deal of organizational change comes from the strategic decision to alter the way one does business or the very nature of the business itself. There are a number of ways by which planned internal organizational change can be identified:

Changes in Products or Services

A planned decision to change the company's line of service necessitates organizational change. A company, which has established itself successfully in cosmetic products, decides to diversify into health-care products as well. This decision to steer the business in a new direction, to add a new, specialized service, will require a fair amount of organizational change. Some new equipment and supplies will be needed, new employees will have to be hired and trained, new insurance will have to be purchased, and new accounts will have to be secured. In short, the planned decision to change the company's line of services necessitates organizational change.

Changes in Administration System

An organization functions through a set of procedures, rules, and regulations. With changing times and the revision of organizational goals and objectives, some of the existing rules, procedures, and regulations could be at variance with the demands of reality. Continuing with such functionally autonomous processes can lead to organizational ineffectiveness. Realization of their inadequacy is a force that induces change.

Although an organization may be forced to change its policies, reward structure, goals, and management style in response to outside competition, governmental regulation, and economical changes, it is also quite common for a change in administrative systems to be strategically planned in advance. Such a change may stem from a desire to improve efficiency, to change the company's image, or to gain a political power advantage within the organization (Cobb and Marguiles 1981).

Typically, the pressure to bring about changes in the administration of organization (for example, to coordinate activities, set goals, and priorities) comes from upper management—that is, from the top down. In contrast, the pressure to change the central work of the organization (For example, the production of goods and services) comes from the

technical side of the organization—that is, from the bottom up (Draft 1982). This is the idea behind the dual-core model of organizations. Many organizations, especially medium-sized ones, may be characterized by potential conflicts between the administrative and technical core—each factor wishing to change the organization according to its own vested interests. Which side usually wins? Research suggests that the answer depends on the design of the organization in question. Organizations that are mechanistic as opposed to organic in their approach (that is, ones that are highly formal and centralized) tend to be more successful in introducing administrative change (Gaertner et al. 1984). The high degree of control wielded by the administrative core paves the way for introducing administrative changes.

Changes in Organizational Size and Structure

This can be defined as a change that alters any of the basic components of an organization's structure or overall design. Organizations make structural changes to reduce costs and increase profitability. Structural change can take the form of downsizing, decentralization, job redesign, etc. For example, IBM, the global computer conglomerate has been trying to downsize. While many people were asked to leave, IBM is now very selective about hiring new personnel. In the process of downsizing, IBM has also changed the firm's strategy and operational procedures.

Increasing global competition has virtually forced many companies to become lean and mean. Just as organizations change their products, services, or administrative systems to stay competitive, they also alter the size and basic configurations of their organizational chart—that is, they restructure. In many cases, this has meant reducing the number of employees needed to operate effectively—a process known as downsizing.

Typically, this involves more than just laying off people in a move to save money. It is directed at adjusting the number of employees needed to work in a newly designed organization, and is, therefore, known as rightsizing (Hendricks 1992). Whatever you call it, the bottom line is painfully clear. Many organizations need fewer people to operate today than in the past—sometimes far fewer.

Another way organizations are restructuring is by eliminating parts of themselves that focus on the non-core sectors of the business, and hiring outside firms to perform these functions instead—a practice known as outsourcing.

Some critics fear that outsourcing represents a “hollowing-out” of companies—a reduction of functions that weaken organizations by making them more dependent on others (Bettis et al. 1992). Others argue that outsourcing makes sense when the work that is outsourced is not crucial to competitive success, or when it is so crucial that the only way to succeed requires outside assistance. For example, when Apple Computer introduced its first notebook computer, the Macintosh Powerbook 100, it subcontracted its manufacturing to Sony, enabling its speed entry into the market. Although this practice may sound unusual, it is not. In fact, one industry analyst has estimated that 30% of the longest American industrial firms outsource over half of their manufacturing (Stewart 1993). Sometimes instead of eliminating entire organizational functions and buying them back through outside service producers, organizations are eliminating industrial jobs and hiring people to perform them on an as-needed basis.

Technological Changes

Changes that impact the actual process of transforming input into output are referred to as technological changes. Examples include the change in equipment, work process, work sequence, information-processing systems, and degree of automation.

Using new technology influences the subsystems in the organization. For example, the technological advancements in computers have revolutionized the design, development, and manufacture of products, for example, computer-aided design and manufacture, robotics, etc. The electronic point of sales system, for instance, which permits improved stock control by updating records and assessing the actual effects of price change, has improved the sales and marketing of goods.

Downsizing: Downsizing is a process of reducing the number of employees needed to operate effectively.

Rightsizing: Rightsizing is a process of adjusting the number of employees needed to work in a newly designed organization.

Outsourcing: Outsourcing is a process of eliminating parts of themselves that focus on the non-core sectors of the business by the organization, and hiring outside firms to perform these functions instead.

Person-focused Change:

This is the change concerned with human resources planning and enhancing employee competence and performance.

Person-focused Change

This is the change concerned with human resources planning and enhancing employee competence and performance. These generally include redefining organizational strategy and goods; structural change in terms of expansion, contracting, or resizing; technological inputs—all these have implications for human resources management. For example, the introduction of new technologies results in person-focused change such as displacement (when an employee cannot be trained further), replacement (to where an employee's current skills are best suited), and employee training and development. It may also lead to laying down new recruitment and selection policies in tune with changing technologies and their requirements. The availability or non-availability of employees with the required skills also influences an organization's plan for venturing into new products/services.

Planned External Change

In addition to planning changes in the ways organizations are run, it is often possible to plan which change variables originating outside the organization will be incorporated into it. There are a number of factors, which fall into this category.

Introduction of New Technologies

Advances in technology have produced changes in the way organizations operate. Senior scientists and engineers, for example, can probably tell you how their work was drastically altered in the mid-1970s, when their ubiquitous plastic slide rulers gave way to powerful pocket calculators. However, things changed again a decade later, when calculators were supplanted by powerful desk microcomputers, which have revolutionized the way documents are prepared, transmitted, and filed in an office. Manufacturing plants have also seen a great deal of growth recently in the use of computer-automated technology and robotics. Each of these examples represents an instance in which technology has altered the way people do their jobs.

The use of computer technology has been touted as one of the major revolutions in the business world today. During the early years when computers were used in the workplace, they failed to fulfil the promise of increased productivity that was used to usher them in. The hardware and software technology was not only too primitive, but also the users were too unprepared. Today, however, this has finally changed. According to William Wheeler (1993), a consultant at Coopers and Lybrand, "For the first time the computer is an enabler of productivity improvement rather than a cause of lack of productivity."

Advances in Information Processing and Communication

Although we now easily take for granted everyday events such as television transmission and long-distance telephone calls, these things were merely exotic dreams not too many years ago. Of course, with today's sophisticated satellite transmission systems, fibre-optic cables crisscrossing the planet, fax machines, mobile telephones, teleconferencing facilities and the like, it is easier than ever for businesses to communicate with each other and with their clients. One main point is that as such communication systems improve; opportunities for organizational growth and improvement follow (Keen 1988).

One key to success is to incorporate advances in technology that allow organizations to share vast amounts of information. Information technology has reduced the need for expensive investments in physical assets such as factories and warehouses. Companies are now investing more money on equipment to manage information (For example, computers and telecommunications hardware) than on such traditional capital expenses as industrial equipment (Stewart 1993).

Advances in technology have contributed to the development of economies (Harigopal 2006). Singapore is one such country that has utilized information technology in the best

BOX 16.1 INFORMATION TECHNOLOGY GROWTH IN SINGAPORE

Information Technology (IT) has played a very important role in Singapore's economy in the past two decades. The government of Singapore has been lauded the world over for its planned foray into IT sector. The Harvard Business Review in 1992 called the Singapore civil service "the most automated in the world." In February 2007, the government announced that economic growth for 2006 was 7.9%, higher than the originally expected 7.7%. The early exposure to IT given in

Singaporean schools and English being its official language are the major cultural attributes that have helped Singapore succeed in IT. Singapore's success is a valuable example to other governments of the world on how planned change can transform an economy.

Source: Adapted from Johnson, Julie, "IT in Singapore", 6 March 1996, available at <http://gurukul.ucc.american.edu/MOGIT/jj7134a/usag-page.html> (accessed 1 June 2008).

possible way to create a powerful economic status for itself. In future, it is likely to become the world's fully networked society where all the possible systems of the country will be connected to each other electronically. Box 16.1 discusses the economic growth of Singapore fuelled by its advancements in information technology.

The future also envisages the replacement of the current technological practices by bio-material technologies (combination of biology and material sciences), which could give rise to a whole set of commercial dynamics in medicine, agriculture, and industry (Oliver 2000).

Unplanned Internal Changes

Not all forces for change are the result of strategic planning. Indeed organizations are often responsive to changes that are unplanned—especially changes that are derived from factors internal to the organization. Two such forces are changes in the demographic composition of the workforce and performance gaps.

Changing Employee Demographics

The composition of the workforce has changed over the years. The percentage of women in the workforce is greater than ever before. More and more women with professional qualification are joining organizations at junior and the middle management levels. In addition to these, the workforce is getting older. Many retired employees from the government and the public sector are joining the private sector thereby changing the employee demographics. With the opening up of the economy and globalization, the workforce is also becoming more culturally diverse.

To people concerned with the long-term operation of organizations, these are not simply curious sociological trends, but shifting conditions that force organizations to change. Questions regarding the number of people who will be working, what skills and attitudes they will bring to the job, and what new influences they will bring to the workplace are of key interest to human resource managers.

Performance Gaps

A performance gap refers to the gap between the expected and the actual level of performance. If you are familiar with the phrase, "If it isn't broken, don't fix it" in an organization, this organization is ready to encounter a series of unplanned internal changes. If the organization has to deal with a product line that is not moving or reducing profit margins, or a level of sales that is not up to expectations, the organization is encountering unplanned internal change. Organizations develop a tendency to not to change unless they are confronted with failure. A state of winning or being successful most of the times brings in complacency in the system and they start following a strategy of win-stay/lose-change. Many studies have proved that performance gaps are one of the major drivers of organizational innovation and change (Wheeler and Hunger 1989). Those organizations that are best prepared to mobilize change in response to unexpected downturns are expected to be the ones that succeed.

Performance Gaps: The gap between the expected and the real level of performance is termed performance gap.

System Disequilibrium

An organization is made up of subsystems similar to that of the human body, which comprises of many sub-parts and the requirement is that these parts have to act in congruence to lead to effective functioning of the body. Any disturbance in any of the sub-parts results in causing harm to the entire system. Similarly, an organization comprising of many subsystems goes through major turmoil if there is any deviation in any of its subsystems. Some of the factors that could cause disturbance in this equilibrium include technology, internal politics, powerful groups, and diverse relationships (Harigopal 2006).

Differing Needs of Individuals and Groups

Individuals and groups are a part of the organization as they are trying to fulfil some of their personal needs and aspirations through the organizational objectives. Unfortunately, the level and the intensity of these needs keep changing for the person as well as the group. These shifting priorities can bring many movements in the organization both positively and negatively. If these aspirations are in consonance with the objectives of the organization, they bring benefits to the organization but if these aspirations are in dissonance with the aims of the organization, they induce a change in the organization's functioning and performance, which may or may not be in the best interests of the organization.

Resource Constraints

Resources refer to money, material, machinery, personnel, information, and technology. Depletion, inadequacy, or non-availability of these can be a powerful change force for any organization.

Unplanned External Changes

One of the greatest challenges faced by an organization is its ability to respond to change from the outside world over which it has little or no control. As the environment changes, organizations must follow suit. Research has shown that organizations that can best adapt to changing conditions tend to survive (Singh et al. 1986). Two of the most important unplanned external factors are governmental regulations and economic competition.

Government Regulation

One of the most commonly witnessed unplanned organizational change results from government regulation. With the opening up of the economy and various laws passed by the government about delicensing, full or partial convertibility of the rupee, etc. the ways in which the organizations need to operate changes swiftly. These activities greatly influence the way business is conducted in organizations.

With more foreign players in the competitive market, Indian industries have to find ways and mechanisms to run their businesses safely and profitably.

Governmental interventions in the form of regulations also lead to change. A few examples of government-regulated change are (Harigopal 2006):

Deregulation: This implies reducing the overall control of government laws on the essential products and services to be provided to the common man, therefore, leading to decentralization.

Deregulation This implies reducing the overall control of government laws on the essential products and services to be provided to the common man, thereby leading to decentralization. Because of deregulation, there are examples of services earlier held by government being passed over to the private players, for example, the distribution of electricity, which was earlier done by government through DESU and DVB, has been handed over to TATA (NDPL) and Reliance (BSES) in Delhi. Similarly, there are examples of transport facilities, telecommunications, etc.

Foreign exchange International trade transactions are affected by foreign exchange. In international transactions, payments are often made in terms of the country's own currency, in US dollars, or in the currency of the third country. The exchange rate variation is determined by the currency payments. A number of factors determine the prediction of exchange rate movements such as the country's balance of payments, interest rates, and supply and demand. Constraints of foreign exchange prompt many governments to impose restrictions on the import of selected items along with measures to deregulate their economies to attract foreign exchange for investment purposes. Two of the successful examples are India and China.

Anti-trust laws Most governments follow anti-trust in one form or the other to restrict unfair trading practices. In India, the government has restricted unfair movements of business houses by enacting the Monopolies and Restrictive Trade Practices (MRTP) in 1971.

Anti-dumping duties Anti-dumping duties are penalties imposed on nation by its trading partner if it feels that owing to an unfair reduction in cost, duties, etc. the partner country's products enjoy a price advantage.

Anti-trust Laws: Most governments follow anti-trust in one form or the other to restrict unfair trading practices.

Anti-dumping Duties: Anti-dumping duties are penalties imposed on a nation by its trading partner if it feels that owing to an unfair reduction in cost, duties, etc. the partner country's products enjoy a price advantage.

Economic Competition in the Global Arena

The uncertainty about future trends in the economy is a major cause of change. For example, fluctuating interest rates, declining productivity, uncertainties arising from inflation or deflation, low capital investments, the fluctuating prices of oil (petrol), recessions, and the lowering of consumer confidence have a marked impact on different economies, and, therefore, on organizations. The national financial systems of countries are so inter-related that a change in one produces a ripple effect on the others—for example, the economic crisis in Thailand that affected markets across South-East Asia. Changes in the capital markets arise out of change in the accessibility of many in the banking systems of different economies.

Sometimes competition between companies forces them to join hands with each other. It was the "If you can't beat them, join them" reasoning that was responsible for the announced alliance between arch rivals IBM and Apple Computer in the summer of 1991, an alliance dubbed "the deal of the decade" by one financial analyst (Powell and Stone 1991).

Although competition has always been crucial to organizational success, competition today comes from around the globe. As it has become increasingly less expensive to transport materials throughout the world, the industrialized nations have found themselves competing with each other for shares of the international market place.

Extensive globalization presents a formidable challenge to all organizations wishing to compete in the world economy. The primary challenge is to meet the ever-present need for change to be innovative. Companies also need to be geared to meet the challenges faced by global economic slowdowns (see Box 16.2).

