



# VELS



INSTITUTE OF SCIENCE, TECHNOLOGY & ADVANCED STUDIES (VISTAS)  
(Deemed to be University Estd. u/s 3 of the UGC Act, 1956)  
PALLAVARAM - CHENNAI

**DCMBA-11**

# Management Principles and Organizational Behaviour



**MBA**  
ODL MODE  
(Semester Pattern)

**School of Management Studies and Commerce**

Centre for Distance and Online Education

Vels Institute of Science, Technology and Advanced Studies (VISTAS)

Pallavaram, Chennai - 600117

**Vels Institute of Science, Technology  
and Advanced Studies**

**Centre for Distance and Online Education**

**Master of Business Administration  
(MBA)- ODL Mode  
(Semester Pattern)**

**DCMBA-11: Management Principles and  
Organisational Behaviour**

**(4 Credits)**

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## FOREWORD



**Dr. Ishari K Ganesh**  
**Chancellor**

Vels Institute of Science, Technology and Advanced Studies (VISTAS), deemed to be a university, was established in 2008 under section 3 of the Act of 1956 of the University Grants Commission, Government of India, New Delhi.

VISTAS has blossomed into a multi-disciplinary Institute offering more than 100 UG & PG Programmes, besides Doctoral Programmes, through 18 Schools and 46 Departments. All the Programmes have the approval of the relevant Statutory Regulating Authorities such as UGC, UGC-DEB, AICTE, PCI, BCI, NCTE and DGS.

The deemed to be University aims to provide innovative syllabi and industry-oriented courses, and hence, the revision of curricula is a continuous and ongoing process. The revision is initiated by the faculty depending on the requirement and approved by the Board of Studies of the concerned Department/School. The courses are under Choice Based Credit Systems that enable students to get adequate freedom in choosing subjects.

I am pleased to inform you that VISTAS has been rendering its services to society to democratize the opportunities of higher education for those who are in need through Open and Distance Learning (ODL) mode.

VISTAS ODL Programmes offered have been approved by the University Grants Commission (UGC) – Distance Education Bureau (DEB), New Delhi.

The curriculum and syllabi have been approved by the Board of Studies, Academic Council, and the Executive Committee of the VISTAS, and they are designed to help provide employment opportunities to the students.

The ODL Programme (B.Com., BBA and MBA) study material have been prepared in the Self Instructional Mode (SIM) format as per the UGC-DEB (ODL & OL) Regulations 2020. It is highly helpful to the students, faculties and other professionals. It gives me immense pleasure to bring out the ODL programme with a noble cause of enriching learners' knowledge. I extend my congratulations and appreciation to the Programme Coordinator and the entire team for bringing up the ODL Programme in an elegant manner.

At this juncture, I am glad to announce that the syllabus of this ODL Programme has been made available on our website, [www.vistas.ac.in](http://www.vistas.ac.in), for the benefit of the student fraternity and other knowledge seekers. I wish that this Self Learning Materials (SLM) would be a nice treatise to the academic community and everyone.

**CHANCELLOR**

## FOREWORD



**Dr.S.Sriman Narayanan**  
**Vice-Chancellor**

My Dear Students!

Open and Distance Learning (ODL) of VISTAS gives you the flexibility to acquire a University degree without the need to visit the campus often. VISTAS-CDOE involves the creation of an educational experience of qualitative value for the learner that is best suited to the needs outside the classroom. My wholehearted congratulations and delightful greetings to all those who have availed themselves of the wonderful leveraged opportunity of pursuing higher education through this Open and Distance Learning Programme.

Across the world, pursuing higher education through Open and Distance Learning Systems is on the rise. In India, distance education constitutes a considerable portion of the total enrollment in higher education, and innovative approaches and programmes are needed to improve it further, comparable to Western countries where close to 50% of students are enrolled in higher education through ODL systems.

Recent advancements in information and communications technologies, as well as digital teaching and e-learning, provide an opportunity for non-traditional learners who are at a disadvantage in the conventional system due to age, occupation, and social background to upgrade their skills.

VISTAS has a noble intent to take higher education closer to the oppressed, underprivileged women and the rural folk to whom higher education has remained a dream for a long time.

I assure you all that the Vels Institute of Science, Technology and Advanced Studies would extend all possible support to every registered student of this deemed to be university to pursue her/his education without any constraints. We will facilitate an excellent ambience for your pleasant learning and satisfy your learning needs through our professionally designed curriculum, providing Open Educational Resources, continuous mentoring and assessments by faculty members through interactive counselling sessions.

This university brings to reality the dreams of the great poet of modern times, Mahakavi Bharathi, who envisioned that all our citizens be offered education so that the globe grows and advances forever.

I hope that you achieve all your dreams, aspirations, and goals by associating yourself with our ODL System for never-ending continuous learning.

With warm regards,

**VICE-CHANCELLOR**

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## Course Introduction

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The Course **DCMBA-11: Management Principles and Organisational Behaviour** has been divided in to five blocks consisting of 19 Units. This course describes the fundamentals of Management, Significance, Scope of Management, levels of manager, functions of a manger and basics of organizational behavior. It also discusses the development of management thought. The course also helps to understand about the organizational structure, its types, decentralization and delegation of the authority.

**Block-1: Introduction to Management** provides an introduction to the Concept of Management, and describes the Evolution of Management thought, Management Process, Organisational Behaviour (OB) Model-Contributing disciplines of OB and also the Management by Objective, respectively.

**Block-2: Individual Process in Organization** has been divided in to four Units. Foundation for Individual Behavior-Learning, Attitude and Values Personality and Perception along with Motivation is discussed in this Block.

**Block-3: Interpersonal Process in Organization** has been split into four Units. Communication, Group Behavior, Leadership and similarly the Decision Making concept has been presented.

**Block-4: Organizational Process** has been split into three Units. Dimensions of Organization Structure, Authority, Responsibility and Accountability and Centralization and Decentralization has been dealt with in this Block.

**Block-5: Organizational Development** has been split into four Units and the Organizational Change with Organizational Development, Stress Management and Business Ethics and Corporate Social Responsibility respectively has been described in this block.

## DCMBA-11: Management Principles and Organisational Behaviour

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## **Block-1: Introduction**

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**Block-1: Introduction to Principles of Management** has been divided into four Units.

**Unit-1: Concept of Management** deals with Introduction and Definition of Management, Nature of Management, Scope of Management, Characteristics of Management, Management as a Profession, Differences between Management and Administration, Who is a Manager?, Roles of a Manager, Skills of an Effective Manager, and the various Functions of Manager.

**Unit-2: Evolution of Management Thought, Management Process and Functions** presents about the Introduction and Features of Management, Pioneers of Management Thinkers, Modern Management Thinkers, Management Process, Levels of Management and the different Functions of Management.

**Unit-3: OB Model – Contributing disciplines of OB** explains about the Introduction and Definition of Organisational Behaviour (OB), Nature and Importance of OB, Contributing Disciplines of OB, Foundations of OB, OB Model, Foundation of OB, Elements of OB, Challenges and the Opportunities of OB.

**Unit-4: Management by Objective** describes about the Introduction and the Main Characteristics of MBO, Process of MBO, Importance of MBO, Advantages and Disadvantages of MBO, MBO in Practice, and the Problems with MBO.

In all the units of Block -1: **Introduction to Principles of Management**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.



# Unit -1

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## Concept of Management

### STRUCTURE

Overview

Objectives

1.1. Introduction

1.2. Definition of Management

1.3. Nature of Management

1.4. Scope of Management

1.5. Characteristics of Management

1.6. Management as a Profession

1.7. Differences between Management and Administration

1.8. Who is a manager?

1.9. Roles of a Manager

1.10. Skills of an Effective Manager

1.11. Functions of Manager

Let us Sum Up

Check your progress

Glossary

Answers to Check Your Progress

Suggested Readings

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### Overview

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In this unit the learners will learn and study about the principles of management with central focus on complete management process along with workflow diagram. The basic details about management thoughts and ideas are well detailed with examples and illustrations.

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### Objectives

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After completion of this unit, you will be able to:

- Describe the purpose and scope of management
- Identify the roles, skills and functions of a manager
- Discussing the Henry Fayol's Principles

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### 1.1. Introduction

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An essential component of human economic life, management is a

coordinated group activity. An organization's central command and control center is a crucial component.

Credit for production resources goes to management's organisational abilities, managerial talent, and proactive initiative. As a result, management acts as the company's leader.

Resources that are productive remain resources and never become productive in the absence of competent managers and strong managerial leadership. The effectiveness of managers impacts a company's survival and success in an economy that is fiercely competitive and that is changing quickly.

Management occupies such a significant position in the modern world that it has a significant impact on both the people's well-being and the future of the nation.

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## **1.2. Definition of management**

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Management can be defined in different ways.

The term "management" has been defined by many eminent writers on the subject, some of which are reproduced below:

According to James Lundy, "Management is primarily the task of planning, coordinating, motivating, and controlling the efforts of others to achieve specific goals.

In the words of Henry Fayol, "Management is foreseeing and planning, organizing, directing, coordinating and controlling".

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## **1.3. Nature of Management**

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The analysis of the different definitions of management shows that management has certain characteristics. Here are the main features of management.

1. **Management aims to achieve economically successful results:** The first task of managers is to ensure productive performance through planning, direction and control. Management is expected to deliver the expected results. It is the economic function of managers to make rational use of available resources to maximize profits. Professional managers can only prove their management skills by saving resources and increasing profits.

According to Kimball, "management is the art of applying in the company considered the economic principles which underlie the control of human and material resources".

2. **Management also involves skills and experience in getting things done by people:** Management involves people getting things done. The economic function of generating a profit cannot be achieved without cooperation and without guaranteeing the positive response of "people". Getting the right people to run operations is an important aspect of management. In the words of Koontz and O'Donnell, "management is the art of getting people to do the job in formally organized groups".
3. **Management is a process:** Management is a process, function or activity. This process continues until the objectives set by the executive are actually achieved.

"Management is a social process that involves the coordination of human and material resource through the functions of planning, organizing, staffing, command and control, in order to achieve set goals."
4. **Management is a universal activity:** management does not only apply to business enterprise. It also applies to political, social, religious and educational institutions. When collective effort is required, management is required.
5. Management is a science as well as an art: Management is an art because there is clear management principles. It is also a science because by applying the principles, a predetermined goal can be achieved.
6. **Management as a profession:** Management becomes a profession because there are established and put into practice management principles, it involves professional training and it is governed by a code of ethics arising from its social obligations.
7. **Management is an attempt to achieve predetermined objectives:** Management concerns the direction and control of the various activities of an organization in order to achieve predetermined objectives. Each management activity has specific objectives. In fact, management primarily concerned with the practical direction of human activity.
8. **Management is a collective activity:** Management only occurs when collective activities are directed towards a common goal. Management always focuses on collective efforts rather than individual efforts. Management plans, organizes, coordinates, directs and controls team efforts to achieve organizational goals.

9. **Management is a system of authority:** authority means the power to make others behave in a predetermined way. Top management formalizes a standard set of rules and procedures for subordinates to follow and ensures that they follow the rules and regulations. Since management is the process of getting people to accomplish tasks, the concept of management involves the power to extract work from others.
10. **Management Involves Decision Making:** Management means making decisions about the organization and operation of all aspects of a business.  
  
The success or failure of an organization can be judged by the quality of the decisions of its leaders. Therefore, decision making is the key to manager performance.
11. **Management is dynamic rather than static:** the principle of management is dynamic rather than static. It must adapt to social changes.
12. **Management draws ideas and concepts from different disciplines:** Management is an interdisciplinary study. It draws ideas and concepts from various disciplines such as economics, statistics, mathematics, psychology, sociology, anthropology, etc.
13. **Management is useful:** Management is a useful activity. It is about achieving the goals set by the organization.
15. **Management at different levels:** Organizations should be managed at different levels i.e. top, middle and bottom.

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#### **1.4. Scope of Management**

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The scope of management is too broad to be covered in a few pages. Herbison and Myres always try to limit it to three broad categories, viz.

1. **Economic Resources:** Business economics divides the factors of production into four basic inputs, viz. Land, labor, capital and entrepreneurs.
2. **Authority System:** As mentioned earlier, management is an authority system. It formalizes a standard set of rules and procedures that subordinates follow and ensures that they adhere to the rules and regulations. Since management is the process of getting people to accomplish tasks, the concept of management involves the power to extract work from others.
3. **Class or elite:** Management is seen as a separate category with its

own value system. The management hierarchy, often referred to as the collective set of individuals who perform management activities, is an essential part of any organization.

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### Check Your Progress-1

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#### True/False

- a. Getting the right people to run operations is an important aspect of management.
- b. Management is a useful activity.
- c. According to Henry Fayol, Management is foreseeing and planning, organizing, directing, coordinating and controlling.
- d. There is a growing demand for managers as industry advances.
- e. Management is seen as not a separate category with its own value system.

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### 1.5. Characteristics of Management

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Management is a distinct activity having the following salient features or characteristics:

1. **Economic Resource:** Together with land, labour, and money, management is a crucial economic resource. There is a growing demand for managers as industry advances. The most important aspect in the success of any organised group activity is effective management since it is the force that brings together and integrates the other production factors, such as labour, capital, and materials. Inputs of labour, money, and resources do not guarantee production on their own; rather, they need the management catalyst to produce the goods and services the society needs. Thus, management is a crucial component of any organisation.
2. **Goal-oriented:** Management is an activity that has a purpose. In order to accomplish the objectives of the organisation, it coordinates worker activities. The degree to which the management is effective is determined by goal.
3. **Unique Process:** Planning, organising, staffing, leading, and managing are just a few of the functions that make up the unique process of management. Because of this interdependence, it is impossible to pinpoint the exact order of the various functions or their relative importance.
4. **Integrative Force:** The essence of management is integration of human and other resources to achieve the desired objectives. All

these resources are made available to those who manage. Managers apply knowledge, experience and management principles for getting the results from the workers by the use of non-human resources. Managers also seek to harmonize the individuals goals with the organisational goals for the smooth working of the organisation.

- 5. Management has been referred to as an invisible force.** The results of its efforts orderliness, knowledgeable staff, upbeat attitudes, and acceptable work output evidence its presence. As a result, management attitude is goal-oriented. Although management's operation cannot be seen with the naked eye, its outcomes are reportedly well recognised. People frequently criticise the effectiveness (or ineffectiveness) of management based on the final product, even though they cannot see it in action.
- 6. Outcomes through Others:** Managers are unable to handle every situation on their own. They must possess the aptitude and expertise required to coordinate the efforts of others to complete the task at hand. They need to inspire their team members to do the tasks that have been delegated to them.
- 7. A Science and an Art:** Management has a structured body of knowledge made up of well defined concepts, guiding principles, and practical procedures. So, it is handled like a science. The manager must possess certain knowledge and abilities in order to use these concepts, principles, and techniques. Management is considered an art since a manager's gained talents are his personal property.

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### **1.6. Management as a Profession**

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These are the days where we hear a lot about professional managers and their contribution to the economic development of the nation. Therefore, it is appropriate to know whether management is a profession. McFarland gives the following characteristics of a profession:

Existence of an organized and systematic body of knowledge, Formalized methods of acquiring knowledge and skills, Existence of an apex level body with professionalization as its goal, Existence of an ethical code to regulate the behaviour of the members of the profession, charging of fees based on service, and concern for social responsibilities.

A closer examination of management as a profession reveals that unlike medicine or law, management has to go a long way to attain universally acceptable norms of behaviour. There is no uniform code of conduct that

governs the behaviour of managers. While making decisions, they should be conscious of the impact of their decisions on the society. The larger interests of the society must be given top priority rather than short-term temptations. After all, given the enormous resources they have at their command, the expectation that managers should address themselves to the problems of society is not unnatural. It must, however, be remembered that unlike professions like engineering, medicine, law, accountancy, etc., the entry to management profession is not restricted to individuals with a special degree.