BOX 16.2 GLOBAL FINANCIAL CRISIS

The global financial crisis said to be the worst since the Great Depression grabbed the spotlight in September 2008 with the collapse of several US-based financial institutions. Stock markets indices have crashed around the world and even the governments of the wealthiest nations have had to intervene with rescue packages to bail out their financial systems. Many companies have announced large-scale retrenchments. For example, Citigroup cut 50,000 jobs in 2008. While governments and regulatory authorities take steps to solve the financial crisis and strengthen the global financial system, organizations also need to take steps to strengthen their financial systems.

According to Randy Marshall, the managing director of financial services firm Protiviti Inc., companies need to

take conscious steps to face challenges because of the turmoil in the global financial markets. Organizations should undertake a detailed review of their financial condition with respect to asset quality, liquidity, capital strength, and financing alternatives. All business and operating models need to be reorganized in light of the impact of the financial crisis on the structure of the industry that the company operates in. They should also assess financing options if additional capital is necessary.

Source: "The Global Financial Crisis—What's on the Horizon?" Randy Marshall, 12 November 2008, available at <http://www.businesspundit.com> (accessed November 2008).

Changing Customer Needs and Preferences

Customer needs and preferences are always changing. Organizations are forced to adopt and constantly innovate their product offerings to meet these changing needs. For example, Sony Corporation, Japan, known throughout the world for its technological innovations in tune with changing customer preferences, has developed a 2.5” hard disk drive for a “laptop computer” that could hold as much as 1.5 billion bytes of data but which costs less than the current disk drive holding 80 megabytes. Box 16.3 discusses the changes that McDonald’s was forced to implement as a result of changing customer needs and preferences.

So, in conclusion it can be stated that organizations change in many ways and for many reasons. Organizational changes may be either planned or unplanned, and based on either internal or external forces. Some examples of changes within each of the four categories are listed in Table 16.2.

The norm of pervasive change brings problems, challenges, and opportunities. Those individuals, managers, and organizations who recognize the inevitability of change and learn to innovate or adapt to and manage it while focused on creating world-class value will be the most successful (Faw 1999). However, people and organizations frequently resist change, even if it is in their best interest, especially in large, established organizations. In Chapter 17, we will identify some of the reasons for this resistance.

BOX 16.3 MCDONALD’S CHANGE STORY: RESPONDING TO PRESSURE

What would happen if one ate food only from McDonald’s for one month? In 2003, Morgan Spurlock attempted to find out the answer by limiting his diet only to food from McDonald’s for 30 days. The conditions were that he would only eat the super size options offered by McDonald’s and all items on the McDonald’s menu were to be eaten at least once a month. Spurlock travelled around the US for one month with the objective of finding out the relationship between fast food and obesity. He was medically examined before he began the new diet and was found to be in perfect health. However, within 30 days of going on the McDonald’s-only diet, he gained 25 pounds and his cholesterol levels had risen from 168 to 230 (Hernandez and Brooks 2004).

A documentary called *Super Size Me* was made on Spurlock’s experiences and was selected as an entry in the 2004 Sundance Film festival. This gave jerk to the tall claims made by McDonald’s that there was no correlation between fast food and obesity (Anonymous 2003). At the time of the release of the film, the restaurant launched McDonald’s new Happy Meal for adults comprising of a salad, a bottle of water, and a stepometer. The film *Super Size Me* became one of the five biggest grossing documentaries in American history (Arndt 2004).

The efforts to highlight the health issues related to consuming fast food was just one of the many challenges that McDonald’s had to face. There were other pressures, which could be categorized into external and internal. Externally, there were many diseases such as the epidemic of mad cow disease, foot and mouth disease, the severe acute respiratory syndrome epidemic in the Asia-Pacific region, a fall in the economies leading to weaker foreign currencies, and high commodity costs (Jordan 2003; Stires 2002). Inter-

nally, the future growth became more difficult because of the highly aggressive international expansion strategies adopted by the restaurant (Stires 2002). The then CEO, James Cantalupo quoted, “As we took our eyes off the fries we had to pay the price” (Gogoi and Roman 2003).

In 1996, McDonald’s experienced four consecutive quarters of declining sales and was losing market share to competitors such as Wendy’s and Burger King (Stires 2002). As a result of this, franchisees became frustrated and started withdrawing from McDonald’s thereby adding to the company’s woes.

In 2003, Cantalupo who had retired was brought back in efforts to engineer a turnover at McDonald’s. His vision for the organization’s future was a “back to basics” approach with organizational changes to refocus the organization on its core values of quality and service (Arndt and Newman 2003). He started by cutting down on the number of stores. In 2004, only 300 stores were opened as compared with 1,100 in 1995. Commercials featuring pop singer Justin Timberlake and a new slogan “I am lovin’ it” were used to reinvent the image of the company and connect with youngsters (Sieger 2003). Addition of the new salads menu helped to draw women customers who were earlier reluctant to dine at the restaurant. Responding to the external pressures, the customers were now provided with healthier and tastier menus (Arndt 2004). The restaurant tried to resolve the customer-related issues by initiating an online training programme for all US-based employees (Garber 2003). The objective of all these efforts was to provide basic, speedy service and quality products for which the company has always been famous for.

Table 16.2 Variations of Organizational Change

Is the Change Based on Internal or External Factors	Is the Change Planned or Unplanned Change	
	Planned	Unplanned
Internal changes	Changes in products or service Changes in administrative systems Change in organization size or structure (for example, downsizing, outsourcing) Technological change Person-focused change	Changing employee demographics Performance gaps System disequilibrium Differing needs of individuals /group Resource constraints
External changes	Introduction and new technology Advances in information processing and communication	Government regulation Economic competition in global arena Political forces Changing customer needs and preferences

Summary

This chapter identifies and discusses the importance and relevance of change in the present day scenario. Different forces and determining factors of change emanating from external and internal environment force change in organizations. These factors can be both planned and unplanned. Some of the planned internal factors include changes in the products and services, changes in the administrative staff, changes in the organization structure and size, technological changes, and person-focused change. Planned external

change factors include introduction of new technologies and advances in information processing systems. Unplanned internal factors include changing employee demographics, performance gaps, system disequilibrium, and differing needs of individual/group, and resource constraints. Unplanned external factors include government regulation, economic competition in the global arena, political forces, and changing customer needs and preferences.

Key Terms

Anti-dumping duties: Anti-dumping duties are penalties imposed on a nation by its trading partner if it feels that owing to an unfair reduction in cost, duties, etc. the partner country's products enjoy a price advantage.

Anti-trust laws: Most governments follow anti-trust in one form or the other to restrict unfair trading practices.

Change: Change is the coping process of moving from the present state to a desired state that individuals, groups, and organizations undertake in response to dynamic internal and external factors that alter current realities.

Downsizing: Downsizing is a process of reducing the number of employees needed to operate effectively.

Deregulation: This is the lessening of governmental rules and the increasing decentralization of economic interventions at the level of the state.

Outsourcing: Outsourcing is a process of completely eliminating parts that focus on the non-core sectors of the business and hiring outside firms to perform these functions instead.

Performance gaps: The gap between the expected and the real level of performance is termed performance gap.

Person-focused change: This is the change concerned with human resources planning and with enhancing employee competence and performance.

Resources: Resources refer to money, material, machinery, personnel, information, and technology.

Rightsizing: Rightsizing is a process of adjusting the number of employees needed to work in a newly designed organization.

Discussion Questions

1. Identify and discuss the different types of changes that business organizations face today.
2. "Change does not occur in vacuum. There are a number of factors operating both within and outside the organization which cause the change to take place." Discuss the relevance of this statement in light of the forces impacting the change.
3. How do planned internal forces of change differ from unplanned internal forces? Discuss in relation to some real-life situations.
4. What are the differences between planned and unplanned external forces of change? Discuss with examples.

■ Exercise

How Much Do You Know About the Change Process?

Presented below are a dozen statements that relate to change. Read each statement carefully and then check whether it is *basically true* or *basically false*.

1. Because change is so much of everyday life, most modern workers like new work procedures and policies.
2. Most work changes lead to an immediate increase in productivity.
3. Many employees like the status quo, change scares them.
4. If a computer designed to help them do their work is available, most employees would try to learn how to use the machine as quickly as possible.
5. Most organizational changes that are introduced are truly designed to increase efficiency.
6. If their friends at work are opposed to change, most workers will also oppose change.
7. Most people who resist change do so because they enjoy giving their organization a hard time.
8. People preferred to be told about new changes just before they are to be implemented.
9. People tend to be more supportive of the changes they helped fashion than of those forced upon them.
10. Most managers tend to overrate the time needed to implement changes effectively.
11. Change always results, if only in the short run, in an increase in work output.
12. Unions tend to reject new work changes.

■ Field Projects

1. Choose up to three articles from the business section of a newspaper, or from a business magazine about organizations going through change. Identify the external and the internal pressures for these changes from the article and suggest if there are any commonalities between them? Comment.
2. In groups of 3–4, interview two people who have spearheaded planned changes in organizations. Preferably select people from different organizations and industries to provide a contrast. Draw broad conclusions on the way these managers approached change? Prepare a report and present it in class.

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CHAPTER 17

Approaches to Planned Organizational Change

LEARNING OBJECTIVES

Upon completion of this chapter, you will be able to:

1. Identify the characteristics of effective change programmes.
2. Discuss different models of change used to bring about effective changes in organizations.
3. Discuss the framework of “perpetual transition management” in terms of different triggers of change.
4. Outline the effects of change on individuals and identify different reactions to change.
5. Understand the reason for the resistance to change and discuss the techniques to overcome resistance.
6. List managerial attitudes and skills required for implementing change.

Making Friends at Texco

Samir Sethi, the managing director of Texco, a Mumbai-based textile manufacturer, was quite pleased with himself. It was Friday afternoon and his flight from Tokyo was just about to land at Mumbai. He had just returned from Japan where, along with his sales director Aman Kalra, he had managed to successfully complete negotiations on a 25-million (INR) order from a Japanese golfing accessories manufacturer, Kokuna. The order was for the manufacture of a new range of golf sweaters and accessories and was the biggest single order that the company had received in the last 5 years. They had come up against stiff competition from other sportswear manufacturers in India and Japan.

To secure the order, Texco had to promise delivery of the first batch of newly designed golf wear within 6 weeks and bulk order shipments of 10,000 pullovers every 2 months. This created a problem. At maximum production, Texco could only manufacture and meet these order requirements by dropping 80% of its existing business. It also meant that three new computerized manufacturing machines and a new computer-aided design system would be put to work in order to come up with the new style and design to manufacture the sweaters. These machines had been recently purchased at great expense. The problem was who would operate the machinery and design systems

to meet the order requirements, and what to do with Texco’s current workload.

Still, it had been a good trip and Samir had the weekend to plan the company’s future course of action.

Sunanda Rakhija, production director at Texco, was called for a board meeting on Monday morning. “It’s like this, Sunanda,” said Samir. “We need the new designs in a matter of weeks and they have to be computer generated to fit straight into our new machinery. Our people haven’t been trained on them yet, so we will have to subcontract this to some freelance designers who specialize in this field. They will do the design for us and we should be able to meet the 6-week deadline with some ease.”

Sunanda paused. “So who is going to actually make all these lovely new golf sweaters then, and who will tell Tinna and Co. that we can’t provide them with any knitwear for the next 9 months? You can’t just tell the design shop that they are surplus to requirements for the next couple of weeks, and then tell Tinna that we are sorry but they will have to wait. That’s not how we do business, isn’t it?”

Samir’s reply was succinct and to the point. “Sunanda, this is a new millennium. If this company is going to survive, it has to become an international concern. Sure, Tinna is a big contract for us but we will deal



with that problem when it arises. As for the designers, I am going to have a meeting with all operating staff this afternoon and let them have the good news.”

Work stopped at Texco at 4.30 p.m. that day. Samir Sethi, accompanied by Aman Kalra and Sunanda Rakhija, addressed the staff in the company’s cafeteria. Samir started off in an ebullient mood. “Well, the situation facing us is one that I am sure other companies would like to be in. I am sure you are aware by now that we have managed to win the biggest order in this company’s short history, with the Japanese golf company, Kokuna. This assures our futures and means that jobs are secure. However, it does put us under a bit of pressure. To this end I have made arrangements with an outside design and production team to join us temporarily to design and manufacture the Kokuna sweaters on our new equipment. This should allow the rest of you to carry on with your normal duties, allowing us to meet the tight deadlines Kokuna have set. The outside team will be independent and will gradually bring in our own staff on design and production matters when they feel that the time to pass on the contract is right. To me, it’s the best of both the worlds, and with a little bit of a squeeze we can do the Kokuna work and still satisfy the need of our other customers. There are good times ahead, lots of hard work, but I am sure you will agree with me that it will be worth the struggle in the end.”

Samir’s comments were met initially with a stunned silence. However, it did not take long for murmuring to begin. The first comments came from one of the designers: “Are you saying that we aren’t good enough to do the design for the new sweaters?” “Yeah, and we can’t handle the new machinery so we will buy in some smart people from outside, is that it?” The meeting soon deteriorated into verbal mud-slinging, with comments such as, “We’re only good for the simple stuff, who are these outsiders anyway, and don’t you trust us to be able to deliver this for you?”

As the meeting finally began to get out of hand, Samir turned to the assembled group and said, “Who do you people think you are? We bring in the biggest order we’ve ever had and all you can think about is yourselves. Obviously, we will have to get this situation resolved before we go anywhere.” However, on his way out of the cafeteria he turned to Sunanda and said “These people need a good sorting out. Come and see me tomorrow morning first thing and we will get to the bottom of this.”

For Discussion

1. Was Samir Sethi wrong? How should he have approached the situation?
2. What advise will you give to Sunanda before the Tuesday morning meeting?
3. How should Texco deal with the situation?

Introduction

Change has been defined as any alteration to the status quo in an organization initiated by internal or external factors that impact both the organization and the individual. Whether management is pursuing its own desires for improvement, or whether they are responding to external pressures, how they act to change the status quo will determine the organization’s long-term ability to survive. The purpose of any change programme is to achieve certain objectives or ends. How effectively the change is managed and implemented will determine the extent to which these objectives will be realized. Three different types of skills may be required on the part of manager to effectively implement the change process. They are:

1. Skills in identifying the problems that demand solutions.
2. Skills in formulating strategies and techniques to solve these problems.
3. Skills in implementing processes to gain acceptance from the people affected by change.

Characteristics of Effective Change Programmes

Distinguishing between change that inevitably happens to all organizations and change that is planned by members of an organization is important. Our focus is primarily on intentional, goal-oriented, organized, purposeful attempt by managers and employees to improve the functioning of teams, departments, divisions or an entire organization in some important way (Cummings and Worley 1997).

Effectively planned change efforts are often characterized by some common characteristics. For example, effective change programmes may involve:

1. Motivating change by creating a readiness for the change among employees and attempting to overcome resistance to change;
2. Creating a shared vision of the desired future state of the organization;
3. Developing political support for the needed changes;
4. Managing the transition from the current state to the desired future state; and
5. Sustaining momentum for the change so that it will be carried to completion.

The initiatives required to address each of these aspects of a change programme are summarized in Figure 17.1.

Similarly, the conditions necessary for successfully carrying out effective change programmes include:

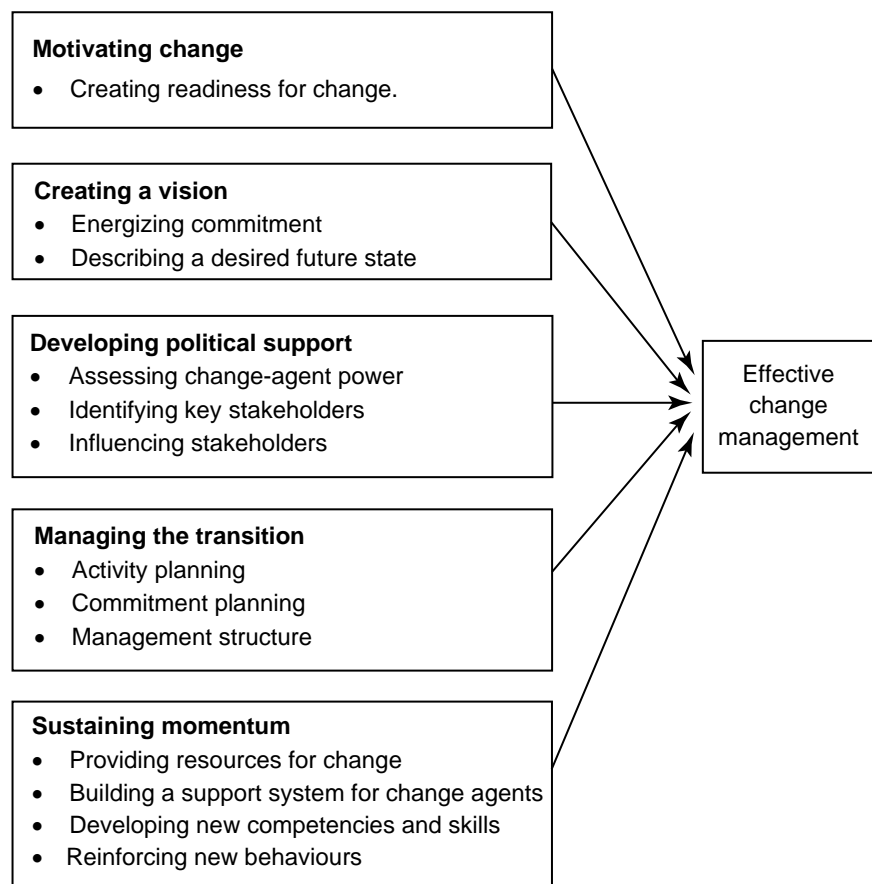


Figure 17.1
Initiatives
Contributing to
Effective Change
Management

1. The organization's members must be the key sources of energy for change, not some party external to the team or organization.
2. Key members of the organization must recognize the need for change and be attracted by the potentially positive outcomes of the change programme.
3. A willingness to change norms and procedures must exist (Porras and Robertson 1992).

These two lists are similar in some aspects. Change must come from within the organization. People must be aware of the need for change, believe in the potential value of the changes proposed, and be willing to change their behaviours in order to make the team, department, or the organization effective. In the absence of these beliefs and behaviours, effective organizational change is problematic. In addition, effective change must rely on a contingency perspective that is open to trying different things at different times. Box 17.1 describes how an organization can be transformed by the process of change.

BOX 17.1 EMPOWERING CHANGE BY NORTH DELHI POWER LIMITED

Terry Paulson, the widely acclaimed author and motivational speaker once said, "Don't struggle against change; learn to use it to your advantage." The takeover of Delhi Vidyut Board (DVB) by the North Delhi Power Limited (NDPL), a joint venture between Tata Power and the Delhi government illustrates how change can be used to transform an organization positively.

At the time of the takeover, DVB had a bureaucratic structure with a large workforce plagued by a lack of accountability and initiatives. Decision making was very slow and there were allegations of corruption against many employees. Infrastructure was in a state of total disrepair. There were only two computers in the office, an indication of the low reliance on the use of information technology. The workforce was relatively untrained with no focus on training and developmental activities. Employee morale was very low as there were no rewards for good performance. Promotions were linked to seniority and not merit. Customer complaints were not taken seriously. There was low reliance on the use of information technology. NDPL transformed the organization by bringing about change across two nodal points: technology and human resources.

Revamping technology

The first goal was to build confidence among consumers by reducing the number of power failures. It roped in KEMA, a US-based consultancy for advice on improving its power distribution infrastructure and information system architecture. Employees were encouraged to use technology and a substantial amount of training and retraining culminated in a change in the mindset of the workers. The implementation of Enterprise Resource Planning (ERP) developed by TCS fulfilled the basic requirements in relation to purchase, store management, inventory, and human resources. The new ERP moved the company from a two-desktop setup to a structure where no employee could work without a personal computer and every document was digital and traceable. To help provide accurate billing to its 900,000 customers,

NDPL developed its own software and implemented it across all 150 points of presence in its jurisdiction. All points were networked by fibre optic network, leased lines, or wireless connectivity. Another concern was increasing the efficiency in the exchange of information between consumers and NDPL. Information technology enabled NDPL to obtain information from its consumers and receive complaints using 22 networked customer care centres which are operational 24/7. Today, 99% of calls made are attended to and the problems resolved.

Change in human resources

A "think tank team" was set up whose primary role was to set priorities for action. The team decided to create pockets of excellence in systems, process, and people management. The main concerns of customers were identified in a survey carried out by AC Nielson-ORG MARG. The results of the survey indicated that the main concerns of customers were reliability of services, price, and customer care. In response to this, all the customer centres were renovated and the number of avenues for bill payment increased from 22 to 1,150 in 2 years. The power interruptions reduced from 50 per year to 16 per year and the bill payment time went down by four times.

A management audit was carried out by Sri Ram Centre for Human Resources and Industrial Relations to find out the expectations of employees from the management. An action plan of 50 issues was laid down to meet these expectations which are periodically addressed by the CEO and top management team. Human resources emerged as an area of concern. Two internal change agents were employed who identified the main issues and raised the demand of a performance-oriented work culture before the employees. They tried to build psychological contract and trust through activities such as the widow fund for taking care of widows of the employees who lost their lives while in service, institutionalization of the salary disbursement through electronic bank clearance, focusing on promotions to end 30-year

BOX 17.1 (Continued)

waits, and closing of suspension files on petty issues. Training needs were evaluated and more than 15,000 man-days of training were imparted to employees under a planned and sustained training schedule.

Some other activities to improve the morale of the employees included employee communication letters by CEO, meet the CEO scheme, employee satisfaction study, incentive scheme, joint interaction forum, performance management, compensation and talent management, and diversity management programmes. A scholarship scheme promoting higher

education for children of NDPL personnel was introduced. NDPL has empanelled 40 hospitals in Delhi from where employees can avail free treatment.

All of the above efforts have helped create a proud workforce. They have also helped NDPL produce proactive, transparent citizens.

Adapted from Neel Mani, Rahul, "Empowered Change", 5 August 2008, available at www.cio.com.au/index.php/id;640226951;pp;3;fp;2;fpid;14, (accessed November 2008).

System Model: The system model of change describes the organization as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy.

Models of Planned Change

Systems Model of Change

A change programme focused on bringing changes at the organization level poses a great challenge before the individuals as it often means not doing things piecemeal. To be successful, change usually must be organization wide (Armenakis et al. 1999). The system model shown in Figure 17.2 provides a useful framework for analysing organizational change.

The system model of change describes the organization as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy. The **people** variable applies to individuals working for the organization, including their individual differences—personalities, attitudes, perceptions, attributions, needs, and motives. The **culture** variable reflects the shared beliefs, values, expectations, and norms of organizational members. The **task** variable involves the nature of work itself—whether jobs are simple or complex, novel or repetitive, standardized, or unique. The **technology** variable encompasses the problem solving methods and techniques used, and the application of knowledge to various organizational processes. It includes such things as the use of information technology, robots, and other automation, manufacturing process tools, and techniques. The **design** variable is the formal organizational structure and its system of communication, control, authority, and responsibility. Finally, the **strategy** variable comprises of the organization's planning process and includes decisions about how the organization chooses to compete. It typically consists of activities undertaken to identify organizational goals and prepare specific plans to acquire, allocate, and use resources in order to accomplish those.

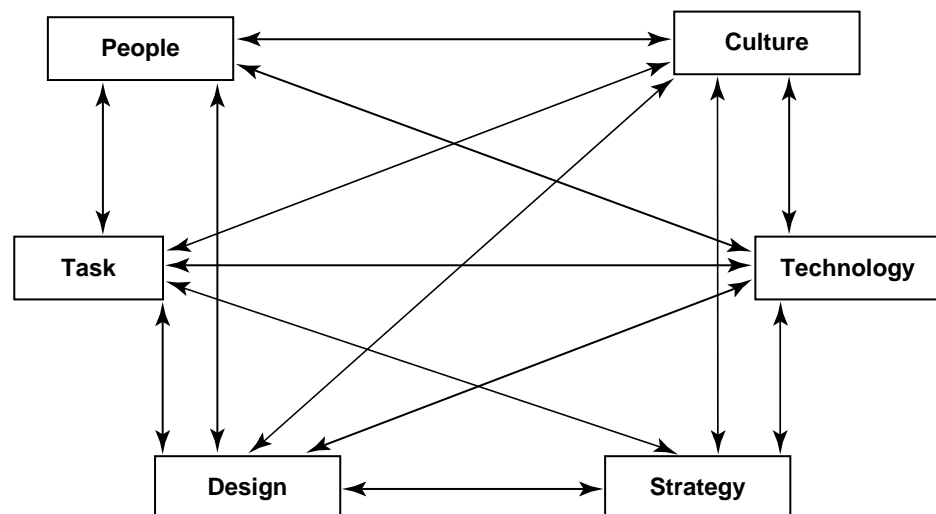


Figure 17.2
A System Model
of Change

As Figure 17.2 indicates, these six variables are interdependent. A change in any one usually results in a change in one or more of the other variables. For example, a change in the organization's strategic plan might dictate a change in organizational design to an adaptive or network form. This change, in turn, could result in the reassignment of people. At the same time, the redesign may also lead to a change in the technology used by the organization, which affects the attitudes and behaviours of the employees involved and so on. All these changes would occur within a particular organizational culture, which might either support or resist them. Moreover, the change itself may either modify or reinforce the prevailing culture. An advantage of the systems approach to organizational change is that it helps employees and managers understand and think through such interrelationship. The systems approach reminds management that it cannot change part of the organization, without, in some sense changing the whole.

Lewin's Force Field Analysis Model

It has been earlier discussed that the environment forces push companies to change the way they operate which is relatively easy to visualize. What is more difficult to see is the complex interplay of these forces against other organizational dynamics. Psychologist Kurt Lewin developed the Force Field Analysis model to help us understand how the change process works. Although developed over 50 years ago, Lewin's Force Field Analysis model is still the prominent way of viewing this process.

One side of the model represents the driving forces that push organizations towards a new state of affairs. There are several driving forces in the environment such as information technology, global and local competition, and demographics that have been discussed in Chapter 16. Along with these external forces are driving forces that seem to originate from within the organization, such as competition across divisions of the company and the leaders need to impose his/her image on the organization.

The other side of the model represents the restraining forces that maintain the status quo. These restraining forces are commonly called "resistance to change" because they appear as employee behaviour that block the change process. Stability occurs when the driving and restraining forces are roughly in equilibrium; that is, they are of approximately equal strength in opposite directions.

Kurt Lewin suggests that efforts to bring about planned change in organizations need to approach change as a multi-stage process (Lewin 1951). His model of planned change is made up of three steps—unfreezing, change, and refreezing—as shown in Figure 17.3.

Unfreezing is the process by which people become aware of the need for change. If people are satisfied with current practices and procedures, they may have little or no interest in making employees understand the importance of a change and how their jobs will be affected by it. The employees who will be most affected by the change must be made aware of why it is needed, which in effect makes them dissatisfied enough with current operations to be motivated to change.

Change itself is the movement from the old way of doing things to a new way. Change may entail installing new equipment, restructuring the organization, implementing a new performance appraisal system—anything that alters existing relationships or activities.

Refreezing makes new behaviour relatively permanent and resistant to further change. Examples of refreezing techniques include repeating newly learned skills in a training session and role-playing to teach how the new skill can be used in a real-life work situation. Refreezing is necessary because without it, the old ways of doing things might soon reassert themselves

Force Field Analysis:

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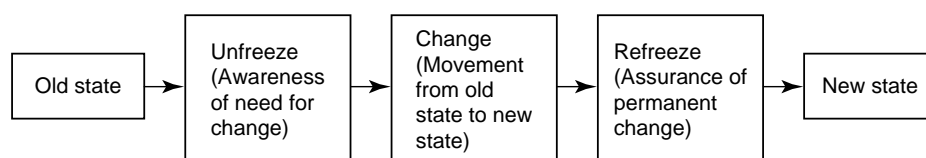


Figure 17.3
Lewin's Process of
Organizational Change

while the new ways are forgotten. For example, many employees who attend special training sessions apply themselves diligently and resolve to change things in their organization. But when they return to the workplace, they find it easier to conform to the old ways than to make waves. There are usually few, if any, rewards for trying to change the organizational status quo. In fact, the personal sanctions against doing so may be difficult to tolerate.

Kotter's Eight-step Model of Change:

- Create a sense of urgency
- Establishing a powerful group to guide the change
- Develop a vision
- Communicate the vision
- Empower staff
- Ensure there are short-term wins
- Consolidate gains
- Institutionalize the change in the culture of the organization

Kotter's Eight-step Change Management Model

One of the best known change management models is John Kotter's eight-step model (Kotter 1995). It was first published in 1995 as an article in the Harvard Business Review. Subsequently, it was expanded in the form of a book titled *Leading Change*. The eight steps proposed by Kotter are presented below. According to him, to successfully implement a change in an organization all the eight steps have to be followed in sequence. Skipping any one stage may cause an illusion of speed but does not result in the effectiveness or improvement in the organizations. The eight steps are:

Create a sense of urgency This stage calls for studying the market trends and analysing the requirement for implementing the change in the organization. It also emphasizes the importance of identifying the problems and highlighting the opportunities available for change to be implemented. The next task in establishing urgency is to make people/employees aware of the importance of this change to meet these challenges.

Establishing a powerful group to guide the change This involves identifying right kinds of people and trying to bring them together so that they can help steer this change programme. Also, enough power needs to be given to this group so that they can pursue the change effort.

Develop a vision This stage entails developing a vision to bring about the change in the organization. Kotter proposes that this vision should be highly focused and stated in very simple terms so that everyone involved in the process accepts and understands it.

Communicate the vision The vision created has to be communicated to all employees in the organization so that everyone is aware of it. Multiple channels such as brochures, word of mouth, meetings, and action should be used to communicate the vision.