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### **1.8. Who is a Manager?**

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A manager is a person who plans and directs the work of a group of people, monitor their work and takes corrective action if necessary. For many, this is their first step into a management career.

Managers may direct workers, or they may have multiple supervisors directing workers. They are the people responsible for overseeing work processes, coordinating work, achieving goals and exercising leadership. Therefore, a manager must be familiar with the work of all the groups he oversees, but need not be the best at everything.

For managers, knowing how to manage employees is more important than knowing how to do their job well.

In both the traditional and contemporary views of management, however, there remains the need for different types of managers. *Top managers* are responsible for developing the organization's strategy and being a steward for its vision and mission. A second set of managers includes functional, team, and general managers. *Functional managers* are responsible for the efficiency and effectiveness of an area, such as accounting or marketing.

*Supervisory or team managers* are responsible for coordinating a subgroup of a particular function or a team composed of members from different parts of the organization. Sometimes you will hear distinctions made between line and staff managers.

A *line manager* leads a function that contributes directly to the products or services the organization creates. For example, a line manager (often called a *product*, or *service manager*) at Procter & Gamble (P&G) is responsible for the production, marketing, and profitability of the Tide detergent product line.

A *staff manager*, in contrast, leads a function that creates indirect inputs. For example, finance and accounting are critical organizational functions

but do not typically provide an input into the final product or service a customer buys, such as a box of Tide detergent. Instead, they serve a supporting role.

A *project manager* has the responsibility for the planning, execution, and closing of any project. Project managers are often found in construction, architecture, consulting, computer networking, telecommunications, or software development.

A *general manager* is someone who is responsible for managing a clearly identifiable revenue-producing unit, such as a store, business unit, or product line. General Managers typically must make decisions across different functions and have rewards tied to the performance of the entire unit (i.e., store, business unit, product line, etc.).

General Managers take direction from their top executives. They must first understand the executives' overall plan for the company. Then they set specific goals for their own departments to fit in with the plan. The general manager of production, for example, might have to increase certain product lines and phase out others.

General Managers must describe their goals clearly to their support staff. The supervisory managers see that the goals are met.

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## **1.9. Roles of a Manager**

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To get results, they shift gears and constantly restructure and restructure things. In the late 1960s, Henry Mintzberg summarized the various roles managers play in carrying out their responsibilities into three broad categories: interpersonal roles, informational roles, and decision-making roles. Let's understand them one by one.

**1. Interpersonal Roles:** Three interpersonal roles help managers keep their organization running smoothly. Managers play a puppet role in performing functions of a ceremonial and symbolic nature.

This includes welcoming visitors, attending social events with subordinates, presenting rewards to employees who show commitment, etc. Leadership roles include hiring, training, motivating and disciplining employees.

Managers play a liaison role when they act as a link between their organization and other organizations or between their unit and other organizational units. Mintzberg described the activity as contacting strangers who provided information to managers. These activities include employment confirmations, external board work, etc.



2. **Information role:** Mintzberg mentions that receiving and exchanging information is probably the most important aspect of a manager's job. To make sound decisions, managers need information from a variety of sources.

Typically, this activity is done by reading magazines and chatting with others to learn about changes in customer tastes, competitor movements, etc. Mintzberg calls this the watchdog role. In the role of communicator, a manager disseminates important information to subordinates who otherwise would not have access to it. Managers also act as spokespersons when representing the organization externally.

3. **Decision-Making Roles:** Managers have four decision making roles. In the role of entrepreneur, the manager tries to improve unity. It initiates planned changes to respond to environmental challenge. As disruption managers, managers must react to situations beyond their control, such as strikes, shortages, complaints, grievances, etc. As resource allocators, managers are responsible for allocating human, material, and monetary resources.

As a negotiator, managers not only arbitrate internal conflicts, but also negotiate with other units to seek benefits for the unit.

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### **1.10. Skills of an Effective Manager**

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An effective manager must possess certain skills in the areas of planning, organising, leading, controlling and decision-making in order to process activities that are presented to him from time to time.

The skills are:

1. Organisational Skill
2. Technical Skill
3. Conceptual Skill
4. Human Skill
5. Decision-making Skill
6. Administrative Skill
7. Leadership Skill
8. Behavioural Skill
9. Diagnostic or Analytical Skill.

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### **1.11. Functions of Managers**

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Managers just don't go out and haphazardly perform their

responsibilities. Good managers discover how to master five basic functions: planning, organizing, staffing, leading, and controlling.

- **Planning:** This step involves mapping out exactly how to achieve a particular goal. Say, for example, that the organization's goal is to improve company sales. The manager first needs to decide which steps are necessary to accomplish that goal. These steps may include increasing advertising, inventory, and sales staff. These necessary steps are developed into a plan. When the plan is in place, the manager can follow it to accomplish the goal of improving company sales.
- **Organizing:** After a plan is in place, a manager needs to organize her team and materials according to her plan. Assigning work and granting authority are two important elements of organizing.
- **Staffing:** After a manager discerns his area's needs, he may decide to beef up his staffing by recruiting, selecting, training, and developing employees. A manager in a large organization often works with the company's human resources department to accomplish this goal.
- **Leading:** A manager needs to do more than just plan, organize, and staff her team to achieve a goal. She must also lead. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees.
- **Controlling:** After the other elements are in place, a manager's job is not finished. He needs to continuously check results against goals and take any corrective actions necessary to make sure that his area's plans remain on track.

All managers at all levels of every organization perform these functions, but the amount of time a manager spends on each one depends on both the level of management and the specific organization.

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### **Let us Sum Up**

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In this unit you have learned the followings:

- Management is the main aspect of working involved in a system & its involvement as art, science, profession leads an effective role.

- Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.

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### **Check your Progress-2**

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1. Management deals with \_\_\_\_\_
2. According to Mary Parker, \_\_\_\_\_ is an art of getting things done through others.
3. Management functions include \_\_\_\_\_
4. \_\_\_\_\_ is known as “the father of scientific management.”

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### **Glossary**

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**Administration:** This is a higher-level function related to setting policies.

**Leading:** This is the steps taken by a manager to lead his subordinates and others to carry out the plan (directing, supervising, motivating, etc.).

**Leadership:** Influencing others to take action to achieve goals.

**Management:** The art of getting things done.

**Motivation:** Any influence that causes, directs, or supports intentional behavior.

**Organization:** Two or more people involved in a systematic effort to produce a good or service.

---

### **Answer to Check your Progress-1**

---

a-True

b-True

c-True

d-True

e-False

---

**Answer to Check your Progress-2**

---

1. Both internal and external environment
2. Management
3. All of the above
4. Fredrick W. Taylor

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Rao V. S. P. & Krishna, V. Hari (2005), Management: Text and Cases, Excel Books, New Delhi.

## Unit-2

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# Evolution of Management Thought, Management Process and Functions

### STRUCTURE

Overview

Objectives

2.1. Introduction

2.2. Features of Management

2.3. Pioneers of Management Thinkers

2.4. Modern Management Thinkers

2.5. Management Process

2.6. Levels of Management

2.7. Functions of Management.

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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At the most fundamental level, management is a discipline that consists of a set of five general functions: planning, organizing, staffing, leading and controlling. These five functions are part of a body of practices and theories on how to be a successful manager. In this unit you will learn about the management concept of management and its level, functions and features, pioneers of management thinkers, modern management thinkers, management process, levels of management and the functions of management.

---

### Objectives

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After completion of this unit you will be able to:

- Define the concept of management
- Identify the contributions made by important management thinkers.
- Compare the contributions of various management thinkers.
- Discuss the Functions of Management.

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## **2.1. Introduction**

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Management as a discipline, as we understand and practise today, is barely hundred years old. The concept of management is understood and practised differently in different countries. From that perspective, contemporary management concepts are just another wave of thought in the vast ocean of human history and are bound to change with the passage of time and culture.

Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. Since organizations can be viewed as systems, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. For management, it is important to be both effective and efficient. Effectiveness and efficiency are two sides of the same coin. But these two aspects need to be balanced and management at times, manager has to compromise with efficiency.

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## **2.2. Features of Management**

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Based on the definition of management, we can narrate the following features of Management:

1. Management is a process of organised activity. It is concerned with the efficient use of resources like men, money and materials in the organisation.
2. Management cannot exist independent of the group or organisation it manages. It is a cardinal part of any group activity and inspires workers to put forth their best efforts.
3. Management is a universal phenomenon. However, management principles are not universally applicable but are modified to suit the given situation and the type of organisation.
4. Management is a goal-oriented activity. It is concerned with the accomplishment of goals through its various functions like planning, organizing, staffing, directing, and controlling.
5. Management is a process, which involves planning, organizing, directing and controlling the efforts of human resources in the use of material resources. These are the basic functions, which every manager performs for the accomplishment of certain goals.
6. Management is abstract and cannot be seen with the eyes. It is indicated by the quality of the organisation and the results. Thus, feeling of management is result-oriented.

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### **2.3. Pioneers of Early Management Thinkers**

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#### **Frederick Winslow Taylor (1856 –1915):**

F.W. Taylor was born in 1856 in Philadelphia, U.S.A. Taylor was a chief engineer in the Midvale Steel Works where he started his career as an apprentice. He carried out many experiments to find out the best way to work, over a period of more than two decades. One of his experiments led to the discovery of high speed steel which made him popular. He became disgusted with the existing monotonous methods of working. Soon he realised that there was a lot of waste of material, resulting in loss of production and efficiency. As a solution to these problems, he wanted to apply scientific reasoning to management. After leaving Midvale Steel works, Taylor joined the Bethlehem Steel Company where he experimented with his ideas. He discussed his thoughts of

#### **Henry Fayol (1841-1925):**

Henry Fayol, a French contemporary of Taylor started his career as a coal mine engineer in the French coal mine company in 1860. He was its Managing Director from 1888 to 1918. During this period, he took the company to great heights from the verge of bankruptcy. As a Managing Director he came to the conclusion that there was only a singly administrative science applicable to all types of organisations. Because of his emphasis on universality of administrative science or management principles, he is known as the 'Universalist'.

Fayol's contributions are generally termed operational management or administrative management. They were first published in the book form under the title *Administration industrielle te generale* (General and Industrial Management.) in French, in 1916. However, his contributions did not become famous until 1949 when the English translation of his book became widely available.

Fayol divided all activities of industrial enterprises into six groups.

They are as follows:

1. Technical activities concerning production.
2. Commercial activities of buying and selling.
3. Financial activities intended to seek optimum use of capital.
4. Accounting activities concerning final accounts.
5. Security activities relating to protection of property.
6. Managerial activities.

Henri Fayol has suggested fourteen principles of management for running the business efficiently. According to him, "there is nothing rigid or absolute in management affairs; it is all a question of proportion". Thus these principles are flexible and capable of adaptation.

They are as follows:

1. **Division of work:** It refers to the division of work among various individuals in the organisation to bring about specialization in every activity. Specialisation tends to increase efficiency and helps to avoid waste of time and effort caused by changes from one work to another.
2. **Authority and responsibility:** Authority is the power to give orders to the subordinates. Responsibility means the duty, which the subordinates are expected to perform. Fayol suggested that authority and responsibility should go hand in-hand. Authority without responsibility promotes irresponsible behaviour on the part of management. Similarly, responsibility without authority makes management ineffective. Thus there should be parity between authority and responsibility.
3. **Discipline:** Discipline is highly essential for the smooth running of the organisation. It means obedience to rules and regulations of the organisation. Maintenance of discipline in the organisation depends upon the quality of leadership, clear and fair agreements etc.
4. **Unity of Command:** An employee should receive orders from one superior only for any action or activity. This principle is necessary to avoid confusion and conflict. Besides, when there is unity of command, it is easy to fix responsibility for mistakes. Fayol stated that if this principle is violated, authority will be undermined, discipline will be in jeopardy, order will be disturbed and stability will be threatened.
5. **Unity of direction:** The principle of unity of direction states that for a group of activity having the same objective, there should be one head and one plan. It alone can produce a sense of loyalty and devotion among the subordinates. Fayol observed that, unity of direction must not be confused with the unity of command. Unity of direction is provided for by a sound organisation of the body corporate. Unity of command pertains to the functioning of the personnel. Unity of command cannot exist without unity of direction, but it does not follow from it.



6. **Subordination of individual interest to general interest:** This principle calls for the reconciliation of objectives of individuals with those of the organisation. Organisation is superior to individuals. When the individual and the organisational interests conflict, the latter must prevail.
7. **Remuneration:** The remuneration of the employees should be fair and just. Employees who are paid decent wages will have a high morale.
8. **Centralisation:** Centralisation refers to the concentration of authority at one level in the organisation. On the other hand, decentralization is the dispersal of authority to the lower levels in the organisation. The degree of centralization may be different in various organisations. But a balance should be maintained between centralization and decentralization to ensure the best results.
9. **Scalar chain:** Scalar chain refers to the chain of superiors ranging from the final authority to the lowest level in the concern. It is otherwise, regarded as a chain of command because orders or instructions issued at higher levels flow through intermediate managers before reaching lower levels, Scalar chain states superior-subordinate relationship throughout the concern. It is highly essential to ensure unity of command and effective communication in the organisation.
10. **Order:** This principle implies a “right man in the right place.” Fayol said that there should be a place for everything and everyone. The management should get order in work through suitable arrangement of men and materials.
11. **Equity:** It means justice and kindness. Management must practice equity and equality of treatment while dealing with the people. Equity ensures healthy industrial relations between the management and the labour.
12. **Stability of tenure:** This principle calls for the lowest possible turnover of personnel for the well-being of the organisation. Since the loyalty of the employees highly depends on their stability in the organisation, the management should strive to minimize employee turnover.
13. **Initiative:** Initiative implies freedom to think and execute a plan. Initiative is a powerful motivator of human behaviour and a source of strength for the organisation.

14. **Esprit de corps:** 'Esprit de corps' means the spirit of loyalty and devotion, which unites the members of a group. This is the principle of 'union is strength' and extension of unity of command for establishing teamwork. Strength of an organisation lies in the cooperation and harmony of its workers. The policy of 'divide and rule' should, therefore, be replaced by 'union is strength'.

***Elton Mayo and the Hawthorne Experiments (1924 – 1933):***

The Hawthorne Experiments conducted by Elton Mayo and his associates at the Western Electric Company provided new insights into the human behaviour. Many of the experiments were performed at the Western Electric's Hawthorne plant near Chicago. Mayo's findings in these experiments marked the beginning of the Human Relations Era.

The studies attempted to investigate the relationship between the physical conditions at the workplace and the productivity of workers. The researchers divided the employees into two groups. One group called the test group was subjected to changes in lighting. The lighting condition for the other group called the control group remained constant throughout the study. When the test group's lighting conditions were improved, productivity increased as expected. What surprised the researchers most was the fact that productivity continued to increase even when the lighting was reduced. Further, to add to the mystery, the control group's output also increased as the test group's lighting conditions were changed, though there was no change in the lighting conditions for the control group. As a result, for the first time, it was realized that something in addition to lighting was influencing the worker's performance.

In another set of experiments, the changes, in the performance of a group of workers were observed by changing the various work related factors such as;

- Increasing the wages;
- Introducing rest periods; and
- Reducing the workdays and workweek;

Workers were also allowed to choose their own rest periods and to have a say in all these changes. These experiments revealed that financial incentives alone were not causing the productivity improvements. It was found that a complex set of attitudes were responsible for the productivity increase. Employers develop group norms at the work place. The test and the control groups developed some group understanding

that motivated them to perform well. The fact that employees would work hard if they were convinced that supervisors pay special attention to their welfare was also made abundantly clear. This is often referred as the Hawthorne Effect.

Another conclusion of the studies was that informal work groups exist in the work place. The informal groups help the individuals share common values, understanding and beliefs. These informal groups exert significant influence on the employees. It is our common knowledge that many a time we find in the organisations how employees associations and friendships with coworkers influence their attitude towards the work and the superiors.