Empower staff For a vision to be converted into reality, it is important that hurdles in its direction need to be removed. Management is, therefore, expected to provide enough resources and autonomy to its employees to help them achieve this vision. Risk taking in organization also needs to be encouraged so that employees are able to bring in value to the organization.

Ensure there are short-term wins As people do not have the patience to wait for a longer duration to see the benefits of change, it is essential to bring in short-term wins in between as it helps to retain the motivation levels of employees. These wins also help support the need for change.

Consolidate gains To let the process of change continue smoothly, management should continuously focus on removing organizational policies and processes that inhibit change and reward those who are engaged positively with the change. Attempts should be made to establish new, related change projects.

Institutionalize the change in the culture of the organization Any change programme which has been carried out in the organization should get embedded in the culture of the organization and it should be linked to organizational performance and leadership. By this, it becomes a permanent component of the organization.

Organizational Development

Organizations are never completely static. They are in continuous interaction with external forces. Changing customer attitudes, new legislations, and technological breakthrough all act on the organization causing it to change. The degree of change may vary from one organization to another, but all face the need for adaptation to external forces. Many of these changes are forced upon organizations, whereas others are generated internally. Because change occurs so rapidly, there is a need for new ways to manage. Organizational Development (OD) is a discipline applying behavioural sciences to help organizations adapt to these changes. OD is aimed not only at improving the organization's effectiveness but also at enhancing the development of organizational members.

Defining OD

In the behavioural science, and perhaps ideal sense of the term, organizational development is a long-range effort to improve an organization's problem-solving and renewal process, particularly through a more effective and collaborative management of organizational culture—with special emphasis on the culture of formal work teams—with the assistance of a change agent, or catalyst, and use of the theory and technologies of applied behavioural sciences, including action research (French and Bell 1978).

OD is a planned effort, initiated by process specialists to help an organization develop its diagnostic skills, coping capabilities, and linkage strategies in the form of temporary and semi-permanent systems, and a culture of mutuality (Pareek and Rao 1988).

OD is a prescription for the process of planned change in organizations in which the key prescriptive elements relate to

1. The nature of the effort or programme;
2. The nature of the change activities;
3. The target of the change activities;
4. The desired outcomes of the changed activities.

OD thus represents a unique strategy for system change, a strategy largely based on the theory and research of behavioural sciences and a strategy having a substantial prescriptive character. In summary, OD is a process of planned system change that attempts to make organizations better able to attain their short- and long-term objectives. This is achieved by teaching the members of the organization how to manage their organization's processes and culture more effectively.

Model of OD—Action Research

A basic model underlying most OD activities is the action research model—a data-based, problem solving model that replicates the steps involved in the scientific method of inquiry. The processes involved in the action research are data collection, feedback of the data to the client, and action planning based on data (Beckhard 1969). Action research is both an approach to problem solving—a model or a paradigm—and a problem solving process—a series of activities and events.

The action research model focuses on planned changes as a cyclical process involving collaboration between organizational members and OD practitioners. It places heavy emphasis on data gathering and diagnosis before action planning and implementation, as well as careful evaluation of results after the action is taken. Action research is aimed at both helping a specific organization increase its effectiveness and developing new knowledge that can be applied in other settings (Sussman and Evered 1978).

Action Research as a Process

Action research is described as a process, that is, as an ongoing series of events and actions. Action research can be defined as a process of systematically collecting research data about

OD: OD is a planned effort, initiated by process specialists to help an organization develop its diagnostic skills, coping capabilities, and linkage strategies in the form of temporary and semi-permanent systems, and a culture of mutuality.

Action Research: Action research can be defined as a process of systematically collecting research data about an ongoing system relative to some objective, goal, or need of the system; feeding these data back into the system; taking actions by altering selected variables within the system based on both the data and hypotheses; and evaluating the results of action by collecting more data.

an ongoing system relative to some objective, goal, or need of the system; feeding these data back into the system; taking actions by altering selected variables within the system based on both the data and hypotheses; and evaluating the results of action by collecting more data (French and Bell 1978).

Several authors have noted the importance of viewing action research as a process. Stephen Corey (1953), an early advocate of action research in education, states that, “The process by which practitioners attempt to study their problems scientifically in order to guide, correct, and evaluate their decisions and actions is what a number of people have called action research.” Elsewhere, Corey defines action research more in terms of a practitioner’s tools: “Action research in education is research undertaken by practitioners in order that they may improve their practices (1953).”

Seven Steps in the Cyclical Phase of Planned Change

The seven steps (Figure 17.4) involved in the cyclical phases of planned change as viewed from the action research model (French and Bell 1978) are:

Problem identification This stage usually begins when a key executive in an organization or someone with power and influence senses that the organization has one or more problems that might be alleviated with the help of OD practitioners.

Consultation with a behavioural science expert During the initial contract, the consultant or change agent and the client carefully assist each other. The change agent has his/her own normative, developmental theory, or frame of reference (Tichy 1974) and must be conscious of these assumptions and values. Sharing them with the manager from the beginning establishes an open and collaborative atmosphere.

Data gathering and preliminary diagnosis This stage is usually completed by the consultant, often in conjunction with organizational members. The four basic methods of gathering data are interviews, process observation, questionnaires, and organizational performance data. The most effective diagnosis begins with observation, proceeds to a semi-structured interview, and concludes with a questionnaire to measure precisely the problems identified by the earlier steps. Beer (1976) has stated that “this sequence provides a funnel effect, moving from emphasis on “bandwidth” to emphasis on “fidelity” of measurement.”

Feedback to the key client or group As action research is a collaborative activity, the data are fed back to the client, usually in a group or work-team meeting. The feedback step, in which the group is given the information gathered by the consultant, helps the group determine the strengths and weaknesses of the organization or the department under study. The consultant provides the client with all relevant and useful data. Obviously, the consultant will protect those sources of information and will, at times, withhold data if the group is not ready for the information or if the information would make the client overly defensive.

Joint diagnosis of problem At this point, the group discusses the feedback, and the focus returns to research as the change agent and the members of a group discuss whether this is a problem on which the group intends to work. A close relationship exists among data gathering, feedback, and diagnosis because the basic data from the client have been summarized by the consultant and presented to the group for validation and further diagnosis. It is important to point out, as Schein suggests, that the action research process is very different from the doctor-patient model, in which the consultant comes in, makes a diagnosis, and prescribes a solution. Schein notes that the failure to establish a common frame of reference in the client-consultant relationship may lead to faulty diagnosis or a communication gap

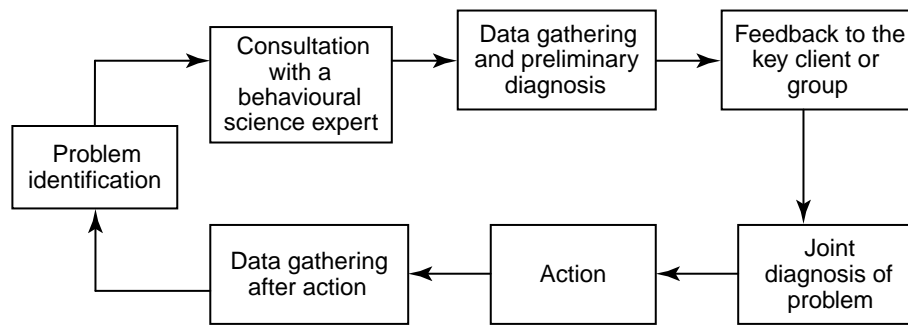


Figure 17.4
Action Research Model

whereby the client is sometimes “unwilling to believe the diagnosis or accept the prescription.” Schein (1969) believes that “most companies have drawers full of reports by consultants, each loaded with diagnosis and recommendations which are either not understood or not accepted by the patient.”

Action Next, the consultant and management jointly agree on further action to be taken. This is the beginning of the unfreezing process, as the organization moves to a different quasi-stationary equilibrium. At this stage, one cannot be specific about the action to be taken, as this depends on the culture, values, and norms of the organization; the diagnosis of the problem; and the time and expense of the intervention.

Data gathering after action As action research is a cyclical process, data must also be gathered after action has been taken in order to monitor, measure, and determine the effects of the action and feed the results back into the organization. This, in turn, may lead to rediagnosis and new action.

Appreciative Inquiry

The recent changes in the environment in the form of a new “engagement paradigm” (Axelrod 2001), “a new type of social innovation” (Bunker and Albam 1992), “a paradigm shift” (Dannemiller and Jacobs 1992), and “an evolution in human thoughts and values” have created new forms of dilemmas in the twenty-first century (Weisbord 1992). The focus has now shifted from the emphasis on problem solving and conflict management to creating a vision for the future. This has led to the development of the concept of appreciative inquiry (Fuller et al. 2000) As per this concept, it is assumed that while trying to achieve large-scale change, attempts are made to identify what is currently working the best and then build on this knowledge to help develop and design what might be achieved in the future. The technique comprises of four steps:

1. Discover or appreciate the best of what is currently practiced.
2. Build on this knowledge to develop a vision of what the future could be.
3. Design the future as it should be.
4. Sustain the organization’s future as designed.

The above structure basically implies that it is difficult to separate “what” to change from “how” to change. A number of benefits of this form of change have been suggested by the supporters of appreciative inquiry. Weisbord (1992) claims the future search in this area can be quite startling and can give rise to a kind of bureaucracy in which people who were earlier in opposition will learn to come and act together. Fuller et al. (2000) claim that appreciative inquiry will lead to new constructive conversations, unleash a self-sustaining learning capacity within the organization, create conditions necessary for self-organizing to flourish, and will also provide a reservoir of strength for positive changes. This has been proved correct in a variety of organizational settings (Weisbord 1992).

Appreciative Inquiry:

In appreciative inquiry, it is assumed that while trying to achieve large-scale changes, attempts are made to identify what is currently working the best and then build on this knowledge to help develop and design what might be achieved in the future.

There are some disagreements over the large-scale system-wide change programmes and its effectiveness on the future of the organization. Some critiques argue that the need for rapid response has led to the irrelevance of system-wide cultural changes and have suggested more specific situational interventions such as virtual team building and management of merger process (Herman 2000). It has also been proposed that the old model of organizations as the centre of the universe, with its customers, share-owners, suppliers, etc. rotating around it, is no longer applicable in the “new-era” organizations (Herman 2000).

Transition Management:

Transition management model is specifically related to large-scale organizational change and has some interesting insights into what triggers change in organizations and how they respond.

Change and Transition Management

Transition management is the process of systematically planning, organizing, and implementing change from the disassembly of the current state to the realization of a fully functional future state within an organization (Ackerman 1982). Once change begins, the organization is neither in the old state nor in the new state. Yet, business must go on. Transition management ensures that business continues while change occurs. The members of the regular management team must take on transition management and coordinate organizational activities with the change agent. An interim management structure or interim position may be created to ensure continuity and control of the business during the transition. Communication about the changes to all involved, from employees to customers and suppliers, plays a key role in transition management (Tichy and Ulrich 1984).

Beckhard (1992) suggests 10 organizational prerequisites, which must exist before transformational change can be achieved in an organization. These are summarized in Table 17.1.

Table 17.1 Beckhard’s Prerequisites for Transformational Change

Priority	Prerequisites
1.	Ensuring senior management commitment to the imposed changes is visible to all participants throughout the organization.
2.	Producing a written statement about the future direction of the organization that makes clear its new objectives, values, and policies.
3.	Creating a shared awareness of condition to produce a common perception that change must be implemented.
4.	Assembling a body of key managers and other important opinion formers to gain their commitment to the change process so that this may be disseminated more widely.
5.	Generating an acceptance that this type of change will require a long period to be implemented fully even though there may be short-term, dramatic changes as part of the overall process of transformation.
6.	Recognizing that resistance to change is part of the normal process of adaptation, so that the manager can be aware of this and equipped to manage this reaction.
7.	Educating participants about the need for change and training them adequately to ensure that they are effective in overcoming resistance and gaining commitment.
8.	Persevering with the change process and avoiding blame when an attempt to implement a facet of this process fails. Such negative action will generate resistance and reduce necessary risk-taking behaviour.
9.	Facilitating the change process with necessary resources.
10.	Maintaining open communication about process, mistakes, and subsequent learning.

Adapted from Beckhard, R. (1992). A Model for the Executive Management and Transformational Change, in Salaman, G., Cameron, S., Hamblin, H., Iles, P., Mabey C. and K. Thompson (eds.) *Human Resource Strategies*, London: Sage/Open University.

If the concept of change can be examined from internal, external, or proactive set of viewpoints, then the response of managers has to be equally as widespread. Buchanan and McCalman (1989) suggest that this requires a framework of “perpetual transition management.” Following from Lawler’s (1986) concept of the lack of a visionary end state, what appears to be required is the ability within managers to deal with constant change. This transition management model, although specifically related to large-scale organizational change, has some interesting insights into what triggers change in organizations and how they respond. It suggests that four interlocking management processes must take place both to implement and sustain major organizational changes. These processes operate at different levels, and may involve different actors in the organizational hierarchy. The four layers (as shown in Figure 17.5) are:

1. **Trigger layer:** Concerning the identification of needs and openings for major change deliberately formulated in the form of opportunities rather than threats or crises.
2. **Vision layer:** Establishing the future development of the organization by articulating a vision and communicating this effectively in terms of where the organization is heading.
3. **Conversion layer:** Setting out to mobilize support in the organization for the new vision as the most appropriate method for dealing with the triggers of change.
4. **Maintenance and renewal layer:** Identifying ways in which changes are sustained and enhanced through alterations in the attitude, values, and behaviours, and regression back to tradition is avoided.

Transition management suggests that organizations have to plan for, divert resources to, and implement four sets of interlocking processes. These are designed to implement, to sustain, and to build on change and its achievements in an attempt to address the issues associated with change over time. The argument here is that these layers—trigger, vision, conversion and maintenance, and renewal—are necessary processes that occur in change management. The respective emphasis and priority attached to each of them will alter over time, but recognition of their existence goes a long way in determining the management action needed.

The model of perceptual transition management starts out with a number of questions. How do we explain successful change? How do we explain changes in organizations that were doomed from the start? How do we explain changes that are initially successful but wane or fizzle out halfway through? Effective large-scale changes demand a series of management actions linked to the four interlocking layers or processes (Figure 17.5).

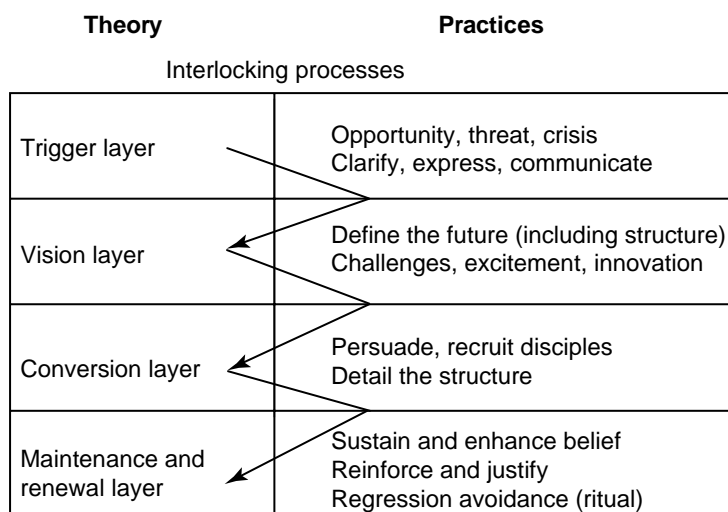


Figure 17.5
Model of Perceptual
Transition Management

Source: Adapted from Buchanan, O. A. and J. McCalman (1989). *High Performance Work System: The Digital Experience*. London: Routledge.

In terms of trigger layer, it is necessary to understand what causes a need for change in the organization. These triggers need to be expressed in a clear way and communicated throughout the organization. For example, poor trigger identification and communication processes are best seen when the first that employees know of difficulties facing the organization is when they are called in to discuss redundancy terms. People are generally willing and able to deal with change but many managers do not understand this. They are afraid that change is associated with some form of failure and feel they need to hide changes. People will accept change when they know it is necessary and accept the explanation for the need for change.

It is necessary for these triggers to be expressed and communicated throughout the organization in clear and identifiable terms. For example, the trigger in many organizations is often a crisis, but it does not necessarily have to be a threat. People will respond positively to the challenges posed by a crisis but may react negatively to a threat. Expressing a potential crisis as an opportunity for change may assist the process itself. In this sense, the language in which the triggering mechanism is transmitted to the internal organization has to be clearly expressed as an opportunity and should be communicated widely. The chances of successfully implementing a change are significantly improved when everyone concerned has a shared understanding of what may happen and why.

If the trigger for change has been clearly recognized and expressed, it is also a requirement for management within the organization to define the future. This does not call for crystal ball gazing but for the establishment of the vision layer. The requirement here is for definition and expression of where the organization intends to go. Just as shared understanding and awareness of the triggers for change help smooth the process, so do shared awareness and understanding of the new vision and the desired organizational goals. Management must realize the future in terms of three criteria. The first is that change is seen to provide an effective response to the events triggering change. Second, there is identification of the desired future condition of the organization in terms of its design, its products, and its goals. Third, it must provide challenge and stimulation. Change is assisted by a climate of enthusiasm and participation; resistance is the result of fear, prejudice, anxiety, and ignorance.

The third layer of perceptual transition management is related to gaining recruits for change. By this, it is meant that those who have to work through the change process need to be converted to the ideas and concepts and own them. Defining a future that no one can “buy into” will slow or hinder the change itself. Everyone involved in making change work has to feel part of it and accept the reasoning for the vision and how this is to be realized. It is at this point that the vision has to be detailed and aspects such as future structure and patterns of work are explained. There is a need at this point to recruit disciples to the vision. This is time-consuming, as it requires detailed explanation. Failure to do so results in negotiation, renegotiations, or decay. Managers at this stage need to get involved in two activities. First, there is the planning team, the main core change unit. The most appropriate mechanism here will depend on the organization and its consultation systems. Second, it is also necessary to talk to people about the change at every opportunity, formal or informal. This establishes a shared understanding of the change problem through debate.

The last question that perpetual transition management attempts to resolve is related to the decay associated with the management of mid-term change. Maintenance and renewal attempt to address the “moving goalpost” features of change. There are four main examples of this. First, the events that triggered change in the first place fade in the memory or lose their relevance over time. Second, articulation of the vision becomes less expressive when the organizations move on. Third, replacements feel less committed to the idea and have to be taken through the reasons for, and responses to, the triggers. Fourth, the change that took place settles down and becomes the norm in the organization. To avoid this sort of decay process, there is a requirement for the organizations to allocate resources to maintaining and renewing the original visions in an evolutionary framework. In this sense, management takes part in a process that is described as one of the permanent transitions. It is this point that can be regarded as the crucial concept. Getting managers to recognize

that change is a constant feature in modern organizations, and one which they have to deal with, goes a long way towards addressing some of the factors that lead to resistance to change.

How Are People Affected by Change

Every change has some impact on people. Operatives, clerks, and other workers must alter their working behaviour so that the objectives of change can be achieved. The people most affected are all those directly involved in carrying out managements' intentions. In order to realize the full benefits of change, everyone in the organization must, to some extent, alter both their attitudes and behaviours.

Maximum benefits from change can be achieved only when any resistance to it by those affected is minimized. In order to minimize resistance and maximize acceptance and support, managers must first understand the nature of resistant behaviour, of resisting attitudes and feelings, and of the complex dynamic relationships that exists between these and the several factors that influence them. These factors are derived from three sources: each individual affected by the change; the organizational setting, culture, environment and context; and the nature of changes itself. There can possibly be three distinct ways in which people are affected by changes. One of these is operational: whatever alterations in the behaviours are required. Another effect is psychological: whatever changes occur to the way in which each individual relates to and regards his/her work. The third effect is social: whatever alterations are made to established relationships among those affected and between them and the organization.

Operational Effects

Most changes require those doing the work to alter the way in which they perform the physical routines involved. Box 17.2 illustrates some typical operational effects of change on people's behaviour:

Most of these alterations in behaviour were, in fact, the immediate purpose of the change. Successful implementation usually depends on such alterations. But changes in behaviours do not simply occur automatically at management's request or direction. Desired alteration depends entirely on active cooperation of those directly involved. The extent and nature of cooperation depends in part on personal attitudes. The psychological and social effects of change profoundly influence the formation of these attitudes.

Operational Effects:

Most changes require those doing the work to alter the way in which they perform the physical routines involved.

BOX 17.2 OPERATIONAL EFFECTS OF CHANGE

The following examples illustrate the operational effects of change:

- Ganesh is told that several of his movements in assembling electronic amplifiers are no longer necessary if he rearranges the sequence of assembly operation. He must learn to perform a different sequence of operations along with different arm-hand-finger movements.
- A new automatic machine is introduced to replace the skilled manual process of sewing buttonholes in men's clothing. Skilled buttonhole sewers must now either become machine operatives or move to different jobs, requiring different skills.
- To improve the quality of its services, a bank offering mortgages to prospective homebuyers decides to maintain contact with the mortgage applicant during the lengthy mortgage approval process. Bank managers

must now telephone customers weekly to provide them with a progress report on the processing of their application.

- All company employees are notified that they must wear safety glasses at all times while in particular sections of the laboratories. Employees must learn to don their safety glasses whenever they enter these areas.
- First-time clerical supervisors in a large insurance company are now provided with weekly computerized print-outs listing detailed information about each clerk's attendance and performance. Each supervisor is directed to meet weekly with the clerks reporting to her in order to review this information and discuss ways to improve.

In each instance mentioned above, the operational effects of change force the employees affected to alter the way in which they perform their work.

Psychological Effects:

Any change tends to alter how each person impacted relates to and feels about what he/she is doing.

Psychological Effects

Almost every change has a psychological as well as an operational impact on the people involved. Any change tends to alter how each person impacted relates to and feels about what he/she is doing. When a change is first announced, everyone affected begins to wonder how the change will impact accustomed ways of working. Questions arise, because any change creates uncertainty first.

Often, such uncertainty is related to each individual's ability to cope with required operational change. Concerns about ability to cope are triggered by both individual personality characteristics and the nature of the change itself. Several questions may arise depending on one's personality and experiences. Characteristics of change itself tend to stimulate certain types of questions. This can be understood with the help of some examples (Box 17.3).

Thus, because changes generate psychological effects we can anticipate that certain questions are likely to occur to each individual affected. These questions usually centre on personal concerns about learning, competence, performance, fair treatment, status and personal worth, all arising from changes in work and its environment.

Social Effects: These effects are alterations that take place in a person's established relationship with others in his/her work group, and with the management, union officials, and the organization as a whole.

Social Effects

Change also generates social effects. These effects are alterations that take place in a person's established relationship with others in his/her work group, and with the management, union officials, and the organization as a whole. Almost any change in the work and work environment will tend to alter the established relationship among those doing the job and between them and other employees of the organization, including managers and supervisors. Often, the basic framework for these relationships (the need for interaction and their frequency) is established by the technology and organization of the work, along with its physical environment (Coffey et al. 1975). For example, the pattern of interactions among a group working in an assembly line differs from that of teams of individuals performing identical operations. Other aspects of the working environment that affect the patterns of interactions are the physical location of the operation, the skill levels involved, the means by which the work flows from one point to another and the pay system.

In addition to the basic framework for relationships set by the technology and organization of the work and its environment, the nature of these relationships is determined in large part by the individual personal needs of the people involved. All of us tend to adjust the character of our social relationships to fit certain needs arising out of our individual personalities. Anyone who has worked on a job for an appreciable period would have tried to satisfy some personal needs by establishing rapport with others in the working environment. When the procedures and systems of work are changed, those often comfortable and satisfying relationships are disrupted or altered.

BOX 17.3 PSYCHOLOGICAL EFFECTS OF CHANGE

The following examples illustrate the psychological effects of change:

- A new and extremely complicated automated machine is introduced to perform a sequence of several operations. These operations were previously carried out on simpler machines. Raman, an operative on the old equipment, is selected to run the new machine. This change will probably stimulate several questions for Raman. These questions will probably arise regardless of the particulars of his personality and experience. For example, Raman may wonder how well he will be able to master the new technology and skills required and how well he will meet the new job standards. Also, it is likely that he will wonder whether or not he will be compensated fairly for what he considers will be his new, added responsibilities.
- Manish manages a branch office located in a small town. He is promoted to a position in the company's head office in New Delhi. He has never lived there before. Without any knowledge of Manish's personality or background, we can predict that this change will probably cause him to have several questions. He will probably wonder how well he will adjust to a new environment with greater and different pressures. He might also wonder about the effects of this move on his personal finances, on his wife and two children, and on his relationship with them.

BOX 17.4 SOCIAL EFFECTS OF CHANGE

The following examples illustrate the social effects of change:

Let us return to the two cases of Raman and Manish discussed in Box 17.3 to consider the social effects involved.

Raman, in his new job as a machine operative will be relatively isolated in a new location, separated from his present work mates. Although we know nothing about Raman's personally, it is likely that such a change will raise certain questions in his mind. He will probably wonder what it will feel like to be cut off from opportunities to interact with fellow workers. Also, he will probably be concerned that in future he will be less well informed about what is going on around him in the organization. He will wonder how his performance on the new job will affect the regard that

his supervisor, his workmates, and his unions have for him. He might also have some concern about the effects of this change on his future in this organization.

As a consequence of his impending move from a small town to New Delhi, Manish, the promoted branch manager, will undoubtedly have some questions about his new social institution. He will probably wonder how well he will compete with many other peer-level managers in this new workplace, perhaps a highly politicized environment, one very different from his previous situation where he was the senior executive in a smaller office. He will be concerned about the kind of person to whom he will now be reporting and the effects of this move on his future career with the company.

As with psychological effects, a change in social effects cause those involved to wonder at the outset what alterations will be taking place in their existing relationships. They will also wonder what their future relationships will be like. When we understand these existing relationships and the intended change, we can predict the likelihood that certain questions will arise. Box 17.4 gives some examples of the social effects of change.

The social effects of change can have critical consequences on the way in which it is regarded, particularly when there is a possibility of alterations in personal status. This is especially the case in organizational change, whether it is structural or personal.

For a change to be introduced and implemented successfully, all three effects must be considered and dealt with systematically. Often, the success of a change depends primarily on how it is perceived by everyone involved. All too often the originators and managers making a change assume that everyone will view the change as they do: namely, focusing only on the positive benefits expected and being concerned only with the operational impact. Unfortunately, this assumption is both naive and wrong. There is often a strong likelihood that the potential adverse psychological and social effects will outweigh any perceived benefits, and generate resistance without acceptance and support, even changes that are brilliantly conceived and that are obvious improvements are likely to yield disappointing results.



Courtesy Parimal Joshi. Reproduced with permission.

How People React to Change

Individual and group behaviour can vary widely across a broad spectrum of possibilities. At one extreme is active resistance; at the other is enthusiastic support for the change (see Figure 17.6). An individual's assessment of future status is influenced by fears, desires, suspicions, and beliefs. To ensure that one's apprehensions will not "come true," the most immediate and obvious action that he can take is to protect and defend present (and known) status. He does this by resisting the change.

This resistance may take many forms. The particular form depends on the individual's personality, on the nature of the change itself, on attitude towards it and its environmental context. Whatever the form of resistance is, all types of opposition are a kind of aggressive or hostile behaviour.

Acceptance of Change

Just as there is a variety of behaviour in which people can resist change, there are several different ways in which they can accept change. The most positive form of acceptance is enthusiastic cooperation. Although rare, this can occur when an individual's own desires and needs, as well as those of the group of which s/he is a member, are fulfilled by expectations about the effects of the change. Even when there are few minor conflicts between one's desires and needs and that person's estimates of the effects of a change, he will still tend to accept that change because less effort is required to accept than to resist.

Group cooperation with a change can be regarded as a kind of defensive action taken by the group (Dubin 1959). Because the change may be perceived as a threat to the group's stability and continued integrity, members may decide that to cooperate with the change is the lesser of the two evils. They might believe that to engage in a joint venture is the best method for preserving the group's stability and integrity. They also might believe that failure to cooperate may exclude the group from any potential benefit to be derived, or may even diminish their present "pay offs" from the organization.

Indifference to Change

Indifference to change may be the more common defence against it than is commonly realized (Dubin 1959). Indifferent behaviour is manifested in two ways. Sometimes the individual (or

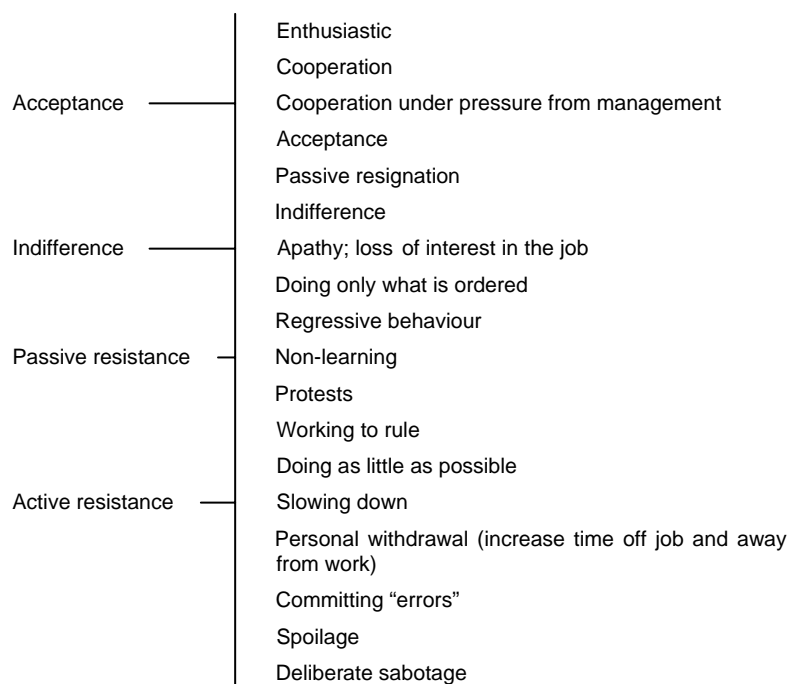


Figure 17.6
The Spectrum of
Possible Behaviours
Towards Change

group) appears to ignore the problem entirely. In effect, the person is saying, “This is really not my problem. I shan’t be affected significantly.” Alternatively, the individual (or group) may appear to be actively avoiding the pertinent issues by introducing and focusing on subjects that are irrelevant to the problems at hand.