The contribution of the Human Relations movement is quite significant in that the individual and the impact of his association with a group had received due attention. Employee productivity was viewed as a function of the human relations at work rather than an engineering problem. Elton Mayo's studies in fact, contributed to a thorough change in the attitude and approach towards training.

***Douglas McGregor (1906-1964) :***

McGregor proved that reliance on authority as the primary means of control leads to resistance, restriction of output and indifference to organisational objectives. His monumental classic "The Human side of the Enterprise" (1960) marked the watershed in the history of management movement. He questioned the various models describing man as rational, economic, and self-actualising.

McGregor's assumptions, on the other hand, about human beings in the form of 'Theory X and Theory Y' present contrasting nature of man. Theory X revolves around the Traditional Theory of Human Behaviour.

Theory Y assumptions on the other hand, hold an optimistic view of human nature. According to this set of assumptions modern life does not fully tap the potential of the average human being. They suggest that the manager should take advantage of the subordinates' willingness and ability to work by providing a climate for their performance. The assumptions under theory Y as pronounced by McGregor are as follows:

- The expenditure of physical and mental effort in work is as natural as play or rest;
- External control and the threat of punishment are not the only means for producing effort towards organisational objectives.

People will exercise self direction and self- control in the service of objectives to which they are committed;

- The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement;
- Average human beings learn, under proper conditions, not only to accept but also to check responsibility;
- The capacity to exercise with a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problem is widely and not narrowly distributed in the population;
- Under the conditions of modern industrial life, the intellectual potentialities of human beings are only partially utilised.

As can be easily seen, these two sets of assumptions are fundamentally different. Theory X is pessimistic, static and rigid. Control is external in that the superior imposes it on the subordinate. In contrast, Theory Y is optimistic, dynamic and flexible with an emphasis on self-direction. It also advocates the integration of individual need with organisational demands.

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### **Check your Progress-1**

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#### **True/False**

- a. Discipline is highly essential for the smooth running of the organization.
- b. Management must practice equity and equality of treatment while dealing with the people.
- c. Management as a discipline, as we understand and practise today, is barely fifty years old.
- d. Drucker is a highly respected management thinker
- e. Employee productivity was viewed as a function of the human relations at work rather than an engineering problem.

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### **2.5. Modern Management Thinkers**

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#### ***Peter F. Drucker***

Drucker is a highly respected management thinker; He is a prolific writer and has published several books and articles on the management practices. He is so versatile that there is hardly area in management, which is not touched by him. He has drawn heavily from his consultancy experience spread over the last four to five decades. Drucker perhaps is

the only management thinker who is admired by even the socialist block countries also. His views on management may be summarized as follows:

**1. Management as a practice:** According to Drucker management has two important functions, namely, i) Innovation and ii) Marketing. He has treated management as a discipline as well as a profession. For him, management is more a practice. It is always goal oriented. His comment on the purpose of business as the creation of customer, if understood and in the right way helps any organisation to achieve success. Drucker's views on innovation are equally important for the emphasis they place on new product development. He argues that 'new products should drive out existing products' rather than the other way round. As such, he is against bureaucratic management for it stifles the innovative spirit and the initiative among the people in the organisation. He contends that modern organisations are knowledge based organisations and describes the modern workers as 'knowledge workers' considering their skills, and innovative abilities.

**2. Functions of management:** Drucker points out three basic functions of management.

The actions of management should contribute to

- the achievement of purpose and mission of the institution;
- make the work productive and the worker achieving, and
- effective management of social responsibilities.

**3. Objective setting:** Drucker has attached great importance to objective setting. He has specified that objectives should be set for all the key result areas of business. To make the objective setting and their achievement more meaningful, he has given a new tool, what is popularly known as Management by Objectives.

MBO is regarded as one of his most important contributions to the discipline of management. He has discussed the concept in great detail in his book, the practice of management 1954. MBO is a process whereby superiors and subordinates jointly identify the common objective, set the results that should be achieved by subordinates and assess the contribution of each individual. It is viewed more as a philosophy than as a tool or technique to achieve the objectives.

4. **Orientation towards Future:** Drucker is a great visionary and futurologist. He was ahead of others in visualizing the future trends that affect the society. He visualized the modern organisation and its impact on the society several years ago. His views on the many facets of the modern corporations have almost all become reality now. To put it in his own words, he described the present age as the 'age of discontinuity'.
5. **Federalism:** Drucker has advocated the concept of federalism. Federalism according to him involves centralized control in a decentralised structure. Federalism has certain positive values over other methods of organizing.

Drucker's realistic way of looking at the organisations and society has earned him the status of a Management Guru. His contributions have made tremendous impact on the management practices all over the world.

### ***Henry Mintzberg and Managerial Roles***

In the late 1960s, Henry Mintzberg found that the managers engaged in a large number of varied, unattended and short-term acuties. He also provided a categorization scheme for defining the manager's job. These are commonly known as Mintzberg's Managerial Roles.

Mintzberg concluded that managers perform 10 different but highly related roles. The term managerial roles refer to specific categories of managerial behaviour. They can be grouped under their specific headings – interpersonal relationships, transfer of information and decision-making.

#### ***a) Interpersonal Roles***

Interpersonal roles concern your relationships with others as a manager.

##### **1. Figurehead**

As a manager, you are a figurehead because of your formal authority as head of your team, and with this, you are responsible for performing ceremonial duties.

##### **2. Leader**

As a manager, you are responsible and accountable for your team's work, and you must lead your team to perform great work. This role involves both leading and managing your team.

### **3. Liaison**

As a manager, you have to connect your team to others outside of the vertical chain of command on behalf of your organization. This can mean working with both internal and external contacts.

#### ***b) Informational Roles***

The roles within this category concern how you collect and share information.

### **4. Monitor**

As a manager, you need to monitor the work of your team. You also need to monitor what's going on elsewhere in your organization. You must identify which information is important and which is not. This information doesn't just have to be factual; you can also monitor gossip and speculation.

### **5. Disseminator**

You act as a disseminator whenever you communicate information, in either written or verbal format.

### **6. Spokesperson**

You act as a spokesperson whenever you share information outside of your team. Again, this can be either written or verbal communication.

### **7. Decisional Roles**

The roles within this category concern how you, as a manager, make decisions. Mintzberg regards these roles as the most important for a manager.

### **8. Entrepreneur.**

As a manager, you have to develop new and innovative ideas to improve your organization's products, services, and processes. You also have to react to changing circumstances and market conditions quickly.

### **9. Disturbance Handler**

You act as a disturbance handler whenever you react to problems, issues, conflicts, disputes, or roadblocks that occur. These disturbances or crises could be external or internal to your team.

### **10. Resource Allocator**

Being a resource allocator means that you have to decide where to allocate your people and budget. This will involve planning, scheduling, and budgeting.

## **11. Negotiator**

You act as a negotiator whenever you engage in a negotiation. This could be with customers, suppliers, or new hires, amongst others.

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## **2.5. Management Process**

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Management process is a series of fundamental steps to manage any activity, business or project in order to produce optimum results as per the defined strategy and vision. Management process includes steps to plan, organize, staff, lead and control the resources to completely manage any particular task, project or business on an ongoing basis. These processes need to be carried out by managers or business leaders to ensure they are able to meet the business requirements with maximum efficiency.

### ***Importance of Management Process***

For any business or activity to succeed, it is imperative that they plan well in advance on what, how and by when, they want to achieve their desired business goals. Management process is important for any organization or person who want to complete a task or project. Management process generally is focused on operations and efficiency whereas strategic management process focusses on future goals of an organization along with overall vision and steps to achieve them.

A well-defined, structured management process empowers the manager to plan the details, organize the resources, allocate people, lead everyone together and control everyone for maximum coordination. If all these steps are followed, any person can manage a project and achieve their business goals.

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## **2.6. Levels of Management**

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The three levels of management that are commonly found in any organisation are lower or front-line, middle and top management.

### ***Front-Line or Supervisory Management:***

This is the lowest level in the hierarchy of management. Usually the jobs at this level are the entry level positions into management profession. Managers at this level direct the operating employees (workers). They are close to the action for their job involves supervising the activities of operatives. Front-Line managers in the production department are called foreman, supervisor, superintendent, inspector and so on. For instance, in a manufacturing concern, in marketing, finance and others departments, they are called management trainees or junior executives.



Similarly, in a government office, the term superintendent or section officer is preferred.

### ***Middle level Management***

Middle management level includes in many organizations more than one level. Managers who work at levels between the lower and top levels constitute the middle management. Departmental heads, regional managers, Zonal managers and so on fall in this category. They report to top managers. Their principal responsibilities are to direct the activities of lower-level managers who implement the organization's policies.

### ***Top level Management***

Top management constitutes the highest level in the management hierarchy. This is the policy making level in any organization. This level consists of a small group of executives. Board of Directors, Chairman, Managing Director and the top functional heads such as COO, CIO, and such other C-suite managers, and divisional managers comprise this level. Top managers are responsible for the overall management of the organization. They decide the enterprise objectives, policies and strategies to be pursued to achieve the objectives. They provide direction to the organization by guiding its interactions with the environment.

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## **2.7. Functions of Management**

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Functions of Management Among the various approaches to the study of management, the process approach has gained wider acceptance. It is because this approach lays emphasis on what a manager does. A manager no matter his level in the organization performs several functions.

There is no consensus among the management thinkers on the classification of management functions. The number of functions as well as the terminology used to describe them is not alike. Henry Fayol identifies five functions, viz., planning, organizing, commanding, co-ordinating and controlling.

Newman and Summer recognize only four functions, namely – planning, organizing, staffing, and directing. Koontz and O'Donnel classify the functions into planning, organizing, staffing, directing, and controlling. For the purpose of our study, we shall confine the discussion to the following five functions of management – planning, organizing, staffing, directing and controlling.

## ***Planning***

Planning in simple is looking ahead. It is preparing for the future. It involves outlining a future course of action. Planning makes the things to happen. Therefore, it is needless to say that in the absence of planning, things are left to chance. Planning is unique in that it precedes all the other managerial functions. It involves deciding the objectives and formulating the policies and procedures to achieve them. Effective planning provides answers to questions like – what to do? How to do? Who is to do? and when to do?

Planning is a function performed by managers at all levels. Though every manager plans, the plans developed by different managers may vary in respect of scope and importance. For example, plans made by top managers have a wider scope with a focus on the organization as a whole and normally cover a longer period. On the other hand, plans developed by middle and lower level managers relate to the divisions or departments and usually cover a short period. Systematic planning helps in facing the uncertainties of future with less embarrassment. It helps in making things happen in the expected way.

## ***Organizing***

Organizations achieve objectives by using physical and human resources. When people work in groups, everyone in the group should know what he/she is expected to achieve and with what resources. In other words, organizing involves establishing authority - responsibility relationships among people working in groups and creating a structural framework. Thus, the manager's task in organizing aims at creating a structure that facilitates the achievement of goals.

- Organizing therefore involves:
- determination of activities required to achieve goals;
- grouping of these activities into departments;
- assignment of such groups of activities to a manager;
- delegation of authority to carry them out; and
- provision for coordination horizontally and vertically in the organization.

The managerial function of organizing involves designing the structure and establishing functional and operational relationships. The resulting structure varies with the task. A large organization with huge market needs a different structure compared to a small organization. Similarly,

structure of an organization operating in a stable environment may be different from the one operating in a dynamic environment.

### ***Staffing***

Organising process results in the creation of a structure with various positions. Staffing involves operating the various positions of the organisation. It includes manpower planning, recruitment and selection of the right people, training and developing them, deciding financial compensation, appraising their performance periodically.

There is a debate whether staffing function is to be performed by all managers in the organisation or handled by human resources department alone. However, some processes of staffing are performed by personnel department only. For example recruitment and selection, training, fixation of salary, etc. Performance appraisal, on the other hand, may be done by all managers.

### ***Directing***

Once plans are made and the organisation is created, the focus shifts to the achievement of objectives. This function is called by various names: directing, leading, motivating, actuating and so on. It basically involves directing or leading the activities of the people. The manager directs the activities of his subordinates by explaining what they have to do and by helping them perform it to the best of their ability.

In leading the people, the manager performs the following three distinct tasks:

- Communication : the process of information flow from one person to another and across the organization;
- Leadership : the process by which a manager guides and influences the work of his subordinates; and
- Motivation : the act of stimulating the people so that they give their best to the organisation.

Leading is a function predominantly interpersonal in nature. In the organizational context many problems arise because of the failure of managers to understand the people, their aspirations, attitudes, and behaviour as individuals and in groups. If the manager fails in leading the people towards better performance, any amount of planning and organizing, however effective they are, may not help the organisation.

## **Controlling**

Planning and controlling – the two functions are closely interrelated in that while plans specify the objectives to be achieved, control as a managerial function facilitates to know whether the actual performance is in conformity with the planned one. So that, in the event of deviations, appropriate corrective measures could be taken. In the absence of adequate control mechanism, unexpected changes in the environment may push the organisation off the track. Thus, controlling implies measuring and correcting the activities to ensure that events conform to plans. That is why planning and controlling are often described as the 'Siamese' twins of management. It involves four main elements:

- Establishing standards of performance;
- Measuring the actual performance and comparing it against the standard performance;
- Detecting deviations, if any, in order to make corrections before it is too late; and
- Taking appropriate corrective measures.

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## **Let us Sum Up**

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In this unit, you have learned the following:

- Management is the process of creating an environment in an organization
- FW Taylor developed principles of scientific management at the factory level.
- Henri Fayol gave fourteen principles of management.
- Max Weber developed the concept of bureaucracy equal to government organization.
- Elton Mayo introduced Human Relations Movement in Management
- Theory x and theory y were formulated by Douglas McGregor.
- Peter F. Drucker, the father of modern management considered management as a key to social welfare.

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## **Check your Progress-2**

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1. Management skills applies to managers at \_\_\_\_\_
2. \_\_\_\_\_ is the basic reason for its existence.
3. Which is about to deciding in advance what should be done \_\_\_\_\_.

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## **Glossary**

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**Management is a goal-oriented activity:** It is concerned with the accomplishment of goals through its various functions like planning, organizing, staffing, directing, and controlling.

**Management process :** Management process is a series of fundamental steps to manage any activity, business or project in order to produce optimum results as per the defined strategy and vision.

**Planning in simple is looking ahead:** It is preparing for the future. Staffing involves manning the various positions of the organisation.

**Communication:** the process of information flow from one person to another and across the organization.

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## **Answer to Check your Progress-1**

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a-True

b-True

c-False

d-True

e-True

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## **Answer to Check your Progress-2**

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1. All levels in an organization
2. The organizational mission
3. Planning

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## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

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### OB Model – Contributing Disciplines of OB

#### STRUCTURE

Overview

Objectives

3.1. Introduction

3.2. Definition of OB

3.3. Nature and Importance of OB

3.4. Contributing Disciplines of OB

3.5. Foundations of OB

3.6. OB Model

3.7. Foundation of OB

3.8. Elements of OB

3.9. Challenges and Opportunities of OB

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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#### Overview

Organizational behavior model reflects the behavior of the people and management all together, it is considered as field study not just a discipline. In this unit, the concept of Organisational Behaviour(OB) such as nature and importance of OB, foundations and elements of OB and the challenges and opportunities has been clearly explained.

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#### Objectives

After completion of this unit, you will able to:

- Introduce the concept of Organisational Behaviour;
- Analyze the relationship between Organisational Behaviour & other allied fields;
- Examine the difference between Organisational Behaviour and Management; and
- Explain the dimensions of Organisational Behaviour

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### **3.1. Introduction**

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People are the most valuable asset held by an organisation today. It is a unique and elusive asset. The people, whom we prefer to call human resources (HR), simultaneously represent the single greatest potential asset and the single greatest liability that an organisation acquires as it goes about its business. According to the resource-based view of the firm (Barney, 1996, p. 469), the strategic assets of a firm are mostly confined to the intangibles, mainly the human capital. The human capital cannot be replicated and hence serves as the vital factor for providing sustainable competitive advantage to a firm. While there are other intangible assets in an organisation, HR is the only intangible asset that can be influenced, but never completely controlled, invested in wisely, or wasted thoughtlessly, and still have tremendous value (Weatherly, 2003).

The human capital theory proposed by Schultz (1961) regards people as assets and stresses that investment by organisations in people will generate worthwhile returns (Baron & Armstrong, 2007, p.10). It is well accepted by the management that people are the critical differentiators of a business enterprise. People are the profit lever, and this is indisputable. All the assets of an organisation, other than people, are inert. They are passive resources that require human application to generate value. The key to sustaining a profitable company is the productivity of the human capital (Fitz-enz, 2000, p.1). Considering the importance of the human factor in the organisations, it is imperative that we study their behaviours. In organisational behaviour (OB) we will study the behaviour of the people in the organisations.

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### **3.2. Definition of OB**

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Organizational behavior (often abbreviated as OB) is a field of study that investigates how individuals, groups, and structure affect and is affected by behavior within Organizations.

Behavior refers to what people do in the organization, how they perform, and what their attitudes are. Because the organizations studied are often business organizations, OB is frequently applied to address workplace issues such as absenteeism, turnover, productivity, motivation, working in groups, and job satisfaction. Managers often apply the knowledge gained from OB research to help them manage their organizations more effectively.

Organizational Behavior (OB) can be defined as the understanding, prediction and management of human behavior both individually or in a group that occur within an organization.

These definitions highlight certain characteristics of the field which are mentioned below.

- OB deals with the systematic study of human behaviour in organisations. The people in the organisations are considered from three distinct level of analysis individual, group and organisational.
- OB has a micro perspective, since it does not study the whole organisation. It only focuses on the human side of management.
- OB is multidisciplinary in nature since it draws on a wide variety of social science disciplines. Some of the contributing disciplines to the field of organisational behavior are- psychology, sociology, socio-psychology, anthropology, and political science.
- OB seeks to improve organisational effectiveness and the quality of life at work

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### **3.3. Nature and Importance of OB**

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The study of organisational behaviour has become its own discipline. Its acquired nature is described as follows:

#### **1. A distinct field of study rather than a single discipline**

A discipline is, by definition, a recognised branch of science that is founded on theory. Yet, O.B. lacks a precise theoretical foundation because of its multi-interdisciplinary orientation. Because of this, it is more fair to refer to O.B. as a separate field of study rather than a single discipline.

#### **2. Interdisciplinary Methodology**

In essence, organisational behaviour is an interdisciplinary method for examining how people behave at work. It makes an effort to synthesise pertinent information from adjacent fields like psychology, sociology, and anthropology so that it can be used to research and analyse organisational behaviour.

#### **3. A practical science**

The application is in line with O.B. In essence, O.B. uses the results of many studies to address organisational issues with human behaviour. Pure science and O.B. differ fundamentally in that the former focuses on



fundamental research, whereas the latter focuses on applied research. OB includes both the application of applied research and its use in organisational analysis. As a result, OB can be considered both a science and an art.

#### **4. The Normal Science**

An additional normative science is organisational behaviour. In contrast to the positive science, which merely addresses cause and effect relationships, O.B. outlines how the results of applied research can be used to further socially approved organisational objectives. O.B. therefore deals with what is accepted by members of a society and by those who are involved in an organisation. O.B. is not at all normative, that is true. As a matter of fact, O.B. is normative as well, as is amply demonstrated by the popularity of management theories.

#### **5. A Humanistic and Upbeat Strategy**

Humanistic principles are applied to the organization's employees by organisational behaviour. It is concerned with how people think and feel. The foundation of O.B. is the idea that everyone has a deep-seated yearning to be independent, inventive, and productive. It also understands that, given the right circumstances and surroundings, employees of the firm can and will reach their potential. Employee performance in an organisation is impacted by the environment.

#### **6. A Comprehensive System Approach**

The system approach incorporates all the factors that have an impact on how an organisation operates. The systems approach was created by behavioural scientists to examine human behaviour in light of the individual's socio-psychological environment. Man is complex because of his socio-psychological makeup, and the systems approach seeks to understand this complexity and find solutions to it.

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### **3.4. Contributing Disciplines to OB**

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Organizational behaviour is an applied behavioral science that is built upon contributions from a number of behavioral disciplines. The predominant areas are psychology, sociology, social psychology, anthropology, and political science

#### **1. Psychology**

- Psychology is the science that seeks to measure, explain, and sometimes change the behaviour of humans and other animals.

- To use psychological and organizational theory and research to improve organizational effectiveness and the work life of all individuals.
- Psychologists on their concern with studying and attempting to understand individual behaviour
- Learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making process, performance appraisals, attitude measurement, employee selection techniques, work design and job stress

## **2. Sociology**

- Sociologists study the social system in which individuals fill their roles.
- Sociology studies people in relation to their fellow human beings to improve organizational performance.
- Study of group behaviour in organisations, group dynamics, design of work teams, organizational culture, formal organizational theory and structure, organizational technology, communications, power and conflict

## **3. Social psychology**

- An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another.
- Major area: change – how to implement it and how to reduce barriers to its acceptance.
- Study areas: measuring, understanding and changing attitudes, communication patters, building trust, the ways in which group of activities can satisfy individual needs, group decision-making processes.

## **4. Anthropology**

- The study of societies to learn about human beings and their activities.
- Study on culture and environment has helped us understand differences in fundamental values, attitudes, and behaviour between people in different countries and within different organizations.

## 5. Political science

- The study of behaviour of individuals and groups within a political environment
- Study areas: structuring of conflicts, allocations of power, how people manipulate power for individual self-interest.

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### Check your Progress-1

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#### True/False

- a. People are the most valuable asset held by an organisation today.
- b. OB deals with the systematic study of human behaviour in organisations.
- c. A team is not a group in which members work together intensively to achieve a common goal.
- d. Sociologists study the social system in which individuals fill their roles.
- e. Organizational behaviour is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.

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### 3.5. OB Model

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Organizational behavior tools to understand and alter behavior can be examined at three levels of analysis—individual, group, and organizational.

These factors include personality and ability, attitudes and values, perception and attribution, learning, motivation, stress, and work/life linkages. Individual differences can be divided into personality and ability differences. Understanding the nature, determinants, and consequences of individual differences is essential for managing organizational behavior. An appreciation of the nature of individual differences is necessary to understand why people behave in certain ways in an organization.

#### **Group:**

Group is defined as a collection of two or more people who interact together to achieve their goals. A team is a group in which members work together intensively to achieve a common goal. Work groups are the basic building blocks of an organization. Work groups use roles, rules, and norms to control their members' behavior, and they use several socialization tactics to turn newcomers into effective group members. Groups contribute to organizational effectiveness when group

goals are aligned with organizational goals.

**Organization:**

Organizational structure and culture affect performance and how the changing global environment, technology, and ethics impact work attitudes and behavior. Organizational structure and culture affect how people and groups behave in an organization. Together they provide a framework that shapes attitudes, behaviors, and performance. Organizations need to create a structure and culture that allow them to manage individuals and inter-group relations effectively.

**Source:** <http://home.ubalt.edu/>

The major contributions of some of the disciplines to the study of organisational behaviour are shown in Figure

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### **3.6. Foundations of OB**

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The subject of OB is based on few fundamental concepts which revolve around the nature of people and organizations.

The basic assumptions in OB are:

1. **Individual differences:** People have much in common but each person in the world is also individually different. The idea of differences comes originally from psychology. It is because of individual differences that OB begins with individual. Only a person can take responsibility and make decisions. A group is powerless until individuals act.
2. **A whole person:** When an individual is appointed he alone is not hired his social background, likes and dislikes etc., also hired. A persons family life cannot be separated from his/her work life. Hence manager should make a work place where an individual can be developed both as a better employee and a better person.
3. **Caused behavior:** The behavior of an employee is caused and not random. It is directed towards someone that the employee believes rightly or wrongly is in his/her interest. The manager must realize this basic principle and correct this behavior and tackle the issues at its roots.
4. **Human dignity:** It confirms that people have to be treated differently from other factors of production. It recognizes that people wanted to be treated respected and dignity. The concept of human dignity rejects the old idea of treating employees as economic tools.

5. **Social systems:** Organizations are social systems and all the activities are governed by social as well as psychological elements. People have psychological needs and also have social roles and status. Their behavior is influenced by their group all the parts of the system are interdependent and all subject to influence by any other part.
6. **Mutuality of interests:** It is represented by the statement that organizations need people and people also need organizations. Organizations are formed and maintained on the basis of some mutuality of interest scene.
7. **Holistic concepts:** When among their participants. If mutuality is lacking it makes no above six fundamentals concepts of OB are placed together a holistic concept emerges. This concept interprets people-organization relationship in terms of the whole person, whole group, whole organization and the whole social system.

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### 3.7. Elements of OB

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A conceptual model is a representation of a system, made of the composition of concepts which are used to help people know, understand, or simulate a subject the model represents.

1. **Individual Process:** Behavior of an individual employee is influenced by several factors like individual mental makeup, family background, cultural background, social background etc., it is studied through perception, personality, values, attitudes, learning, motivation.
  - a) **Perception:** It refers to a complex cognitive process that yields an unique picture of the world that may be quite different from reality. Individual behave based on their perceptual world.
  - b) **Personality:** It is sum total of ways in which an individual react and interacts with others heredity factors, environmental factors, and situational factors determine the personality.
  - c) **Values:** These are the basic convictions that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct.
  - d) **Attitudes:** These are evaluative statements either favorable or unfavorable concerning objectives, people or events.
  - e) **Job Satisfaction:** Prefers to a person feeling of satisfaction on the job which acts as a motivation to work.

- f) **Motivation:** It is the process that account for an individual intensity, direction and persistence of effort towards attaining a goal.
  - g) **Learning:** It is relatively permanent change in the behavior that occurs as a result of experience.
2. **Interpersonal and Team Process:** An integrated and comprehensive behavior of people in a group is refers to as team process. It is studies through communication, leadership, group dynamics, and team work.
- a) **Interpersonal Communication:** It is transferring of information an understanding the meaning of it. It may be formal or informal, downward, upward, horizontal, and crosswise.
  - b) **Leadership:** It is the ability to influence a group towards the achievement of goals leadership styles includes autocratic, benevolent, participative, democratic styles.
  - c) **Team work:** It is a group whose individual efforts result in a performance is greater than the sum of the individual inputs different types of teams included self-managed work, problem solving team, cross functional team, and virtual teams.
  - d) **Group Dynamics:** Groups are both formal and informal the exists for some time until the purpose is achieved and then disband.
3. **Organization Process:** It is dividing grouping and coordinating the job tasks. It may be structured based on the departments, functions, and products and services.
- a) **Organizational Culture:** It is pattern of basic assumption invented, discovered or developed by a given group as it learns to cope with its problems of external adaption and internal integration that has worked well enough to be considered valuable and their off to be thought to new members as the correct way to perceive, think, and feel in relation to those problems.
  - b) **Power and Politics:** Are universal, important phenomenon that needs to be understood by employees and managers. The person's success or failure in using all reacting to power is largely determined by understanding power, knowing how, and when to use it.

c) **Job design and Organizational design:** It helps to understand the way the jobs have been designed. It is formulating the philosophy for coordinating the job tasks. Organization design gives shape to the organization.

d) **Decision Making:** It is one of the important activities to be performed by the managers and requires expertise. It is the process of choosing the best from among the alternative solutions under a given set of circumstance.

4. **Change Process:** The management of change involves adapting an organization to the demand of the environment and modifying the actual behavior of the employees. Many things must be considered when undertaking organization change including types of pressures, kinds of resistance to change and who should implement change.

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### **3.8. Challenges and Opportunities of OB**

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OB considers that organizations are made up of levels, moving up from the individual, to the group, to the entire organizational structure. Each level contributes to the variety of activities that occur in today's workplace.

The three basic levels are like building blocks: Each level is constructed upon the previous level. Group concepts grow out of the foundation we lay out in the section on individual behavior. We then overlay structural constraints on the individual and group in order to arrive at OB.

1. Improving Peoples' Skills;
2. Improving Quality and Productivity;
3. Total Quality Management (TQM);
4. Managing Workforce Diversity;
5. Responding to Globalization;
6. Empowering People;
7. Coping with Temporariness;
8. Stimulating Innovation and Change;
9. Emergence of E-Organisation & E-Commerce;
10. Improving Ethical Behavior;
11. Improving Customer Service;
12. Helping Employees Balance Work-Life Conflicts

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## Let us Sum Up

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In this Unit, you have learned about the following:

- Organizational behavior (often abbreviated as OB) is a field of study that investigates how individuals, groups, and structure affect and is affected by behavior within Organizations.
- Organizational behaviour is an applied behavioral science that is built upon contributions from a number of behavioral disciplines such as psychology, sociology, social psychology, anthropology, and political science
- *Personality*: It is sum total of ways in which an individual react and interacts with others heredity factors, environmental factors, and situational factors determine the personality.
- *Attitudes*: These are evaluative statements either favorable or unfavorable concerning objectives, people or events.

---

## Check your Progress-2

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1. A study of the culture and practises in different societies is called \_\_\_\_\_.
2. Some of OB's challenges and opportunities include all of the following except \_\_\_\_\_.
3. Organisational Behaviour is a field of study backed by a body associated with growing concern for people at the workplace.  
a) Theory      b) Research      c) Application      d) All of the above

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## Glossary

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<b>Psychology:</b>	It is the science that seeks to measure, explain, and sometimes change the behaviour of humans and other animals
<b>Sociology:</b>	It is the study the social system in which individuals fill their roles
<b>Social psychology:</b>	It is the study of how individual or group behavior is influenced by the presence and behavior of others.
<b>Anthropology:</b>	It is the study of what makes us human
<b>Political science:</b>	It is the study of politics and power from domestic, international, and comparative perspectives.



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**Answer to Check your Progress-1**

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a-True

b-True

c-False

d-True

e-True

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**Answer to Check your Progress-2**

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1. Anthropology
2. Reinforcing the importance of traditional methods of management
3. All of the above

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

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# Management By Objectives

### STRUCTURE

Overview

Objectives

4.1. Introduction

4.2. Main Characteristics of MBO

4.3. Process of MBO

4.4. Importance of MBO

4.5. Advantages and Disadvantages of MBO

4.6. MBO in Practice

4.7. Problems with MBO

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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Management By Objectives (MBO) refers to the process of setting specific objectives for your employees to work towards. This has become a key part of performance management in recent decades. Supporters of MBO say giving employees clear goals improves motivation. Others suggest it can skew employees' focus.

In this unit, the concept of MBO such as main characteristics, process, importance, advantages and disadvantages, MBO in practice and problems with MBO has been clearly explained.

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### Objectives

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After completion of this unit, you will be able to:

- Discuss the concept of MBO
  - Defines the objectives for both employees and Organization
  - Explains the goal setting and commitment among employees in aligning objectives
- 

### 4.1. Introduction

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Management By Objectives (MBO), also known as Management By Result (MBR) is a management concept introduced by Peter Drucker in

1954 in his book "Practice of Management". In general terms, it is also known as PRIDE i.e. Performance, Result, Individual, Development and Evolution.

Management By Objective (MBO) is a system for improving performance of both the individual employee and the enterprise as a whole by following the objectives set at the corporate, business and functional level. MBO involves setting goals for the employees and defining the organizational responsibilities so that there is always a balance between the objective of an employee and the objective of an organization.