Indifferent behaviours can be a subtle form of resistance. The consequence of such behaviour may adversely affect the successful implementation of a change. Indifference might result in a slowness or difficulty in comprehending the nature of change and the requirement of new conditions. Learning new skills, procedures, etc. would slow down. Due to lack of interest, unanticipated problems arising from the change might not become apparent soon enough for ready solutions. There would be few suggestions from those involved that might contribute to the success of the change. All the effects would require management to exert more effort and devote more time than might otherwise be necessary for carrying out the change.

Organized Resistance

When a group of people are affected by a change, the intense reaction of some members might have an inflammatory effect on others. This can happen even when members have only mild feelings of frustration. Yet, a few hotheads who voice loudly their personal fears and dire predictions could stimulate the majority. When those are infectious, the group often unites and resists the change in an organized way. Those less inclined towards aggressive behaviour will nevertheless rally around the leadership provided by the more actively hostile members.

Another reason for any organized resistance is that each individual’s need for self-protection, so likely to be stimulated by change, can find fulfilment in group action. Banding together in a group to resist the change offers people who share this need for self-protection an effective means for ensuring their future security. Collective action is often more successful than separate personal resistance.

Organized group resistance is a familiar phenomenon. One example is the limitation of output by group agreement so that attempts to increase work standards can be defeated. Another instance is group action to cover up mistakes made by members as they implement new work procedures or quality standards. A group might also act to withhold vital information from management so that they can be kept in ignorance of what is really happening in a changing situation.

Organized resistance by a group occurs when there is a conflict between the goals and interests of the group and those of the organization as a whole. These conflicts can occur at any one or more of three levels: (1) immediate work group; (2) the department or function of which the work group is a part; and (3) the “dominant coalition.” The dominant coalition is defined as “the objectives and strategies (for the organization), their personal characteristics, and the internal relationship of that minimum group of cooperating employees who oversee the organization as a whole and control its basic policy making (Kotter 1978). When the shared expectation of the group members are in conflict with organizational goals, the social control of the groups can be a powerful countervailing force to management’s controls to achieve organizational goals (Schein 1969).

Whether the individual identifies himself or herself primarily with the immediate work-group, the department or function, or the dominant coalition, the group itself may be a powerful source of resistance to a change. Once formed, any group develops needs for self-preservation and perpetuation. The more cohesive the group, the more powerful are these needs. In time, groups meet these needs in part by developing their own sub-cultures within the organizational culture. Each group may establish their own beliefs and norms; the group may generate organized resistance to the change (Cohen et al. 1976).

Sometimes, the union will provide leadership for organized resistance to a change. Every union has its own institutional requirements that must be fulfilled if it is to continue its existence by retaining the loyalty of its members. One of these requirements is the recognition of the union’s power and status by the company. If management is careful to recognize this fact by discussing their plans in advance with the union, the union might be more willing to cooperate in the introduction of the change. If, on the other hand, management ignores or bypasses the union, it will inevitably oppose both management and the change so that its status will be preserved.

Frustration and Aggression

The relationship among aggressive behaviour, hostile feeling, and frustration is a well-established psychological concept (Dollard et al. 1939). Any one of us can become frustrated when external forces conflict with the act to deny our personal desires and needs. When one believes that the future consequences of a change will conflict with present desires and needs, s/he will develop a feeling of frustration. This frustration, in turn, arouses hostile feelings. Often these feelings are directed towards the source of frustration. Sometimes, however, they are deflected elsewhere. In some instances, a person might even turn hostile feelings inwards, against himself or herself.

Anyone involved in a changing situation can become frustrated. In their most extreme form, hostile feelings can find release in aggressive behaviour towards some aspect of the change. This behaviour can take the form of deliberate sabotage. Increasing the amount of spoilages at work, slowing down the pace of working and committing unintentional “errors” are all overt evidence of aggressive behaviour directed towards changes. A more subtle means of sabotaging a change might be the practice of following orders in the most literal fashion, or working to rule. For example, a new machine was introduced into a manufacturing operation. It was intensely opposed by the operative on the shop floor. An engineer was supervising the trial runs and a maintenance fitter from the shop was assigned to assist him. When carrying out the orders to make certain specific adjustments on the machine, the fitter noticed that several vital bolts had worked themselves loose. He did nothing about the matter because he had not been so instructed. During the next trial run, the machine became so badly damaged that it was withdrawn from the shop for extensive re-design.

Sometimes a person will resist a change by withdrawing entirely from the situation. Absence from work might increase. Or s/he might actively seek a change in the job. In extreme cases, s/he might even leave the organization.

Resistance to change can take place passive as well as active forms. Regression to less mature levels of behaviour is one possible outlet for frustration and hostility. We are familiar with the 3-year-old child who resumes thumb sucking when a new baby arrives in the family. Similarly, a manager, faced with a difficult and complicated change, might find it difficult to make any decisions at all. Or a clerk might develop problems in learning new office procedures. In some cases of frustration, a person might give up trying altogether and become indifferent, apathetic, and passive or resigned.

There are other outlets for feelings of frustration. A person might direct hostile feelings towards others who are not directly involved in the change. S/he might become a disruptive influence in the work group by picking on members who are more weak and defenceless. Or he might direct aggressive behaviour towards members of social or religious minority group. Another possible way of behaving might be to become fixated to some useless activity, just as Lady MacBeth became absorbed with washing her hands regularly. Thus, to avoid facing a difficult change, a frustrated manager might focus on a low-priority task such as reorganizing the files.

Another possible consequence of frustration caused by a change is that the person affected might direct hostile feelings inwards, against himself or herself. The results might be a psychosomatic exacerbation of illnesses such as high blood pressure, ulcers, heart conditions, and asthma.

Finally, a person might turn away altogether from the source of frustration by sublimating hostile feelings. S/he might lose all interest in work and become passionately involved in gardening, local politics, or some other personal activity.

Why Change Is Often Resisted?

It is not difficult to recognize resistance to change when explicitly manifested through strikes, slowdowns, and complaints. It is more difficult to detect and cope with implicit resistance, like decreased motivation or loyalty, errors, absenteeism, and foot dragging when changes are introduced. Once resistance is detected, however, this does not mean that it should be

immediately eliminated. Resistance to change is sometimes beneficial because it promotes functional conflict and debates that can promote more thorough analysis of alternatives and their consequences—if a timely response is not crucial to success. On the other hand, excessive or irrational resistance can hinder the programme and even survival, particularly if competitors are fast acting. Many times, however, change is resisted even when its benefits outweigh its costs. Why does this happen? There are several overlapping reasons that individuals and organizations resist change.

Why Individuals Resist Change

Individuals at all levels are prone to resisting change. The leaders of many of the companies dropped from the *Fortune* 500 list failed to recognize the need to change and adapt in order to survive.

The following discussion summarizes five of the main reasons individuals resist change.

1. **Selective Perception:** People have a natural tendency to perceive the same thing differently. When changes are initiated, individuals tend to focus on how they will be personally affected rather than seeing the big picture for the entire organization. For example, assume a manager announces that members of his group henceforth will be paid on piecework rather than on an hourly basis. Satish, who is fast and highly skilled, may eagerly embrace the change as an opportunity to increase his pay. Yogesh, a new employee may object to this decision fearing he will fall behind the others. At other times, individuals may perceive that change is incompatible with personal benefits and values.
2. **Lack of information:** People will resist change if they lack knowledge as to what is expected or why the change is impartial. If the reasons for change are not clearly presented, they tend to fill in the missing pieces, with speculation, which often assumes the worst in terms of the initiator's intentions and personal impact. In addition, if people do not have enough information about how to change, they may fear making mistakes, so they will not try.
3. **Fear of the unknown:** Individuals resist change when they are uncertain about how it will affect their well-being. They ask themselves, for example, how will downsizing or new web-based business-to-business marketing affect my job security? Other fears include uncertainties about not knowing how to change or of not being able to perform as well as before the change, losing positions, income, status, or power. There is also the possibility that work will be less convenient or more difficult, and the potential of losing desirable social interactions.
4. **Habit:** Many people prefer familiar action and events, even if they are not optimal. Have you ever tried to break a bad habit such as smoking, drinking too much coffee, or not exercising? Breaking a habit is difficult because it takes hard work and involves giving up perceived benefits from the habit, even if the new behaviour has more desirable consequences.
5. **Resentment towards the initiator:** If a change seems arbitrary or unreasonable, or its timing and manner of implementation lack concern for the people expected to carry it out, resentment and anger are often directed towards those initiating the change. People also resent being controlled and losing autonomy over their work lives when the change initiator does not consider their thoughts and feelings. Finally, without trust in the initiator's intentions, people may resist the change out of resentment or fear of possible unknown consequences.

Why Individuals Resist Change:

- *Selective perception:* People have a natural tendency to perceive the same thing differently.
- *Lack of information:* People will resist change if they lack knowledge as to what is expected or why the change is impartial.
- *Fear of the unknown:* Individuals resist change when they are uncertain about how it will affect their well being.
- *Habit:* Many people prefer familiar action and events, even if they are not optimal.
- *Resentment towards the initiator:* If a change seems arbitrary or unreasonable, or its timing and manner of implementation lack concern for the people expected to carry it out, resentment and anger are often directed towards those initiating the change.

Why Organizations Resist Change?

Organizations resist change for many of the same reasons individuals do. In addition, many organizational practices minimize risk taking; if a process is working satisfactorily, they quite

Why Organizations Resist Change:

- **Power maintenance:** Changes in decision-making authority and control of reduced allocation threaten the balance of power in organizations.
- **Structural stability:** Organizations create hierarchies, subgroups, rules, and procedures to promote order and guide behaviours. Such behaviours resist change.
- **Functional sub-optimization:** Differences in functional orientation, goals, and resource dependencies can cause changes that are seen as beneficial to one functional unit to be perceived as threatening to another.
- **Organizational culture:** Organizational members will resist changes that force them to abandon established assumptions and approved ways of doing things.
- **Group norms:** Groups develop their own norms to promote desirable behaviours. Any change that disrupts group norms, tasks, or role relationships will probably be resisted.

often will not change it until they are forced to (Hall 1987). There are also many forces inside the organization that create resistance to changes initiated by environmental conditions (Kotter and Schlesinger 1979). Some of the main ones are summarized below:

1. **Power maintenance:** Changes in decision-making authority and control of reduced allocation threaten the balance of power in organizations. Units benefiting from the change will endorse it, but those losing power will resist it, which can often slow or prevent the change process. Managers, for example, often resist the establishment of self-managed work teams. Or, manufacturing department often resists letting purchasing departments control input quality. There are even occasions when a CEO will resist change, denying that it is his/her responsibility to promote socially responsible behaviour throughout a global network.
2. **Structural stability:** Organizations create hierarchies, subgroups, rules, and procedures to promote order and guide behaviours. People who “fit” these desired behavioural criteria are hired and shaped to conform further through the socialization process and organizational conditioning. These organization structures, rules, and conditionings are designed to develop consistent, predictable behaviours. Such behaviours resist change. Furthermore, an organization is a system of interrelated structures or subsystems. A change in any one area will have effects on others, which may not be acceptable.
3. **Functional sub-optimization:** Differences in functional orientation, goals, and resource dependencies can cause changes that are seen as beneficial to one functional unit to be perceived as threatening to another. Functional units usually think of themselves first when evaluating potential changes. They support those that enhance their own welfare, but resist the ones that reduce it or even seem inequitable.
4. **Organizational culture:** Organizational culture, that is, established values, norms, and expectations, act to promote predictable ways of thinking and behaving. Organizational members will resist changes that force them to abandon established assumptions and approved ways of doing things.
5. **Group norms:** Groups develop their own norms to promote desirable behaviours. Most members often conform to these norms, especially in cohesive groups. Consequently, any change that disrupts group norms, tasks, or role relationships will probably be resisted. Groups also sub-optimize to ensure their own self-interest, often at the expense of the larger organization. This means that groups will often resist changes that do not directly benefit them individually.

Managers sometimes mistakenly assume that subordinates will perceive the desired changes as they do; thus, they have difficulty in understanding the resistance. A key task is to determine and understand the reason behind people’s resistance when it occurs. Then the challenge is to find ways to reduce it or overcome that resistance.

Overcoming Resistance to Change

Research has identified six general strategies for overcoming resistance to change (Kotter and Schlesinger 1979). Table 17.2 illustrates the different situations in which these approaches might be used, along with the advantage and disadvantages of each. It is the manager’s job to match the demands of a change situation with the best approach to overcoming resistance with minimum disruption.

Education and Communication

Help people learn beforehand the reasons for the change, how it will take form, and what the likely consequences will be. Even if the consequence of a change are generally perceived as positive, extensive communication is required to reduce anxiety and ensure that people understand what is happening, what will be expected of them, and how they will be supported in adapting to change.

Participation and Involvement

Encourage those involved to help design and implement the changes in order to draw out their ideas and to foster commitment. Participation increases understanding, enhance feelings of control, reduces uncertainty, and promotes a feeling of ownership when change directly affects people. It is difficult for people to resist change that they themselves have helped bring about.

Facilitation and Support

Provide encouragement, support, training, counselling, and resources to help those affected by the change adapt to new requirements. By accepting people's anxiety as legitimate and helping them cope with change, managers have a better chance of gaining respect and the commitment to make it work.

Negotiation and Agreement

Bargain to offer incentives in return for agreement to change. This tactic is often necessary when dealing with powerful resisters, like bargaining units. Sometimes specific things can be exchanged in return for help in bringing about a change. Other times, general perks can be widely distributed and help make the change easier to undertake.

Manipulation and Co-optation

Manipulation is framing and selectively using information and implied incentives to maximize the likelihood of acceptance. An example would be if management tells employees that accepting a pay cut is necessary to avoid a plant shutdown, when plant closure would not really have to occur. Co-optation is influencing resistant parties to endorse the change effort by providing them with benefits they desire and non-influential role in the process.

Explicit and Implicit Coercion

Some managers use authority and the threat of negative incentives to force acceptance of the proposed change. Management might decide that if employees do not accept proposed changes, then it has to shut the plant down, decrease salaries, or layoff people.

Box 17.5 gives a few examples of the techniques used to overcome resistance to change.

Overcoming Resistance to Change:

- *Education and communication:* Help people learn beforehand the reasons for change, and the likely consequences.
- *Participation and involvement:* Encourage those involved to help design and implement the changes in order to foster commitment.
- *Facilitation and support:* Provide encouragement, support, training, counselling, and resources to help those affected by the change.
- *Negotiation and agreement:* Bargain to offer incentives in return for agreement to change.
- *Manipulation and co-optation:* Manipulation is framing and selectively using information and implied incentives to maximize the likelihood of acceptance.
- *Explicit and implicit coercion:* Some managers use authority and the threat of negative incentives to force acceptance of the proposed change.