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#### **4.2. Main Characteristics of MBO**

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- *MBO validates "Participative Management Approach."* It means employees from all levels participate together to fulfill the common organizational objective. Inputs and efforts from functional level employees to corporate level executives are equally considered.
- *MBO balances the objectives and the resources.* MBO approaches always try to optimize the use of available resources to attain the defined objective.
- *Management By Objective provides a dynamic work environment.* MBO is a participative approach. We have a defined objective for employees from all the levels hence they have all the freedom to attain the objective with the defined resources. The focus is more on attaining the objective efficiently than the hierarchy in the workplace.
- *MBO is Goal Oriented.* MBO aligns unit and individual goals with organizational goals. All the efforts by the staffs at all the levels eventually lead to the collective organizational goal.
- *MBO focuses on critical areas.* The emphasis in MBO is on critical areas that affect the company as a whole. MBO ensures enough attention is provided to that key area. That key area might be finance, marketing, advertisement etc.
- *MBO is performance motive.* MBO is always progressive. All the goals and objective set must direct towards betterment of the company i.e. there must be performance improvement.

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#### **4.3. Process of MBO**

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There is no certain standard procedure to apply for an MBO strategy in any organization. But there are some well accepted elements that

complete MBO strategies. Every organization might have a different approach to MBO. Some of such well accepted steps are presented as follow:

1. Define Organizational Goals
2. Define Employees Objectives
3. Continuous Monitoring Performance and Progress
4. Performance Evaluation
5. Providing Feedback
6. Performance Appraisal

---

#### **4.4. Importance of MBO**

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- The MBO approach helps in effective management and effective planning.
- It encourages commitment of organization towards the employees.
- It is important in clarifying the organizational goals and roles.
- Control facilitation occurs in an organization with the help of MBO.
- MBO encourages commitment of organization towards its employees.
- It facilitates guidance to subordinates.
- MBO helps in coordinating individual efforts with group efforts.
- It is important during the evaluation of subordinates' performance.
- MBO enhances job satisfaction in individual employees.

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#### **Check your Progress-1**

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##### **True/False**

- a. Every organization might have a different approach to MBO.
- b. MBO aligns unit and individual goals with organizational goals.
- c. PRIDE known as i.e. Performance, Research, Individual, Development and Evolution
- d. MBO enhances job satisfaction in individual employees.
- e. MBO also leads to increased communication between management and employees.

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#### **4.5. Advantages and Disadvantages of MBO**

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MBO comes with many advantages and disadvantages to a company's success. The benefits include employees taking pride in their work with goals that they know they can achieve. It also aligns employees with their strengths, skills, and educational experiences. MBO also leads to increased communication between management and employees. Assigning tailored goals brings a sense of importance to employees, bringing loyalty to the firm. And lastly, management can create goals that lead to the success of the company.

Though there are plenty of benefits to MBO, there are some drawbacks and limitations. As MBO is focused on goals and targets, it often ignores other parts of a company, such as the culture of conduct, a healthy work ethos, and areas for involvement and contribution. MBO puts increased strain on employees to meet the goals in a specified time frame. In addition, if management solely relies on MBO for all management responsibilities, it can be problematic for areas that don't fit under MBO.

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#### **4.6. MBO in Practice**

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Management by objectives outlines five steps that organizations should use to put the management technique into practice.

1. The first step is to either determine or revise organizational objectives for the entire company. This broad overview should be derived from the firm's mission and vision.
2. The second step is to translate the organizational objectives to employees. In 1981, George T. Doran used the acronym SMART (specific, measurable, acceptable, realistic, time-bound) to express the concept.
3. Step three is stimulating the participation of employees in setting individual objectives. After the organization's objectives are shared with employees, from the top to the bottom, employees should be encouraged to help set their own objectives to achieve these larger organizational objectives. This gives employees greater motivation since they have greater empowerment.
4. Step four involves monitoring the progress of employees. In step two, a key component of the objectives was that they are measurable for employees and managers to determine how well they are met.

5. The fifth step is to evaluate and reward employee progress. This step includes honest feedback on what was achieved and not achieved for each employee.

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#### **4.7. Problems with MBO**

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- It is really a time consuming process. It will not help if any organization is in need of a quick solution.
- MBO are very rigid in nature. It does not provide flexibility neither in planning nor in implementation. MBO starts with setting objectives and process work around these predefined objectives.
- The focus is on objectives and fulfilling those objectives, there is less or no incentives for any achievements made.
- MBO is difficult to set up in large organizations as there are other complex organizational formations.
- There are still some organizations which work on traditional and conservatives work patterns so it's very difficult for them to follow these MBOs.

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#### **Let us Sum Up**

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In this Unit, you have learned about the following:

- Goals should be set in key areas of each organization such as market position, innovation, productivity, resources, performance, etc.
- MBO is a very popular technique because it focuses on measurable objectives defined in a participatory manner in key areas that affect organizational performance.
- The MBO process consists of three steps: (i) jointly setting goals, gaining commitment and support from subordinates, (ii) developing specific action plans, and (iii) evaluating performance for continuous improvement the results.

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#### **Check your Progress-2**

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1. Management by Objective (MBO) is also known as \_\_\_\_\_.
2. Management by Objective (MBO) is a \_\_\_\_\_.  
(a) Sets of rules (b) Series of procedure  
(c) Way of thinking about management (d) All of the above
3. Objectives are the \_\_\_\_\_ of Management action
4. Management objectives when it is being considered must have \_\_\_\_\_.

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## **Glossary**

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**Management by Objectives:** The Systematic and organised approach that allows management to focus on achievable goals and to attain the best possible results from available resources.

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## **Answer to Check your Progress-1**

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a-True

b-True

c-False

d-True

e-True

---

## **Answer to Check your Progress-2**

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1. Management by results
  2. All of the above
  3. End points
  4. Multiple objectives
- 

## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

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## **Block 2 - Introduction**

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**Block-2: Individual Process in Organization** has been divided into four Units.

**Unit -5: Foundation for Individual Behavior – Learning** deals with Introduction, Behavior Analysis at Different Levels, Causes of Individual Behavior, Factors Influencing Individual Behavior, Concept of Learning, Nature of Learning, The Learning Pyramid, Characteristics of Learning, Principles of Learning, Theories involved in learning and Reinforcement.

**Unit-6: Attitude and Values** describes about the Introduction, Definition of Attitudes, Characteristics of Attitudes, Functions of Attitudes, Sources of Attitude, Components of Attitudes, Types of Attitudes, Measurement of Attitudes, Values, Importance of Values, Sources of Values and the Values of Values.

**Unit-7: Personality and Perception** explains about the Introduction and Definition of Personality, Determinants of Personality, Personality Traits, Components of Personality, Perception, Factors Influencing Perception, Shortcut for judging others, Perception and its application in Organization.

**Unit-8: Motivation** presents about the Introduction and Definition of motivation, Nature of Motivation, Significance of motivation, Motivational Sources, Motivational Theories, Contemporary Theories of motivation, Financial and Non-Financial Incentives.

In all the units of Block -2: **Individual Process in Organization**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.



## Unit-5

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# Foundations for Individual Behavior- Learning

### STRUCTURE

Overview

Objectives

5.1. Introduction

5.2. Behavior Analysis at Different Levels

5.3. Causes of Individual Behavior

5.4. Factors Influencing Individual Behavior

5.5. Concept of Learning

5.6. Nature of Learning

5.7. The Learning Pyramid

5.8. Characteristics of Learning

5.9. Principles of Learning

5.10. Theories involved in learning

5.11. Reinforcement

Let Us Sum Up

Check Your Progress

Glossaries

Answers to Check Your Progress

Suggested Readings

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### Overview

In this Unit Organizational behavior, at this level of analysis massively draws upon psychology, engineering, and medicine. At the individual level of analysis, organizational behavior includes the study of learning, perception, creativity, motivation, and personality.

In this Unit, the concept of foundation of individual Behaviour- learning has been clearly explained.

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### Objectives

After completion of this unit you will be to:

- Discuss the process of learning
- Identify components and determinants of learning
- Explain theories of learning

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## **5.1. Introduction**

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Organizational behavior is the study of both group and individual performance and action within an enterprise. This field of study scans human behavior in the working atmosphere.

It determines its effect on job structure, performance, communication, motivation, leadership, decision making abilities etc. The way an individual behaves and behavior as a group have two perspectives – internal and external.

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## **5.2. Behavior Analysis at Different Levels**

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Behavior as an individual or in a group is always analyzed by everyone in the organization. It is analyzed at three different levels –

- Individual level of analysis
- Group level of analysis
- Organizational level of analysis

Organizational behavior, at this level of analysis massively draws upon psychology, engineering, and medicine. At the individual level of analysis, organizational behavior includes the study of learning, perception, creativity, motivation, and personality.

In addition, it also includes the study of turnover, task performance and evaluation, coordinated behavior, deviant work behavior, ethics, and cognition.

For example – Ram joins a company as an intern and is very open to learning new things but as time passes and he gets promoted his attitude towards his interns becomes rude. This is a fine example of individual level of analysis.

Individual behavior can be defined as a mix of responses to external and internal stimuli. It is the way a person reacts in different situations and the way someone expresses different emotions like anger, happiness, love, etc.

To get a brief idea about the individual behavior let us learn about the individual behavior framework and other key elements related to it.

### *Individual Behavior Framework*

On the basis of these elements, psychologist Kurt Lewin stated the Field theory and outlined the behavior framework. This psychological theory studies the patterns of interaction between an individual and the environment.

The theory is expressed using the formula

$$\mathbf{B = F (P, E)}$$

where, B – Behavior, F - Behavior Function, P – Person, and E - Environment around the person.

For example, a well-played person who loses his job in recession may behave differently when unemployed.

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### **5.3. Causes of Individual Behavior**

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Certain individual characteristics are responsible for the way a person behaves in daily life situations as well as reacts to any emergency situations. These characteristics are categorized as –

- Inherited characteristics
- Learned characteristics

#### *Inherited Characteristics*

The features individuals acquire from their parents or from our forefathers are the inherited characteristics. In other words, the gifted features an individual possesses by birth is considered as inherited characteristics.

Following features are considered as inherited characteristics –

- Color of a person's eye
- Religion/Race of a person
- Shape of the nose
- Shape of earlobes

#### *Learned Characteristics*

Nobody learns everything by birth. First our school is our home, then our society followed by our educational institutions. The characteristics an individual acquires by observing, practicing and learning from others and the surroundings is known as learned characteristics.

It consists of the following features –

- **Perception** – Result of different senses like feeling, hearing etc.
- **Values** – Influences perception of a situation, decision making process.
- **Personality** – Patterns of thinking, feeling, understanding and behaving.
- **Attitude** – Positive or negative attitude like expressing one's thought.

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## Check your Progress-1

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### True/False

- a. Shape of the nose is not considered as inherited characteristics.
- b. Organizational behavior is the study of both group and individual performance and action within an enterprise.
- c. Behavior as an individual or in a group is always analyzed by everyone in the organization.
- d. Nobody learns everything by birth.
- e. The way an individual addresses a situation single-handedly or say in a group is influenced by many factors.

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## 5.4. Factors Influencing Individual Behavior

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The way an individual addresses a situation single-handedly or say in a group is influenced by many factors. The key factors influencing an individual's attitude in personal as well as social life are –

- a) Abilities
- b) Gender
- c) Race and culture
- d) Perception
- e) Attribution
- f) Attitude

### **a) Abilities**

Abilities are the traits a person learns from the environment around as well as the traits a person is gifted with by birth. These traits are broadly classified as

- Intellectual abilities
- Physical abilities
- Self-awareness abilities

In order to understand how these affect a person's behavior, we need to know what these abilities are.

- *Intellectual abilities* – It personifies a person's intelligence, verbal and analytical reasoning abilities, memory as well as verbal comprehension.
- *Physical abilities* – It personifies a person's physical strength, stamina, body coordination as well as motor skills.

- *Self-awareness abilities* – It symbolizes how a person feels about the task, while a manager's perception of his abilities decides the kind of work that needs to be allotted to an individual.

Thus the psychological, physical, self-assurance traits owned by a person defines the behavior of a person in social and personal life. For ex: Ram has a high IQ level, whereas Rahul can lift a bike and is a strong guy.

### **b) Gender**

Research proves that men and women both stand equal in terms of job performance and mental abilities; however, society still emphasizes differences between the two genders. Absenteeism is one area in an organization where differences are found as women are considered to be the primary caregiver for children. A factor that might influence work allocation and evaluation in an organization is the manager's perception and personal values.

For example – An organization encourages both genders to work efficiently towards the company's goal and no special promotion or demotion is given or tolerated for any specific gender.

### **c) Race & Culture**

Race is a group of people sharing similar physical features. It is used to define types of persons according to perceived traits. For example – Indian, African. On the other hand, culture can be defined as the traits, ideas, customs and traditions one follows either as a person or in a group. For example – Celebrating a festival.

Race & culture have always exerted an important influence both at the workplace as well as in the society. The common mistakes such as attributing behavior and stereotyping according to individual's race & culture basically influences an individual's behavior.

In today's diverse work culture, the management as well as staff should learn and accept different cultures, values, and common protocols to create more comfortable corporate culture.

For example – A company invites candidates for a job post and hires one on the basis of eligibility criteria and not on the basis of the country a person belongs to or the customs one follows.

### **d) Perception**

Perception is an intellectual process of transforming sensory stimuli into meaningful information. It is the process of interpreting something that

we see or hear in our mind and use it later to judge and give a verdict on a situation, person, group, etc.

It can be divided into six types namely –

- Of sound – the ability to receive sound by identifying vibrations.
- Of speech – the competence of interpreting and understanding the sounds of language heard.
- Touch – Identifying objects through patterns of its surface by touching it.
- Taste – the ability to detect flavor of substances by tasting it through sensory organs known as taste buds.
- Other senses – other senses include balance, acceleration, pain, time, sensation felt in throat and lungs etc.
- Of the social world – It permits people to understand other individuals and groups of their social world.

#### **e) Attribution**

Attribution is the course of observing behavior followed by determining its cause based on individual's personality or situation.

Attribution framework uses the following three criteria –

- Consensus – the extent to which people in the same situation might react similarly.
- Distinctiveness – the extent to which a person's behavior can be associated to situations or personality.
- Consistency – the frequency measurement of the observed behavior, that is, how often does this behavior occur.

The framework mentioned says it is all about how an individual behaves in different situations.

For example – Rohit invites Anisha and two more friends for a movie and they agree to bunk and watch the movie, this is consensus. Bunking of class says that they are not interested in their lectures, this is distinctiveness. A little change in the situation, like if Rohit frequently starts bunking the class then his friends may or may not support him. The frequency of their support and their rejection decides consistency.

#### **f) Attitude**

Attitude is the abstract learnt reaction or say response of a person's entire cognitive process over a time span.

For example – A person who has worked with different companies might develop an attitude of indifference towards organizational citizenship.

Now we have a clear idea about what are the factors responsible for the way we behave. We never think about these elements and how they affect our daily life but we can't ignore the fact that they are responsible for the way we walk, talk, eat, socialize, etc.

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## **5.5. Concept of learning**

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Learning occurs when any relatively permanent change in behaviour that occurs as a result of experience. We can say that, changes in behaviour indicate that learning has taken place and that learning is a change in behaviour.

Learning is acquiring new or modifying existing knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information. The ability to learn is possessed by humans, animals and some machines. Progress over time tends to follow learning curves.

"Learning is any relatively permanent change in behavior that occurs as a result of experience. "

- **Stephen P. Robbins**

"Learning is the process of having one's behaviour modified, more or less permanently, by what he does and the consequences of his action, or by what he observes".

- **Munn N.L.**

"Learning can be defined as relatively permanent change in behaviour potentially that results from reinforced practice or experience".

-**Steers and Porter**

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## **5.6. Nature of Learning**

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- Learning is Growth Characteristics of the Perceiver
- Need and motives
- Self concept
- Beliefs
- Past experience
- Current psychological state
- Expectations Characteristics of Situation
- Learning is Adjustment

- Learning is Organizing Experience
- Learning involves Acquiring of Knowledge and Skills
- Learning involves Change
- Learning is Transferable

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## **5.7. The Learning Pyramid**

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Studies show that varying your study methods and materials will improve your retention and recall of information, and enhance your learning experience. The "learning pyramid", sometimes referred to as the "cone of learning", developed by the National Training Laboratory, suggests that most students only remember about 10% of what they read from textbooks, but retain nearly 90% of what they learn through teaching others. The Learning Pyramid model suggests that some methods of study are more effective than others and that varying study methods will lead to deeper learning and longer-term retention.

### **i) Lecture**

The Learning Pyramid suggests that "Lecture" is one of the most ineffective methods for learning and retaining information. Lecture is a passive form of learning where you simply sit back and listen to information being spoon fed to you by your teacher or professor. Attempting to acquire information and gain understanding only through lectures is not the most effective way of learning. However, auditory learners tend to find lectures more stimulating and educational than students who have non-auditory learning styles. Lectures are most effective when students arrive to class prepared, actively participate in class discussion, and take good notes.

### **ii) Reading**

While more effective than Lecture, Reading is still one of the less effective methods for acquiring and retaining information, according to the Learning Pyramid. However, if you are a visual learner, reading textbooks will likely be a more effective learning method for you than for students with non-visual learning styles. Notwithstanding, reading textbooks is a necessary (and required) method of study in most academic settings.

### **iii) Audio-visual**

The Learning Pyramid suggests that Audio-visual learning methods only lead to a 20% retention of information learned. The audio-visual learning method may incorporate various audio-visual learning/teaching tools including videos, sound, pictures, and graphs. However, as media and



computer technology continues to evolve, new forms of audio-visual instruction are leading to more effective learning and retention of material. The effectiveness of audio-visual learning and study methods are enhanced when combined with other, more active forms of study.

#### **iv) *Demonstration***

Demonstration usually involves the teacher or professor providing students a learning task that they can observe. Within the structure of the Learning Pyramid, Demonstration is the first of the seven study methods that involves active learning. Demonstration tends to offer students less ambiguity than passive study methods and leads to fewer misconceptions and greater understanding. Demonstration can be an effective study method, especially when information is ambiguous or confusing.

#### **v) *Discussion***

Discussion, or "Group Discussion", is a form of Cooperative Learning. It is also an active study method that can lead to greater retention of information and material studied, and higher academic achievement. Unlike competitive and individualistic approaches to learning and studying, Discussion is a cooperative learning method that relies on students interacting and studying material with other students and instructors. Discussion Groups are intended to stimulate student thinking, and increase participation and engagement. Discussion can occur within a classroom setting or by forming a study group.

#### **vi) *Practice (by) doing***

Practice by doing, a form of "Discover Learning", is one of the most effective methods of learning and study. This method of study encourages students to take what they learn and put it into practice – whereby promoting deeper understanding and moving information from short-term to long-term memory. Practice by doing makes material more personal, and thus more meaningful to students. Practice by doing also leads to more in-depth understanding of material, greater retention and better recall.

#### **vii) *Teach others***

The key to subject mastery is teaching it to others. If you're able to accurately and correctly teach a subject to others, you'll have a very good mastery of the concepts, and superior retention and recall. According to the Learning Pyramid model, students are able to retain about 90% of what they're able to teach to others. The most common

form of teaching others is Peer Tutoring. However, the best place to teach others is in a study group. One of the main activities that should occur in an effective study group is peer to peer teaching, where each group member takes the opportunity to teach the other group members the course material being studied.

The effectiveness of any learning method, as presented in the Learning Pyramid, will also be influenced by your own unique learning style. Some students retain and recall information best through visual learning, while others are aural (auditory) learners.

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## **5.8. Characteristics of learning**

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Learning has the following characteristics.

- Learning involves change: - As indicated earlier, people acquire new information which is processed in their condition. This process produces new knowledge. This knowledge brings changes in their existing pattern of behavior.
- Change must be relatively permanent: - When the information acquired is converted into knowledge and wisdom, people change their behavior more or less permanently.
- Behavioral issues: - The change in the knowledge and wisdom should produce different attitudes and values. These new attitudes and values should change the behavior. Then only it is called learning. In other words, the new attitudes and values not accompanied by change in behavior are not called learning.
- Experience- based: - learning is based on experience. Experience may be direct or indirect, personal or through observation or through reading

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## **5.9. Principles of learning**

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Individual learning in organizations has to be shaped and managed based on behavioral requirements in an organization as. Individual learning is managed with the help of reinforcement and punishment.

1. Law of effect
2. Reinforcement
3. Positive and negative reinforces
4. Punishment

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## 5.10. Theories involved in Learning

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Like other learning theories, the most fundamental goal of learning theory is to better explain how learning occurs. Psychologists and behavioral scientists have worked hard to develop learning theories.

Four theories have been proposed to explain how we acquire patterns of behavior:

1. Classical conditioning;
  2. Operant conditioning;
  3. Cognitive learning theory and
  4. Social learning theory.
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### Let us Sum Up

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In this unit, you have learned about the followings:

- Learning is a term frequently used by a great number of people in a wide variety of contexts.
  - Learning can be defined as a relatively permanent change in behaviour or potential behaviour as a result of direct or indirect experience.
  - Reinforcement has played a central role in learning.
  - Social Learning Individuals can also learn by observing what happens to other people and just by being told about something, as well as by direct experiences.
  - Behavior modification is also called as operate conditioning and positive reinforcement.
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### Check your Progress-2

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1. The techniques like questionnaires, interviews, etc., are used in which of these stages are related to change management is\_\_\_\_\_.
  2. Which of these types of persons would have an ideology and a cause to fight and achieve their set goal is\_\_\_\_\_.
  3. The science of studying human behaviour is\_\_\_\_\_.
- 

### Glossary

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**Learning:** Learning is any relatively permanent change in behaviour that occurs as a result of experience.

**Reinforcement:** The attempt to develop or strengthen desirable behaviour by either bestowing positive

consequences or withholding negative consequences.

Classical conditioning is modifying behaviour so that a conditioned stimulus is paired with an unconditioned stimulus and elicits an unconditioned behaviour

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### **Answer to Check your Progress-1**

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a-False

b-True

c-True

d-True

e-True

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### **Answer to Check your Progress-2**

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1. Diagnosis

2. Self-actualised

3. Psychology

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### **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

## Unit-6

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### Attitudes and Values

#### STRUCTURE

Overview

Objectives

6.1. Introduction

6.2. Definition of Attitudes

6.3. Characteristics of Attitudes

6.4. Functions of Attitudes

6.5. Sources of Attitude

6.6. Components of Attitudes

6.7. Types of Attitudes

6.8. Measurement of Attitudes

6.9. Values

6.10. Importance of Values

6.11. Sources of Values

6.12. Values of Values

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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#### Overview

Attitudes are specific judgments toward an object, while values are abstract and trans-situational; attitudes can be positive and negative, while values are mainly positive; and attitudes are less relevant for one's self-concept than values. In this unit, the concept of attitudes and values has been clearly explained.

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#### Objectives

After completion of this unit, you will be able to:

- Understand the Meaning and Types of Values;
- Familiarize with the Changing Value System at Work Place;
- Know the Attitudes and the Formation of Attitudes; and
- Appreciate the Implications of Attitudes in Organizations.

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## **6.1. Introduction**

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Attitude is defined as a more or less stable set of predisposition of opinion, interest or purpose involving expectancy of a certain kind of experience and readiness with an appropriate response. Attitudes are also known as “frames of reference”. They provide the background against which facts and events are viewed. It becomes necessary to know the attitudes of members of an organisation because they have to perceive specific aspects like pay, hours of work, promotion etc., of their job life in the wider context of their generalized attitudes.

An attitude is also a cognitive element; it always remains inside a person. Everyone’s psychological world is limited and thus everyone has a limited number of attitudes. In business organisations, employees have attitudes relating to world environment, job security, etc. The individual’s attitudes towards these factors are indicative of his apathy or enthusiasm towards the activities and objectives of the organisation.

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## **6.2. Definition of Attitudes**

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An attitude is “mental state of readiness, learned and organized through experience, exerting a specific influence on person’s response to people, object and situations with which it is related”.

Attitudes are “learned dispositions towards aspects of our environment. They may be positively or negatively directed towards certain people, service or institutions”

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## **6.3. Characteristics of Attitudes**

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Attitudes have following characteristics:

4. An attitude is the predisposition of the individual to evaluate some objects in a favourable or an unfavourable manner.
5. The most pervasive phenomenon is “attitude”. People at work place have attitudes about lots of topics that are related to them. These attitudes are firmly embedded in a complex psychological structure of beliefs.
6. Attitudes are different from values. Values are the ideals, whereas attitudes are narrow, they are our feelings, thoughts and behavioural tendencies toward a specific object or situation.
7. Attitude is a predisposition to respond to a certain set of facts.
8. Attitudes are evaluative statements – either favourable or unfavourable concerning the objects, people or events.

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## 6.4. Functions of Attitudes

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Functions of Attitude Attitudes are known to serve at least four important functions in an organisation setting:

1. **Attitudes determine meaning:** Much of what is seen in the environment and in other people's behaviour is determined by attitudes. If one has an overall favourable attitude towards a person, one tends to judge his activities as "good" or "superior". On the other hand, negative attitudes or prejudices generally prompt disagreement with the individual concerned or failure to appreciate the good work done by him.
2. **Attitudes reconcile contradictions:** It is not uncommon to come across people who hold contradictory opinions. With the proper attitude as a background, intelligent people can reconcile or rationalise the same actions, which to others are obvious contradictions. For example, when a worker takes a little rest, a superior considers it "idling".
3. **Attitudes organise facts:** As already seen, objective events can be differently perceived by different people because of different attitudes. Meanings can be concocted and falsely communicated to others by changing the attitudes of the recipients towards wider social issues.
4. **Attitudes select facts:** From the plethora of environmental facts and stimuli, one tends to select those which are in consonance with one's cherished beliefs and attitudes. Attitudes, thus, act as a screen or filter.

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## 6.5. Sources of Attitudes

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The sources of a person's attitude are a mixture of

- a) Personal experiences
- b) Association
- c) Family
- d) Peer groups and society
- e) Models and
- f) Institutional factors.

**(a) Personal Experiences:** People form attitudes by coming in direct contact with an object. By the time a person goes for work in a specified organisation, he holds many attitudes towards the type of

job of that is acceptable to him, the expected pay, working conditions and supervision.

- (b) Association:** People are highly influenced by the major groups or associations to which they belong, geographic region, religion, educational background, race, sex, age and income-class-all strongly influence attitudes. The nearer the group the stronger is the group influence on the attitudes of the individual.
- (c) Family:** Family is the primary group that an individual belongs to. Family exerts high influence on the initial core of attitudes held by an individual. Individuals develop certain attitudes from family members- parents, brother, sister, etc. The family characteristics influence the individual's early attitude patterns.
- (d) Peer Groups:** As people approach their adulthood, they increasingly rely on their peer groups for approval / attitude. How others judge an individual largely determine his self-image and approval-seeking behaviour.
- (e) Models:** Some of the attitudes are developed through imitation of models. The process is something like this; in a particular situation, we see how another person behaves. We correctly or incorrectly interpret his behaviour as representing certain attitudes and beliefs.
- (f) Institutional Factors:** Many institutional factors function as sources and support our attitudes and beliefs. For example, consider the description of a certain temple Aarati. When the people come into this temple, they bow to pray, sit with heads bowed. Their clothes are clean and freshly washed. When the Pujari signals and is with Aarati all start singing Bhajan and clap. The entire process is devoted to a ritual. From this we can get an idea as to the general character of the religious attitudes and beliefs.

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### Check your Progress-1

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#### True/False

- a) Attitudes, thus, act as a screen or filter.
- b) Family is the primary group that an individual belongs to.
- c) Attitudes are also known as "frames of reference".
- d) Many institutional factors function as sources and support our attitudes and beliefs.
- e) A person who believes hard work earns promotions may feel anger or frustration when he or she works hard but is promoted.



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## 6.6. Components of Attitudes

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The three components of attitudes are:

1. Cognitive component
2. Affective component and
3. Behavioural component.

**1. Cognitive Component:** This component includes the beliefs an individual has about a certain person, object, or situation. The belief that "discrimination is wrong" is a value statement. Such an opinion is the cognitive component of an attitude. Learned beliefs, such as "you need to work long hours to get ahead in this job", lead to attitudes that have an impact on behaviour in the workplace. The cognition component of an attitude reflects a person's perceptions or beliefs. Cognitive elements are evaluative beliefs and are measured by attitude scales or by asking about thoughts. The statement "I believe Japanese workers are industrious," reflects the cognitive component of an attitude. The cognitive component sets the stage for the more critical part of attitude—its affective component.

**2. Affective Component:** This component refers to the person's feelings that result from his or her beliefs about a person, object or situation. A person who believes hard work earns promotions may feel anger or frustration when he or she works hard but is not promoted. The affective component becomes stronger as an individual has more frequent and direct experience with a focal object, person or situation. 'Affect' is the emotional component of an attitude. It refers to an individual's feeling about something or someone. Statements such as "I like this" or "I prefer that" reflect the affective component of an attitude. Affect is measured by physiological indicators such as galvanic skin response (changes in electrical resistance of skin which indicate emotional arousal) and blood pressure. These indicators show changes in emotions by measuring physiological arousal. If an individual is trying to hide his or her feelings, this might be shown by a change in arousal.

**3. Behavioural Component:** This component refers to the individual's behaviour that occurs as a result of his or her feeling about the focal person, object or situation. An individual may complain, request a transfer, or be less productive because he or she feels dissatisfied with work. The behavioural component of an attitude refers to an intention to behave in a certain way toward someone or something. The behavioural component is the intention to behave in a certain

way towards an object or person. For example, our attitudes towards women in management may be inferred from an observation of the way we behave toward a female supervisor. We may be supportive, passive or hostile depending on our attitude. The behavioural component of an attitude is measured by observing behaviour or by asking a person about behaviour or intentions.

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### **6.7. Types of Attitudes:**

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Attitudes are acquired from parents, teachers, and peer group members. We model our attitudes after those we admire, respect or fear. We observe the way family and friends behave, and we shape our attitudes and behaviour to align with theirs. People also imitate the attitudes of popular individuals and those they admire and respect. Attitudes are an integral part of the world of work. It is important for managers to understand the antecedents to attitudes as well as their consequences. Managers also need to understand the different components of attitudes, how attitudes are formed, and the major attitudes that affect work behaviour and how to use persuasion to change attitudes.

A person can have thousands of attitudes, but most of the research in OB has been concerned with three attitudes: Job satisfaction, Job involvement, and Organisational commitment.

- 1. Job Satisfaction:** Satisfaction results when a job fulfils or facilitates the attainment of individual values and standards, and dissatisfaction occurs when the job is seen as blocking such attainment. This attitude has received extensive attention by researchers and practitioners because it was at one time believed to be the cause of improved job performance. The term "job satisfaction" refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job; a person who is dissatisfied with his or her job holds negative attitudes about the job. Now, because of managers' concern for creating both a humane and high performance workplace, researchers continue to search for definite answers about the causes and consequences of job satisfaction.
- 2. Job Involvement:** Job involvement is the degree to which a person identifies with his or her job, actively participates in it and considers his or her performance important to self-worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. High levels of job involvement have

been found to be related to fewer absences and lower resignation rates.

3. **Organisational Commitment:** Organisational commitment is the degree to which an employee identifies with a particular organisation and its goals, and wishes to maintain membership in the organisation. High organisational commitment means identifying with one's employing organisation.

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## 6.8. Measurement of Attitudes

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Though attitude is a hypothetical construct, it also subject to measurement.