Table 17.2 Methods for Dealing With Resistance to Change

Approach	Commonly Used	Advantages	Disadvantages
Education and communication	When there is lack of information or inaccurate information and analyses.	Once persuaded, people will often help with the implementation of the change.	Can be very time-consuming if lots of people are involved.
Participation and involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time-consuming if participant's design an inappropriate change.
Facilitation and support	When people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be very time-consuming, expensive, and still fail.

Table 17.2 (Continued)

Negotiation and agreement	When someone or some group will clearly lose out in a change and when that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for competence.
Manipulation and Co-optation	Where other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit and implicit coercion	Where speed is essential, and the change initiator possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiator.

BOX 17.5 OVERCOMING RESISTANCE TO CHANGE

The following examples illustrate how resistance to change can be overcome:

- A company planning an expansion invited help from all its foremen in deciding where to locate the new plant and which foremen could be transferred to it. The foremen joined in a study of alternatives, recommended a new location, and drew up a list of employees who could be assigned there. At that point, the layout of the plant came up for discussion. The participation of the employees of the department which was to be expanded into the new plant was requested. The group pored over drawings, made three-dimensional models, and recommended changes in facilities, equipment, layout, parking areas, services, and other matters that reduced the bill for the new plant considerably.
- A company wanted to introduce a rating and evaluation programme for middle management as a part of its executive development programme. Rating systems from consultants were available but the problem was turned over to the group to be rated and the members developed an internal system, which was more stringent than any proposed by external consultants.
- Industrial engineers in a metal plating department had been trying to figure out ways to develop an equitable division of work for the women employees. Every time a suggestion was made, it was turned down by the women employees by stating that it was unfair to some. The engineers were about to give up when one of the women demanded, "Why not let us decide?" and in a short time they developed a framework of job allocation which was superior to even what the engineers could have done.

Change: Implication for Managerial Competence

Managers, together with their subordinates and supervisors, are responsible and accountable for achieving successfully the full benefits from any change initiative. But the routes to success contain many barriers and pitfalls. Overcoming these obstacles is often difficult. To solve some of the problems can be at times almost impossible. Occasionally, management must settle for results that are less than what might have been potentially possible.

Enormous demands are made of managers and supervisors when they introduce and implement changes. Probably no other managerial task is more difficult. Yet, the ability to make changes effectively is the principle value added to an organization by its managers. The changing condition of any organization's market place and external environment require continuous adaptation within that organization in order for it to remain viable. Such adaptation requires a never-ending series of specific changes. Instituting and implementing these changes are the core tasks for managers, and to a lesser extent, supervisors.

Attributes, Skills, and Competencies Required

What are the competencies and attributes that managers and supervisors need to possess to perform these tasks well? At the outset of making a change:

1. They must be able to understand the full implications of each impending change. They must be able to identify its objectives and supporting rationale, and grasp the nature of its probable effects.

2. They must be able to imagine themselves in the position of the people to be affected, and view the change through their eyes. Managers and supervisors must be able to visualize what employees might fear and regard as losses, as well as what they might hope to gain from the change.
3. Managers and supervisors must be able to identify any prevailing cultural belief that might be in conflict with the change. They must be able to analyse probable attitudes and forecast likely reactions. They must be able to predict with some accuracy the nature and extent of any resistance, and then plan how such resistance could be minimized.
4. Any manager able to perform all these tasks effectively must have both intelligence and imagination above the norm. Furthermore, he/she must have a mind trained to approach problems analytically and logically, with a method that embodies systematic planning.
5. A manager who is to be effective in accomplishing change must have a general attitude towards the other (and towards subordinates in particular) that is characterized by confidence, consideration, and understanding.
6. As they proceed with carrying out changes, managers must be skilled in communicating with people at all levels in the organization, whether they are workers, staff specialists, senior managers, or even union officials. Managers must be good listeners, so that they can test out employee's reactions to the various elements of a change. They should be able to use the mechanism of both individual and group discussion, so that those involved can develop understanding. They should also be familiar with more formal means of communicating, and in particular, those employing written words.
7. Managers must be persuasive in their approach to subordinates, superiors, staff specialties, and union officials.
8. Managers must be systematic and thorough in their attention to the details of supervising the changing situation. They must closely follow the progress of the change. They must ensure that they receive a constant flow of accurate and timely information about what is happening "on the shop (and office) floor." They must also ensure that the necessary supporting functional activities and systems (for example, training, systems of wage and salary determination, engineering, quality assurance and control, economic evaluation) are provided in a useful form.
9. Still further, managers must themselves be personally flexible and adaptable to change. They must be able to view the developing situation objectively. They must be able to maintain their focus of attention on the objectives of change and not on any single method used to accomplish it. Furthermore, in determining the particular method of change, a manager should not be preoccupied with any possible implications for personal status and career.
10. Each manager should have a clear concept of her/his role in instituting and implementing change. Managers should regard their role less in terms of a "director of operations" and more in terms of a leader providing directions and inspiration. Managers should also see themselves as "facilitators of communication and developers of understanding" among people with different points of view.

Therefore, a manager (or supervisor) who is effective in introducing and implementing changes should possess the following attributes, skills, and competencies:

1. Intelligence;
2. Imagination;
3. A mind that is analytical and logical;
4. Sensitivity to and consideration for the needs of others;

5. Ability to be a good listener;
6. Skills in communications, particularly oral;
7. Skills in persuasion;
8. Personal objectivity and detachment with respect to the change;
9. Personal flexibility and adaptability in approaching change;
10. Understanding the manager's special role requirements during periods of change.

The closer a manager comes to matching these characteristics, the greater will be the probability that any change for which s/he is responsible will be fully realized. Box 17.6 describes planned technological change at the Times of India Group.

BOX 17.6 PLANNED CHANGE AT THE TIMES OF INDIA

"Of all the things that change the rules of competition, technological change is among the most prominent." Debashish Ghosh, Deputy Director, IT & Operations, The Times of India Group, knows what he's talking about. Ghosh has presided over a monumental technological change within his organization—a successful change that now enables the Group to preside over its market unchallenged. In addition to its other Hindi- and English-language publications, the Group produces and distributes the largest circulation, English-language broadsheet newspaper in the world, *The Times of India*, with a daily readership of nearly 3 million. Back in 1998, Ghosh and the Group were facing some serious challenges. The company operates over 11 production sites and over 52 offices spread around a vast country. An advertiser who wanted to place an ad in two different editions of the paper—Delhi and Bombay, for example—might have to wait 5 days before the ad appeared. Invoicing was handled manually. "We would have to manually verify every ad that ran," says Ghosh, "and go back and update the invoicing system with regard to size and position and the day on which it ran. It used to take us 7 days to get the invoice out." Invoicing, like all the computer systems in the organization, was decentralized and non-integrated.

Wanted: integration, speed, and scalability

Between 1998 and 1999, the Group began to research the market for vendors who could provide them with a completely integrated replacement for its myriad advertising, business, and production systems. "We researched the field for about 18 months," says Ghosh. "We had three major criteria: integration, speed of operation, and scalability. Ultimately we found there was no single vendor who could give us an integrated system which met our three core priorities."

Some time into the process, Ghosh discovered that SAP offered an integrated solution specifically for the media industry. The SAP for Media set of solutions uniquely provides end-to-end business integration, ensuring that both the organization and its customers always have consistent, up-to-date information. It provides full support for advertising and other product sales, including customer relationship

management (CRM), product life-cycle management, and intellectual properties management. In addition, it allows publishers to capture and analyse relevant information across the entire value chain.

"We realized they did have a solution," says Ghosh. "The SAP solution by itself was able to handle the bulk of our needs, starting with financials, through booking to invoicing, business warehouse, and the rest of our business requirements. The only thing it couldn't handle was a technical system, and that was what ppi Media could do when integrated with the SAP software. That's how we finally chose the solution." ppi Media GmbH of Hamburg provides end-to-end automated workflow for the production end of the newspaper business. In the early 2000, having made their decision, the Group began implementation. Siemens Information Systems of India served as the implementation partner and the project took 14 months. The system has now been in place for almost 4 years.

Capacity for change and innovation

The capacity for change and innovation that this integrated solution has provided to the Group can scarcely be exaggerated. "Over the years since the implementation, we've had a whole lot of changes with respect to business policies and configuration," says Ghosh, "both in terms of product configuration and marketing configuration, in terms of pricing and billing, and just about everything else." According to Ghosh, the system has been able to resiliently handle all that change. For example, just 3 months after *The Times of India* went live; the newspaper changed the width of its paper. That meant a complete makeover of the technical solution on the ppi Media system side. Moreover, in September that same year, the Group changed its entire pricing policy, which had not changed in about 10 years. In addition, in May 2004, the Group changed its units of measurement. "We had been measuring ads in column-centimetres, but we went over to square centimetres, that is, the actual area," explains Ghosh. "This was the most significant change because that is a foundation level change in any system. And with ample preparation, we were able to switch over from one unit of measurement to the other virtually overnight."

BOX 17.6 (Continued)**Higher customer satisfaction, better Ad tracking**

Customer satisfaction also took a big jump in another area. Changes can now be accepted by the newspaper almost up to publication time. Where before it might take days to make a change in advertising material, the newspaper can now handle changes up to within about 2 hours of press time. Ad tracking has also improved dramatically. In the past, it was not always possible to trace where the ad had come from or to know whom to invoice. In addition, there have been several pricing and contractual changes. All these have been handled smoothly because the system is completely capable of allowing all revisions in policy, procedure, and pricing.

Tremendous flexibility

The Group has reaped considerable benefits from the implementation of the combined ppi Media and SAP solutions. "This system has given us a tremendous amount of flexibility," says Ghosh. "It allows us to change our production strategy and our marketing strategy—as our management team sees the need—almost at will."

That flexibility translates directly into market superiority. As Ghosh observes, "In 3 years, this system has provided us with significant competitive advantage in terms of speed, efficiency, and turnaround time with respect to changes—from all possible aspects, whether to do with business, technical requirements, or page production." Along with the competitive advantage have come other benefits in terms of efficiency, time, reductions in staff, and better customer service. And together all this is reflected directly in the bottom line. "It is naturally manifested in terms of business benefits, a direct increase in revenue," says Ghosh. "We've doubled our turnover in a 3-year span to over US \$400 million."

The Group has no plans to rest on its laurels. "The next thing on the way, actually, is a sort of CRM solution for our clients and agencies," says Ghosh, "which will cover all kinds of communication channels, including telephone, SMS [short message service], mobile, Internet, and e-mail. It will allow them to transact business and obtain information from us and we from them on virtually a 24/7 basis."

Source: SAP customer success story, available at http://www.sap.com/industries/media/pdf/CS_Times_of_India.pdf, 2008, Reproduced with permission.

Manager as a Change Agent

For the change programme to be effective in an organization, one of the key underpinnings of this process is the role of the manager acting as a facilitator of change. More often than not, an outsider is needed to move the part of the organization contemplating change to its new position. However, this outsider may well come from another part of the organization and thus be an internal figure. Whether internal or external, the change agent facilitates change in the particular area in which it is needed.

The underlying assumption is that of predestination: the manager in his or her infinite wisdom know the best. Schein (1988) argues that managers in organization need assistance in managing the process of change in order that they learn how to do it more effectively the next time around. He cites seven reasons for using a change agent:

1. Clients/managers often do not know what is wrong and need special help in diagnosing what their problems actually are.
2. Clients/managers often do not know what kind of help consultants can give them; they need to be helped to know what kind of help to seek.
3. Most clients/managers have a constructive intent to improve things, but they need help in identifying what to improve and how to improve it.
4. Most organizations can be more effective than they are if they learn and diagnose, and manage their own strengths and weaknesses.
5. A consultant probably cannot, without an exhaustive and time-consuming study or actual participation in the client organization, learn enough about the culture of the organization to suggest reliable new course of action. Therefore, unless remedies are worked out jointly with members of the organization who do know what will and will not work in their culture, such remedies are likely either to be wrong or to be resisted because they come from an outsider.
6. Unless the client/manager learns to see the problems for himself/herself and thinks through the remedy, s/he will not be able to implement the solution and, more importantly, will not learn to fix such problems if they recur.

7. The essential function of process consultation is to pass on the skills of how to diagnose and fix organizational problems so that the client is more able to continue on his own to improve the organization.

When we look at who should be the change agent, we are concerned with the personality and the style of the individuals. Margulies and Raia (1972) note that there are three attributes that the individuals need to enable them to take on a change agent's role in the area of organizational change.

1. The change agent must have a particular *personality*. As a result of the need to establish, maintain, and work on relationships with people within the organization, the change agent needs to show an awareness and sensitivity to social issues. The change agent has to feel comfortable with people, and be able to understand and recognize their worries and fears as well as their hopes and aspirations. He has to have an ability to listen to others and show empathy.
2. The change agent requires both *analytical and diagnostic skills*. This enables him/her to identify and solve problems using techniques that are available to them to facilitate the change process. However, the change agent has to be conscious that they are using these skills as part of the change process and not as an exploitative mechanism.
3. Finally, the change agent needs to have *client-related experience*—the “been there, done that” school of experiences related to expertise.

There is a degree of both expertise and facilitation associated with the change agent. If the change agent comes from outside the social system where change is being contemplated, then it results in definite advantages. It allows the individual to have an unbiased view of the need for change, and also allows them to take a non-controversial line in considering actions for change. In addition, this is a mechanism that allows for all views within the change setting to be taken into consideration. The potential change agent has to be able to recognize and reconcile what type of person they intend being. The change agent, like most managers, is a person occupying a role for a particular period. To do so, they have to be able to determine what that role entails.

Roles of an Effective Change Agent

An effective change agent takes on the following roles:

1. Helps the organization define the problem by asking for the definition of what it is.
2. Helps the organization examine what causes the problem and diagnose how this can be overcome.
3. Assists in getting the organization to offer alternative solutions.
4. Provides directions in the implementation of alternative solutions.
5. Transmits the learning process that allows the client to deal with change on an ongoing basis in the future.

Broadly speaking, the change agent will tread a line between expert and process facilitator depending on their individual approach to the process, the skills and competencies they possess, the values and assumptions they make about change in the organizations, and their own personal characteristics. However, the experience of the organization in terms of its past dealing with change, their willingness to change, and the size and complexity of the problem will also influence the change process. Early on in the process, the role of the change agent is that of an information seeker. As the process develops and solutions emerge, the change agent enables the organization transit smoothly through the learning phase. In general, the change agent should try taking a position within the process that serves to assist the organization in every way possible. This involves assessment of problems, attempts at resolution, and implementation issues.

The Internal Change Agent: Pros and Cons?