The most common and frequently used measures of attitudes are the questionnaires which ask the respondents to evaluate and rate their attitude towards a particular object directly, and to respond favourably or unfavourably about his belief regarding the object. Generally, bipolar scales are used to assess the attitudes of individual employees in an organisation. Different types of scales are in use with respect to measurement of attitudes viz., Thurstone's scale, Likert's scale , Bogardus's social distance scale etc.

- a) **Thurstone's scale:** The statements, both favourable and unfavourable, relating to the area in which attitude were to be measured are placed into eleven piles; one representing the most favourable one and one representing the unfavourable. Individuals will then be asked to check those statements with which they agreed. The average of the scale values of the items, which they accepted, will give an indication of the placement of a person along the attitude continuum.
- b) **Likert's scale:** Another scale that is relatively easy when compared to the earlier one is the one that is developed by Rensis Likert. Likert's scale consists of five boxes ranging from 'strongly agree' to 'strongly disagree' Under each statement of attitude the respondent will be given a chance to check one of the five boxes and finally all the ratings are summed up. The Likert's scale is also known summed-rating measure, because several statements are collected in an attitude area such as one's attitude about a job, and the scales are added up or summed to obtain a person's attitude towards his job, The summed-rating scale provides a means of measuring the intensity of one's attitude towards a particular object / event in addition to the direction.

- c) **Bogardus's social distance scale:** Perhaps the simple scale of measuring attitudes is the social distance scale developed by Bogardus in 1925. The scale is composed of a large number of statements regarding national, racial or ethnic groups.
- d) **Guttman's scale:** Guttman in 1950 developed a cumulative scaling technique to measure attitudes. In the scale of one's attitude toward work, an employee might be presented with six statements displaying successively higher degrees of dissatisfaction. It is assumed that the employee will reach some point beyond which he can no longer agree. The main threshold is considered to be the degree of satisfaction.

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## 6.9. Values

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Another source of individual differences is values. Values exist at a deeper level than attitudes and are more general and basic in nature. We use them to evaluate our own behaviour and that of others. Value is an enduring belief that a specific mode of conduct or end state of existence is personally and socially preferable to the alternative modes of conduct or end states of existence. Once it is internalized, it becomes consciously or unconsciously, a standard or criterion for guiding action, for developing and maintaining attitudes toward relevant objects and situation, for justifying one's own and others' actions and attitudes for morally judging oneself and others, and for comparing oneself with others. Value, therefore, is a standard or yardstick to guide actions, attitudes, evaluations and justifications of the self and others.

Ronald D White and David A Bednar have defined value as a "concept of the desirable, an internalized criterion or standard of evaluation a person possesses. Such concepts and standards are relatively few and determine or guide an individual's evaluations of the many objects encountered in everyday life".

Values are tinged with moral flavour, involving an individual's judgement of what is right, good or desirable. Thus values:

1. Provide standards of competence and morality
2. Are fewer in number than attitudes.
3. Transcend specific objects, situations or persons.
4. Are relatively permanent and resistant to change, and
5. Are more central to the core of a person.

Individuals learn values as they grow and mature. They may change over the life span of an individual develops a sense of self. Cultures, societies, and organisations shape values.

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### **6.10. Importance of Values**

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Values are important because they lay the foundation for the understanding of attitudes and motivation and because they influence our perceptions. Individuals enter an organisation with preconceived notions of what "ought" and what "ought not" to be. For example, if Jeevan enters IG Ferns and Curtains with a view that salary on piece-rate system is right and on time-rate basis is wrong, he is likely to be disappointed if the company allocates salary on time-rate basis. His disappointment is likely to breed job dissatisfaction. This will, in turn, adversely affect his performance, his attitude and in turn, his behaviour towards the work environment, which would have been different had his values turned out to be aligned with the company's reward/ pay policy.

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### **6.11. Sources of Values**

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Values are learnt right from the childhood. They are taught by mother when she guides the child in several ways like "you go to bed early", "you should wear clean clothes", "you should achieve first rank" and things like that. Early ideas of what is right and wrong were probably formulated from the views expressed by the parents. As one grows, there is a likelihood of getting exposed to other value systems and be induced by them. We derive the values from the people we love or respect like our parents, teachers, friends, and other famous celebrities in movies, sports, business, and politics. Out of our admiration for them, we are likely to emulate them by imbibing their values also.

You may remember that in our culture itself, certain values have been developed over time and they are continuously reinforced. Peace, cooperation, harmony, equity, and democracy are the desirable societal values nurtured in our culture.

It is interesting to know that values are relatively stable and enduring. This is because of the way in which they are originally learned. In childhood, you are told that a certain behavior is always desirable or always undesirable. You are told, for example, that you should be honest and truthful. It is this absolute learning of values which ensures their stability and endurance. You may also note that values of an individual do change, but change very slowly. The process of questioning our values may lead to change in the existing values system.

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## 6.12. Types of Values

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Values are learned and acquired primarily through experiences with people and institutions. Parents, for example, will have substantial influence on their children's values. A parent's reaction to everyday events demonstrates what is good and bad, acceptable and unacceptable and important and unimportant. Values are also taught and reinforced in schools, religious organisations, and social groups. As we grow and develop, each source of influence contributes to our definition of what is important in life. Cultural mores have influence on the formation of values. Basic convictions of what is good or bad are derived from one's own culture.

Allport and his associates categorized values into six types.

1. Theoretical: Interested in the discovery of truth through reasoning and systematic thinking.
2. Economic: Interest in usefulness and practicality, including the accumulation of wealth.
3. Aesthetic: Interest in beauty, form and artistic harmony.
4. Social: Interest in people and love as a human relationship.
5. Political: Interest in gaining power and influencing people.
6. Religious: Interest in unity and understanding the cosmos as a whole

### ***Instrumental and Terminal Values***

Rokeach distinguishes between two types of values: Instrumental and Terminal.

1. ***Instrumental Value:*** Instrumental values reflect the means to achieving goals; that is, they represent the acceptable behaviour to be used in achieving some end state. Instrumental values identified by Rokeach include ambition, honesty, self-sufficiency and courageousness.

Instrumental value refers to a single belief that always takes the form: I believe that such and such a mode of conduct (example honesty, courage, etc.) is personally and socially preferable in all situations with respect to all objects. An instrumental value is a tool or means for acquiring a terminal value.

2. ***Terminal Value:*** Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified

happiness, love, pleasure, self-respect, and freedom among the terminal values.

Terminal value takes a comparable form: I believe that such and such an end state of existence (example, salvation, or world at peace, etc.) is personally and socially worth striving for. A terminal value is an ultimate goal in a desired status or outcome.

### ***Values at Workplace***

The values at work place may be defined as the perception of what is preferable from among the alternative modes of conduct or end states with respect to one's work. Work values are expected to be an integral part a nation's cultural system and hence we notice differences between the work values of American organizations and Japanese organizations. They represent the values internalized by members of the society through the process of socialization. In global organizations, now-a-days, it is becoming difficult to achieve congruence between the diverse values of employees and those of the organization.

While defining managerial values, Indian executives mentioned work ethics, commitment, self-motivation, integrity, hard work, character etc. It is reported in a study that the most important goals of an ethical Indian manager are customer satisfaction, achievement of organizational goals within scheduled time, employee motivation and career progress.

According to Upadhyay, Indian managers are status and power oriented and considers decision making as their prerogative and consultation as a means of eroding their authority. They tend to take credit for work done by them rather than share it with individual members of the team. It may be noted that while values are stable and enduring, they are not rigid. Therefore, new generations of employees may bring into the organizations new set of values.

In some of the studies age has been found to be a major factor in differentiating employee values. Young employees give importance to more autonomy at work place, instant gratification, quick growth, individualism, and openness compared to older employees.

As a result, young employees bring a different set of values to the work place. Hence, management should understand those new values and accordingly deal with them for good performance. Managers have to study values because they are the foundations for understanding a person's attitudes, perceptions, motivation and behaviour in the organization.

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## Let us Sum Up

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In this unit, you have learned about the following:

- Attitudes and values of an individual determine where he/she wants to go in life in general and career in particular.
- It is these two things again that determine how much job satisfaction one can derive.
- Values are learned and acquired primarily through experiences with people and institutions

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## Check your Progress-2

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1. Attitude is defined as “a learned predisposition to respond in a consistently \_\_\_\_\_ with respect to a given object.”
2. Attitudes affect \_\_\_\_\_ at a different level.
3. Stephen Robbins defined Job related attitudes in \_\_\_\_\_ ways

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## 6.14. Glossary

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<b>Attitude:</b>	A complex mental state involving beliefs and feelings and values and dispositions to act in certain ways.
<b>Job Involvement:</b>	The degree to which a person identifies with his or her job.
<b>Job Satisfaction:</b>	Sense of inner fulfillment and pride achieved when performing a particular job.
<b>Reinforcement:</b>	The attempt to develop or strengthen desirable behaviour by either bestowing positive consequences or withholding negative consequences.
<b>Values:</b>	Beliefs of a person or social group in which they have an emotional investment.

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## Answer to Check your Progress-1

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- a-True
- b-True
- c-True
- d-True
- e-False



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**Answer to Check your Progress-2**

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1. Favourable or unfavourable manner
2. Behaviour
3. Three

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.

## Unit-7

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# Personality and Perception

### STRUCTURE

Overview

Objectives

7.1. Introduction

7.2. Definition of Personality

7.3. Determinants of Personality

7.4. Personality Traits

7.5. Components of Personality

7.6. Perception

7.7. Factors Influencing Perception

7.8. Shortcut for Judging others

7.9. Perception and its application in Organization

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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Perception and personality affect how people relate to each other and their work. Managers will learn how selective attention, stereotypes, and other attitudinal distortions are formed and may contribute to group dynamics, interpersonal conflict and inequity in the workplace. Understanding the fundamentals of social identity theory, perception and personality can assist managers in managing and maximizing diversity, coaching employees and teams, and reducing stress in the workplace.

The concept of Perception and personality concept has been clearly explained in this unit.

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### Objectives

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After completion of this unit, you will be to:

- Grasp the Meaning of Personality;
- Understand the Factors Contributing for Personality Development;
- Gain the Knowledge of Various Personality Theories;

- Find out the Impact of Personality Differences on Behavior; and
- Explain the nature of perception and its application in work place.

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## **7.1. Introduction**

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When we talk of personality, we don't mean a person who has charm, a positive attitude toward life, a smiling face, or who has won the "miss world" contest. When psychologists talk of personality, they mean a dynamic concept describing the growth and development of a person's whole psychological system. The word 'personality' has interesting etymological origins. It can be traced to the Latin words "per sonare" which translates as "to speak through". The Latin term was used to denote the masks worn by actors in ancient Greece and Rome. This Latin meaning is particularly relevant to the contemporary analysis of personality. Personality traditionally refers to how people influence others through their external appearances and actions.

But for psychologists, personality includes:

1. External appearances and behaviour
2. The inner awareness of self as a permanent organising force, and
3. The particular organisation of measurable traits, both inner and outer.

Personality is an individual difference that lends consistency to a person's behaviour. Personality is defined as a relatively stable set of characteristics that influence an individual's behaviour. For our purposes, you should think of personality as the sum total of ways in which an individual reacts and interacts with others. This is most often described in terms of measurable personality traits that a person exhibits

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## **7.2. Definition of Personality**

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Through psychologists and social scientists unanimously agree to the importance of personality, they are unable to come up with a unanimous definition. Many authorities on the subject have defined personality in different ways. Some of the definitions are reproduced below:

Probably the most meaningful approach would be to include both the person and the role as Floyd L Ruch does in his definition. He states that: "the human personality includes:

1. External appearance and behaviour or social stimulus value.
2. Inner awareness of self as a permanent organising force.

3. The particular pattern or organisation of measurable traits, both "inner and "outer"."

James D Thompson and Donald Van Houten define personality as – "a very diverse and complex psychological concept. The word 'personality' may mean something like outgoing, invigorating interpersonal abilities ... but we must also recognize and explain the fact that development results in man acquiring a distinctiveness or uniqueness which gives him identity which enables him and us to recognize him as apart from others. These distinguishing characteristics are summarized by the term 'personality'".

From the above definitions we can say that personality is a very diverse and complex psychological concept. It is concerned with external appearance and behaviour, self, measurable traits, and situational interactions. The words of Clyde Kleeckholn and H.A. Murray can be used to sum up the meaning of this complex term personality, when they said, "to some extent, a person's personality is like all other people's, like some other people's, like no other people's."

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### 7.3. Determinants of Personality

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1. **Heredity:** It refers to those factors that were determined at conception. Individual's personality is the molecular structure of the genes located in the chromosomes. Physical structure, facial attractiveness, muscle composition are all generally imported from one of the parents.
2. **Environment:** It is a broad term which includes culture in which we are raised, cultural norms, the early conditioning, social groups etc.,
3. **Family:** Family has a considerable influence on the personality development. In the early days of childhood parents play an important role in the identification process of an individual.
4. **Socialisation process:** It is a process y which an individual acquires behavioural potentials initially from the family and later the social group and the employing organization.

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### 7.4. Personality Traits

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Personality traits are the enduring qualities or characteristics that describes an individual behavior.

- a. The Myers-Briggs Type Indicator(MBIT)
- b. The Big 5 Model

c. Type A and Type B personality

**a) The Myers-Briggs Type Indicator (MBTI)**

The Myers-Briggs Type Indicator (MBTI) is the most widely used personality assessment instrument in the world. It is a 100-question personality test that asks people how they usually feel or act in particular situations. Respondents are classified as extraverted or introverted (E or I), sensing or intuitive (S or N), thinking or feeling (T or F), and judging or perceiving (J or P). These terms are defined as follows:

1. *Extraverted (E) versus Introverted (I)*: Extraverted individuals are outgoing, sociable, and assertive. Introverts are quiet and shy.
2. *Sensing (S) versus Intuitive (N)*: Sensing types are practical and prefer routine and order. They focus on details. Intuitive rely on unconscious processes and look at the “big picture.”
3. *Thinking (T) versus Feeling (F)*: Thinking types use reason and logic to handle problems. Feeling types rely on their personal values and emotions.
4. *Judging (J) versus Perceiving (P)*: Judging types want control and prefer their world to be ordered and structured. Perceiving types are flexible and spontaneous

These classifications together describe 16 personality types, identifying every person by one trait from each of the four pairs. For example, Introverted/ Intuitive/Thinking/Judging people (INTJs) are visionaries with original minds and great drive. They are skeptical, critical, independent, determined, and often stubborn. ESTJs are organizers. They are realistic, logical, analytical, and decisive and have a natural head for business or mechanics. The ENTP type is a conceptualize, innovative, individualistic, versatile, and attracted to entrepreneurial ideas. This person tends to be resourceful in solving challenging problems but may neglect routine assignments.

**b) The Big 5 Model**

The MBTI may lack strong supporting evidence, but an impressive body of research supports the thesis of the Big Five Model—that five basic dimensions underlie all others and encompass most of the significant variation in human personality. Moreover, test scores of these traits do a very good job of predicting how people behave in a variety of real-life situations.

The following are the Big Five factors:

- **Extraversion:** The extraversion dimension captures our comfort level with relationships. Extraverts tend to be gregarious, assertive, and sociable. Introverts tend to be reserved, timid, and quiet.
- **Agreeableness:** The agreeableness dimension refers to an individual's propensity to defer to others. Highly agreeable people are cooperative, warm, and trusting. People who score low on agreeableness are cold, disagreeable, and antagonistic.
- **Conscientiousness:** The conscientiousness dimension is a measure of reliability. A highly conscientious person is responsible, organized, dependable, and persistent. Those who score low on this dimension are easily distracted, disorganized, and unreliable.
- **Emotional stability:** The emotional stability dimension—often labeled by its converse, neuroticism—taps a person's ability to withstand stress. People with positive emotional stability tend to be calm, self-confident, and secure. Those with high negative scores tend to be nervous, anxious, depressed, and insecure.
- **Openness to experience:** The openness to experience dimension addresses range of interests and fascination with novelty. Extremely open people are creative, curious, and artistically sensitive. Those at the other end of the category are conventional and find comfort in the familiar

### ***c) Type A and Type B Personality***

Type A and Type B are two types of trait classification.