Many organizations have invested resources to establish their own internal organization change consultants as a means of instigating change. The benefits of using internal change agents are linked directly to two key issues: cost factors and access to information. By comparison, the costs associated with training an employee in the techniques and practices of change are minimal when the alternative is the use of an outside consultancy firm over a lengthy period. External consultants charge by the day and, more often than not, the cost of one change project may run into hundreds of thousands of rupees.

The internal change agent may also have the benefit of having access to information that the external agent cannot hope and to get, no matter how long the project runs. However, as Margulies and Raia (1978) point out, to be effective the internal consultant is required to maintain a marginal status between being internal and being objective. The value of the internal change agent rests with being inside the organization and having access to the information at hand while remaining objective with regard to the problem and the client organizations. This is a particularly difficult situation for an employee of an organization to be in. There are a number of factors, which may hinder the internal agents' objectivity:

1. Being too close to see what the problem is;
2. Being part of the problem;
3. Being willing to confront issues when promotion and pay issues are forth coming;
4. Being part of the power system being examined;
5. Being aware of the needs and demands of superiors.

The use of internal change agents, who have been effectively trained in the techniques of managing change, will obviously benefit the organization. However, there are a number of issues that the change agent should be aware of that may inhibit their ability to influence change within the organization. Two of these relate to the method of entry into projects and the nature of voluntary relationships.

In terms of entry into a change management process as a facilitator, the internal change agent has to convince management and employees within a particular part of the organization of their expertise in this area. There is also a need to display the willingness to help. These issues are no different from those experienced by the external change agent, and confidence and trust will come from successful change management projects within the organization over time. However, the internal change agent needs to use these successful interventions as an open education process for the organization far more than the external agents ever have to.

The voluntary nature of the relationship between the change agent and the client is based on the golden rules outlined below. The internal change agent may not be given the opportunity to pick and choose clients from within the organization, nor can they always expect to be free in their choice of the manner and mode of facilitation employed. The internal change agent is constrained by his/her involvement and participation in the organization and by their specified role which others may seek to exploit to their advantage.

In assessing the need for internal and external change agents, Margulies and Raia (1972) argue that organizations must learn to use external and internal consultants in more effective ways. Perhaps the best approach consists of the use of both. External consultants can bring objectivity, expertise, and fresh approaches to organization problem solving. Internal consultants provide knowledge and understanding of organizational process, information about current issues, and continuity of effort. A collaborative relationship provides an opportunity to transfer the external consultant's skills to the client system. The capacity for organizational development must ultimately emerge from the organization itself.

Organizational Culture and Change

Organizational culture could be a help or a hindrance to organizational change. On one hand, it provides power for action while on the other, it filters information, exercises control over decision making, and restrains action options.

Implementing new business strategies generally results in failures because of strategy-culture incongruence. At times, the prevailing bureaucratic culture may not enable an organization to respond quickly to rapidly changing business opportunities and threats. The existing corporate culture may even be a liability in implementing a new business strategy successfully. For example, lack of openness and trust, and interdepartmental rivalries might inhibit a department from rectifying certain problems because of consequent changes in the work process/schedule that might affect related departments. The company culture may make it unattractive to inconvenience others while rectifying one's own problems. Where units/subsystems are characterized by different subcultures, initiating change in one subsystem could aggravate problems of coordination.

In any change attempt, the existing culture has to be diagnosed to see whether the proposed business strategy fits in with it. One cannot implement a strategy to produce a quality product or service unless a quality-oriented corporate culture is already present. Any intended change has to be a natural corollary of the existing corporate culture. For example, companies such as Sony, Motorola, Xerox, and Boeing have supported strong quality cultures that speak of the quality of their products. Similarly, a change strategy should be wound around or built into the existing value and belief system of the organization and translated into visible and measurable goals to be effective. Many companies such as IBM, Procter & Gamble, Hewlett Packard, and Xerox have realized that a strong corporate culture linked to an effective business strategy make a significant difference between successful and unsuccessful companies. Therefore, the options available are either to fit the strategy into the existing culture or to tune the culture to the desired strategy.

One way of relating effectively to significant changes in the external environment is to alter organizational culture to achieve a better organization-environment fit. Changing the corporate culture can improve the organization's ability to implement new business strategies and to perform better. From an initial start in a Silicon Valley garage two generations ago, Hewlett Packard has made its internal culture a strategic issue in periodically re-inventing itself. AT&T changed from being a service-oriented telephone company to now being a market-oriented communication business. However, it is to be remembered that cultural change is an extremely difficult and long-term process. In reality, it took AT&T many years of struggle to change its corporate culture.

Firms with adaptive cultures can initiate incremental changes in their strategies and practices in the context of environmental change realities. It is said of Hewlett Packard that, as its business environment changed, so did part of its culture to maintain a minimum logical fit. During the 1950s and 1960s, the "HP way" stressed on serving everyone having a stake in the business with integrity and fairness, encouraged collegial behaviour, avoided employee layoff, and was paternalistic. With fundamental changes in the business environment that occurred in the 1970s and 1980s, the firm shifted its strategic focus from instruments to computers, and moved into a much more competitive environment. This change was also accompanied by changes in organizational culture. The computer business gave rise to a new subculture that emphasized strategic planning rather than entrepreneurship. Employees were laid off on three different occasions, fly by the seat of one's pant management became rare, and management was professionalized with the retirement of the founders. The new culture was a logical response to a new set of conditions (Kotter and Heskett 1992).

The earlier culture of Bell Atlantic was characterized by a centralized structure, monopoly in its operations, and an implementation mentality with more concern for process than the end result. There was also a high degree of interdepartmental cooperation. After some time, the company realized that its core business may not be able to withstand the increasing

competition in the global economy and that it needed to come out with newer strategies. But there arose the question of how the new strategy would fit in with its current culture. The CEO, Raymond Smith, realized that there was a need to change the company culture. The first step the company took was to articulate the company's values through a series of seminars that involved its 1,400 managers. The seminar resulted in the explicit stating of the desired values: integrity, respect and trust, excellence, individual fulfilment, and profitable growth. The next step was to examine the roles, responsibilities, and obligations of each of the managers. The obligations were not only specific to their respective departments but also went beyond it to their corporate obligations. These obligations, in the context of the planned strategy and the intended change, were then communicated to all the employees. The whole process, defined as the Bell Atlantic way, emphasized organized, participative methods of working together and defining specific behaviours. Departmental programmes of reinforcement and support on the job also facilitated these behaviours. The tangible signs of the Bell Atlantic way were seen in improved decision making, accountability, and effective team orientation among employees (Kanter et al. 1992).

Summary

An effective planned change effort is characterized by some common characteristics, which distinguish it from unplanned changes. There are some prerequisite conditions for successfully carrying out an effective change programme. An organization-wide change usually requires a "System Model Framework" that describes the organization as six interacting variables that serve as the focus of planned change: people, culture, task, technology, design, and strategy. These variables are interdependent.

The complex interplay of forces of change as described and discussed by Kurt Lewin in his "Force field Theory" helps us to understand how the change process works. Kotter proposes an eight-step model of change. These steps consist of creating a sense of urgency, establishing a powerful group to guide the change, developing a vision, communicating the vision, empowering staff, ensuring there are short-term wins, consolidating gains, and institutionalizing the change in the culture of the organization. OD is a discipline applying behavioural sciences to help organizations adapt to these changes. OD is aimed not only at improving the organizational effectiveness but also at enhancing the development of organizational members. A basic model underlying most OD activities is the action research model—a data-based, problem solving model that replicates the steps involved in the scientific method of inquiry. In appreciative inquiry it is assumed that while trying to achieve the large-scale changes attempts are made to identify what is currently working the best and then building on this knowledge to help develop and design what might be achieved in the future. The technique comprises of four steps: discover or appreciate the best of what is currently practiced, build on this knowledge to develop a vision of what the future could be, design the future as it should be, and sustain the organization's future as designed.

The "transition management model" specifically related to large-scale organizational change suggests that four interlocking management process must take place both to implement and sustain major organizational change. The layers at which these operate are trigger layer, vision layer, conversion layer, and maintenance and renewal layer.

Every change has an impact on people. Three major effects—operational, psychological, and social—influence an individual's reaction to change, which can vary from active acceptance to active resistance. The reasons for resistance both at the individual and organizational level and techniques to overcome these resistances can help managers manage change effectively in the organizations.

Managers, and their subordinates, are together responsible and accountable for obtaining the full benefits of any change effort. A set of competencies and attitudes are required by managers and supervisors to perform these tasks well. These abilities in the managers can be developed over a period using different techniques. There are three attributes that the individuals need to enable them to take on a change agent's role in the organization. The change agent must have a particular personality. The change agent requires both analytical and diagnostic skills. Finally, the change agent needs to have client-related experience—the "been there, done that" school of experiences related to expertise.

Organizational culture could be a help or a hindrance to organizational change. On one hand, it provides power for action while on the other, it filters information, exercises control over decision making, and restrains action options. In any change attempt, the existing culture has to be diagnosed to see whether the proposed business strategy fits in with it. One way of relating effectively to significant changes in the external environment is to alter organizational culture to achieve a better organization-environment fit.

Key Terms

Action research: Action research is a process of systematically collecting research data about an ongoing system relative to some objectives, goals, or needs of the system; feeding these data back into the system; taking actions by altering selected variables within the system based on both the data and hypotheses; and evaluating the results of action by collecting more data.

Appreciative inquiry: In appreciative inquiry, while trying to achieve large-scale changes, attempts are made to identify what is currently working best and then building on this knowledge to help develop and design what might be achieved in the future.

Change: The movement from the old way of doing things to a new way.

Education and communication: Enables people to learn beforehand the reasons for the change, how it will take form, and what the likely consequences will be.

Explicit and implicit coercion: Some managers use authority and the threat of negative incentives to force acceptance of the proposed change.

Facilitation and support: Provide encouragement, support, training, counselling, and resources to help those affected by the change adapt to new requirements.

Force field analysis: One side of the Force Field Model represents the driving forces that push organizations towards a new state of affairs. The other side of the model represents the restraining forces that maintain the status quo.

Manipulation and co-optation: Manipulation is framing and selectively using information and implied incentives to maximize the likelihood of acceptance.

Negotiation and agreement: Bargain to offer incentives in return for agreement to change.

OD: OD is a planned effort, initiated by process specialists to help an organization develop its diagnostic skills, coping capabilities, and linkage strategies in the form of temporary and semi-permanent systems, and a culture of mutuality.

Operational effects: Most changes require those doing the work to alter the way in which they perform the physical routines involved.

Participation and involvement: Encourage those involved to help design and implement the changes in order to draw out their ideas and to foster commitment.

Psychological effects: Any change tends to alter how each person impacted relates to and feels about what he/she is doing.

Refreezing: This makes new behaviour relatively permanent and resistant to further change.

Social effects: These effects are alterations that take place in a person's established relationship with others in his/her work group, and with the management, union officials, and the organization as a whole.

System model of change: The system model of change describes the organization as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy.

Transition management: Transition management model is specifically related to large-scale organizational change and has some interesting insights into what triggers change in an organization and how it responds.

Unfreezing: The process by which people become aware of the need for change.

Discussion Questions

1. Effective change management requires a number of initiatives from the management. Discuss what management can do to bring about these changes effectively in organizations.
2. The concept of perpetual transition management assumes that change is a constant process and is widespread. How does this get operationalized in the context of the larger business organization?
3. What are the different ways in which people react to change in a business organization? Why is there such a varied set of reactions?
4. Although it is said that change is the only permanent thing existing today, majority of us have a tendency to resist it. Why? What can organizations do to overcome this resistance?
5. Identify and discuss different methods of minimizing resistance in organizations.
6. Initial resistance to change creates anxiety among individuals which results in the lowering of their self-esteem. What can management do to rebuild this self-esteem in organizations?
7. Kotter has suggested an eight-step model to implement change in an organization. Outline these steps and highlight their importance with reference to any change effort you are aware of in an Indian business organization.
8. How does an OD programme differ from other approaches to managing and improving organizational functioning?
9. Why is action research described as a cyclical process of systematic scientific inquiry? Discuss the steps involved in this process to bring about effective change in organizational systems.
10. How does the concept of appreciative inquiry help us to implement the process of change effectively? What are its drawbacks?
11. Identify and discuss the skills required by managers to bring about effective changes in an organization.
12. Is it difficult to bring about changes in the culture of the organization? Why or why not?

Exercise

Assumptions About Managing Change

Instructions

What follows are 25 statements about the nature of change in organizations. Please read each statement carefully, and

then indicate whether the statement is “True” or “False” by circling either the “T” or the “F” for each item.

T	F	1.	People invariably resist change.
T	F	2.	The articulation of the organization's future state by its leaders is one of the most important aspects of a successful change effort.
T	F	3.	The most difficult aspect of any change effort is the determination of the vision for the future state.
T	F	4.	In any change effort, communicating what will remain the same is as important as communicating what will be different.
T	F	5.	A lack of freedom of choice about change usually provokes more resistance than change itself.
T	F	6.	A highly effective, early step in managing change usually provokes more resistance than change itself.
T	F	7.	A common error in managing change is to surface dissatisfaction with the current state.
T	F	8.	As movement towards a new future begins, members of an organization need both time and opportunity to disengage from and grieve for the loss of the present state.
T	F	9.	The planning of change should be done by a small knowledgeable group that communicates its plans on the completion of the task.
T	F	10.	Despite differences in organizational specifics, certain clear patterns typify all change efforts.
T	F	11.	In any change effort, influencing people one-to-one is more effective than in small groups.
T	F	12.	Managing resistance to change is more difficult than managing apathy about change.
T	F	13.	Complaints about the change efforts are often a sign of progress.
T	F	14.	“Turf issues,” both individual and group, are usually the greatest obstacle to systemic change.
T	F	15.	The first question asked by most people about organizational change concerns the general nature of the future state.
T	F	16.	Symbols, slogans, or acronyms that represent organizational change typically decrease the effectiveness of the effort rather than increase it.
T	F	17.	Leaders find it more difficult to change the organizational goals than to change the ways to reach those goals.
T	F	18.	Successful change efforts typically require changing the reward systems to support the change.
T	F	19.	With little information about the progress of change effort people will typically think positively.
T	F	20.	A change effort routinely should begin with modification of the organization's structure.
T	F	21.	The more members of an organization are involved in planning the change, the more they will be committed to the change effort.
T	F	22.	A reduction in the organization's problems represents clear-cut evidence of progress in the change effort.
T	F	23.	Organizational change is typically a response to external environment pressures rather than internal management initiatives.
T	F	24.	In managing change, the reduction of restraints or barriers to the achievement of the end state is more effective than increased pressure towards that end state.
T	F	25.	Effective organizational changes require certain significant and dramatic steps or “leaps” rather than moderate incremental ones.

Field Projects

1. Think of an organization you know and identify the most significant change it has made in the last 5 years. What factors influenced the change? Was the change resisted? If so, by whom and why? Apply a force field analysis to your example.
2. In groups of 3–4, identify change agents from both within and outside the organization. Conduct interviews with

them to find out the problems encountered by them while initiating the change programme and the means of encountering them. Does a specific personality profile emerge of these change agents? Prepare a report and present it in the class.

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