*Type A* individuals are aggressive, ambitious, controlling, highly competitive, preoccupied with status, workaholics, hostile, and lack patience.

They are-

- Always moving, walking and eating rapidly;
- Feel impatient with the rate at which most events take place;
- Strive to think or do two or more things simultaneously;
- Cannot cope with leisure time; and
- Are obsessed with numbers, measuring their success in terms of how much of everything they acquire.

Type B people are relaxed, less stressed, flexible, emotional and expressive, and have a laidback attitude.

They

- Never suffer from sense of time urgency with its accompanying impatience;
- Feel no need to display or discuss either their achievements or accomplishments unless it is demanded;
- Play for fun and relaxation, rather than to exhibit their superiority at any cost; and
- Can relax without guilt.

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### Check your Progress-1

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#### True/False

- a) Perception and personality affect how people relate to each other and their work.
- b) Personality is defined as a relatively stable set of characteristics that influence an individual's behaviour.
- c) Extraverts tend to be gregarious, assertive, and sociable.
- d) Extremely open people are not creative, curious, and artistically sensitive.
- e) One of the functions of the ego is to satisfy the id's urges.

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### 7.5. Components of Personality

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Freud proposed a new conception of the personality, one that contains three systems – the id, the ego, and the superego.

These systems do not exist physically; they are only concepts, or ways of looking at personality.

1. **Id:** The id is the only part of the personality that is present at birth. It is inherited, primitive, inaccessible and completely unconscious. The id contains:
  - (a) The life instincts, which are sexual instincts and the biological urges such as hunger and thirst, and
  - (b) The death instinct, which accounts for our aggressive and destructive impulses. The id operates according to the pleasure principle, that is, to seek pleasure, avoid pain and gain immediate gratification of its wishes. The id is the source of the libido, the

psychic energy that fuels the entire personality. Yet the id cannot act on its own; it can only wish, image, fantasize, and demand.

2. **Ego:** The ego is the logical, rational, realistic part of the personality. The ego evolves from the id and draws its energy from the id. One of the functions of the ego is to satisfy the id's urges. But the ego, which is mostly conscious, acts according to the reality principle. It must consider the constraints of the real world in determining appropriate times, places, and object for gratification of the id's wishes.

According to Freud, personality is composed of three structures or systems: the id, the ego and the superego.

3. **Superego:** When the child is age 5 or 6 the superego – the moral component of the personality – is formed.

The superego has two parts:

- (a) The "conscience", consisting of all the behaviours for which we have been punished and about which we feel guilty;
- (b) The "ego ideal", containing the behaviours for which we have been praised and rewarded and about which we feel pride and satisfaction. In its quest for moral perfection, the superego, a moral guide, sets up signposts that define and limit the flexibility of ego.

### ***Individual Differences and Impact on Personality Behavior***

The range of personality traits is quite bewildering. Personality trait means the basic components of personality. The important personality traits that influence employee behaviour at work place are need patterns, locus of control, Machiavellianism, introversion and extroversion, self-esteem and self-concept, risk taking, self monitoring, and goal orientation.

These are briefly explained below.

#### ***a) Need Patterns***

Primarily four personality needs can be identified that manifest themselves in the work setting. They are the needs for achievement, affiliation, autonomy, and dominance. Those with a high need to achieve engage themselves proactively in work behaviours in order to feel proud about their achievements and success. Those who are high in need for affiliation tend to work cooperatively with others. Those who are high in need for autonomy do well when not closely supervised. Those high in



their need for dominance prove to be effective in situations where they can enforce their legitimate authority.

### ***b) Locus of Control***

Locus of control refers to a generalized belief that events are either within one's control (internal locus of control) or are determined by the fate or luck (external locus of control). People who have moderately strong internal locus of control are likely to perform better at work places. They are likely to be more successful than their external counterparts. Internals are more suitable for leadership positions and are likely to be more satisfied with the jobs. Internals typically have more control over their own behaviour than externals that leave everything to fate.

### ***c) Machiavellianism:***

Niccolo Machiavelli was a sixteenth century Italian statesman. He wrote "The Prince", a guide for acquiring and using power. The primary method for achieving power that he suggested was manipulation of others. Machiavellianism then is a personality characteristic indicating one's willingness to do whatever it takes to get one's way. An individual high in Machiavellianism is pragmatic, maintains emotional distance and believes that ends can justify means. "If it works, use it", is consistent with a high-Mach perspective. High-Machs believe that any means justify the desired ends. They believe that manipulations of others are fine if it helps achieve a goal. Thus, high-Machs are likely to justify their manipulative behaviour as ethical. They are emotionally detached from other people and are oriented towards objective aspects of situations.

### ***d) Introversion and Extroversion***

Personality traits are commonly understood in terms of introversion and extroversion. Introversion is the tendency in individuals which directs them to turn inward and experience and process feelings, thoughts and ideas within themselves. Extroversion refers to the tendency in individuals to turn outward searching for external stimuli with which they can interact. While there is some element of introversion as well as extroversion in all of us, based on dominance, people are regarded as either introverts or extroverts. Extroverts are sociable, lively, gregarious, and seek outward stimuli or external interactions. Introverts are quiet, reflective, introspective, and intellectual people. They interact with a few intimate people. Introverts perform well when they are alone and when the environment is quiet. Since managers have to constantly interact with individuals both within and outside the organization and be able to

influence them to achieve organization's goals, it is expected that extroverts prove to be better managers than introverts.

**e) Risk - taking**

Personality differences can be seen in the willingness of people to take risk. Some managers are prepared to take risk and act on little information and quickly also. They prove to be as much effective as those other managers that are averse to take risk and make decision cautiously.

**f) Self – Monitoring**

It refers to a person's level of sensitivity and ability to adapt to situational cues. High self-monitors change their behaviour quite easily to suit the situation whereas low self monitors reveal their moods and personal characteristics to others who can easily predict their behaviour in a given situation. Self monitoring personality trait is important in carrying out organizational activities. Employees having this trait emerge as better performers, better leaders and are likely to grow faster in the organization.

**g) Self – Esteem and Self-Concept**

Self esteem is the result of a person's continuing self-evaluation. Self-esteem refers to the extent to which an individual consistently regards himself as capable, successful, important, and worthy. Self-esteem is an important personality factor that determines how managers perceive themselves and their role in the organization. It is important to self-concept, which refers to the way individuals define themselves as to who they are and derive their sense of identity. High self-esteem leads to a high sense of self-concept, which in turn, reinforces high self-esteem. The two are mutually reinforcing forces. As a trait, a person high in self-esteem is likely to take on more challenging assignments and be successful, thus enhancing their self-concept. That means they define themselves as highly valuable and valued individuals in the organization. The higher the self-concept and self-esteem of a person, the more he contributes to the goals of the organization

**h) Goal - Orientation**

An important personality difference affecting behaviour at work is goal orientation. There are two orientations – learning goal orientation and performance goal orientation. A person with learning orientation develops by acquiring new competencies whereas a person with performance orientation demonstrates competencies by seeking

favourable judgments from others. As is well known, some individuals are highly work-oriented while others try to do the minimum that is necessary for not being fired on the job. The extremely work oriented person gets greatly involved in the job and lives up to being described as “living, eating, and breathing the job”.

Estrangement from immediate family members may occur. Though a high level of work orientation of members is good for the organization to achieve its goals, too much of it may lead to premature burnout and health problems.

In the above discussion, it is evident that personality traits are important for employees, managers and organizational effectiveness. With personality differences, we are able to understand, how they affect the behaviour of the people in organizations.

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## **7.6. Perception**

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Perception involves the way we view the world around us. It adds meaning to information gathered via the five senses of touch, smell, hearing, vision and taste. Perception is the primary vehicle through which we come to understand our surroundings and ourselves. Perception can be defined as a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment.

Why is perception important in the study of OB? Simply because people's behaviour is based on their perception of what reality is, not on reality itself. Virtually all management activities rely on perception. In appraising performance, managers use their perceptions of an employee's behaviour as a basis for evaluation.

One work situation that highlights the importance of perception is the selection interview. Perception is also culturally determined. Based on our cultural backgrounds, we tend to perceive things in certain ways.

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## **7.7. Factors Influencing Perception**

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A number of factors operate to shape and sometimes distort perception.

These factors can reside:

1. In the perceiver
2. In the object or target being perceived or
3. In the context of the situation in which the perception is made.

***j). Characteristics of the Perceiver:***

Several characteristics of the perceiver can affect perception. When an individual looks at a target and attempts to interpret what he or she stands for, that interpretation is heavily influenced by personal characteristics of the individual perceiver.

The major characteristics of the perceiver influencing perception are:

- (a) Attitudes:** The perceiver's attitudes affect perception. For example, suppose Mr. X is interviewing candidates for a very important position in his organisation – a position that requires negotiating contracts with suppliers, most of whom are male. Mr X may feel that women are not capable of holding their own in tough negotiations. This attitude will doubtless affect his perceptions of the female candidates he interviews.
- (b) Moods:** Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When in a positive mood, we form more positive impressions of others. When in a negative mood, we tend to evaluate others unfavourably.
- (c) Motives:** Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an organisational context, a boss who is insecure perceives a subordinate's efforts to do an outstanding job as a threat to his or her own position. Personal insecurity can be translated into the perception that others are out to "get my job", regardless of the intention of the subordinates.
- (d) Self-Concept:** Another factor that can affect social perception is the perceivers' selfconcept. An individual with a positive self-concept tends to notice positive attributes in another person. In contrast, a negative self-concept can lead a perceiver to pick out negative traits in another person. Greater understanding of self allows us to have more accurate perceptions of others.
- (e) Interest:** The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week. If you are

preoccupied with a personal problem, you may find it hard to be attentive in class.

**(f) Cognitive Structure:** Cognitive structure, an individual's pattern of thinking, also affects perception. Some people have a tendency to perceive physical traits, such as height, weight, and appearance, more readily. Others tend to focus more on central traits, or personality dispositions. Cognitive complexity allows a person to perceive multiple characteristics of another person rather than attending to just a few traits.

**(g) Expectations:** Finally, expectations can distort your perceptions in that you will see what you expect to see. The research findings of the study conducted by Sheldon S Zalkind and Timothy W Costello on some specific characteristics of the perceiver reveal

- Knowing oneself makes it easier to see others accurately.
- One's own characteristics affect the characteristics one is likely to see in others.
- People who accept themselves are more likely to be able to see favourable aspects of other people.
- Accuracy in perceiving others is not a single skill.

These four characteristics greatly influence how a person perceives others in the environmental situation.

***ii) Characteristics of the Target:***

Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Extremely attractive or unattractive individuals are more likely to be noticed in a group than ordinary looking individuals. Motion, sound, size and other attributes of a target shape the way we see it.

Physical appearance plays a big role in our perception of others. The perceiver will notice the target's physical features like height, weight, estimated age, race and gender. Perceivers tend to notice physical appearance characteristics that contrast with the norm, that are intense, or that are new or unusual. Physical attractiveness often colours our entire impression of another person. Interviewers rate attractive candidates more favourably and attractive candidates are awarded higher starting salaries.

Verbal communication from targets also affects our perception of them. We listen to the topics they speak about, their voice tone, and their accent and make judgements based on this input.

Non-verbal communication conveys a great deal of information about the target. The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

The perceiver, who observes the target's behaviour, infers the intentions of the target. For example, if our manager comes to our office doorway, we think "oh no! he is going to give me more work to do". Or we may perceive that his intention is to congratulate us on a recent success. In any case, the perceiver's interpretation of the target's intentions affects the way the perceiver views the target.

Targets are not looked at in isolation; the relationship of a target to its background influences perception because of our tendency to group close things and similar things together. Objects that are close to each other will tend to be perceived together rather than separately. As a result of physical or time proximity, we often put together objects or events that are unrelated. For example, employees in a particular department are seen as a group. If two employees of a department suddenly resign, we tend to assume their departures were related when in fact, they might be totally unrelated.

People, objects or events that are similar to each other also tend to be grouped together. The greater the similarity, the greater the probability we will tend to perceive them as a group.

***iii) Characteristics of the Situation:***

The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. For example, a professor may not notice his 20-year-old female student in a bikini at the swimming pool. Yet the professor will notice the same girl if she comes to his organisational behaviour class in a bikini. In the same way, meeting a manager in his or her office affects your impression in a certain way that may contrast with the impression you would have formed, had you met the manager in a restaurant.

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**7.8. Shortcuts in Judging Others**

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Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. These techniques are not fool proof. Several

factors lead us to form inaccurate impressions of others. These barriers to perception are inaccurate impressions of others. These barriers to perception are:

**1. Selective Perception:** We receive a vast amount of information. Therefore, it is impossible for us to assimilate everything we see – only certain stimuli can be taken note of. That is why, the boss may reprimand some employees for doing something that – when done by another employee goes unnoticed. Since we can't observe everything going on about us, we engage in selective perception.

Selective perception is also our tendency to choose information that supports our viewpoints; individuals often ignore information that makes them feel uncomfortable or threatens their viewpoints.

Selective perception allows us to "speed-read" others, but not without the risk of drawing an inaccurate picture. Because we see what we want to see, we can draw unwarranted conclusions from an ambiguous situation. Our perception tends to be influenced more by an individual's attitudes, interests, and background than by the stimulus itself.

**2. Stereotype:** A stereotype is a generalization about a group of people. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping. Stereotypes reduce information about other people to a workable level, and they are efficient for compiling and using information. It is a means of simplifying a complex world and it permits us to maintain consistency. It is less difficult to deal with an unmanageable number of stimuli if we use stereotypes. Stereotypes can be accurate, and when they are accurate, they can be useful perceptual guidelines. However, most of the time, stereotypes are inaccurate.

Attractiveness is a powerful stereotype. We assume that attractive individuals are also warm, kind, sensitive, poised, sociable, outgoing, independent, and strong. Are attractive people always warm, kind, intelligent, sociable, outgoing, independent, and strong? Are attractive people really like this? Certainly all of them are not.

In organisations, we frequently hear comments that represent stereotypes based on gender, age, nationality, etc. From a perceptual standpoint, if people expect to see this stereotype, that is what they will perceive, whether it's accurate or not.

**3. Halo Effect:** The halo error in perception is very similar to stereotyping. Whereas in stereotyping the person is perceived according

to a single category, under the halo effect the person is perceived on the basis of one trait.

When we draw a general impression about an individual based on a single characteristic, such as intelligence, sociability or appearance, a halo effect is operating. The propensity for the halo effect to operate is not random. Research suggests it is likely to be most extreme when the traits to be perceived are ambiguous in behavioural terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has limited experience. Example of halo effect is the extremely attractive secretary who is perceived by her male boss as being intelligent, and a good performer, when, in fact, she is a poor typist.

**4. First-impression error:** Individuals place a good deal of importance on first impressions. First impressions are lasting impressions. We tend to remember what we perceive first about a person, and sometimes we are quite reluctant to change our initial impressions. First-impression error means the tendency to form lasting opinions about an individual based on initial perceptions. Primacy effects can be particularly dangerous in interviews, given that we form first impressions quickly and that these impressions may be the basis for long-term employment relationships

**5. Contrast Effect:** Stimuli that contrast with the surrounding environment are more likely to be selected for attention than stimuli that blend in. A contrasting effect can be caused by colour, size or any other factor that is unusual (any factor that distinguishes one stimulus from others at present). For example, a man walking down the street with a pair of crutches is more attention grabbing than the usual variety of pedestrian. A contrast effect is the evaluation of a person's characteristics that are affected by comparisons with other people recently encountered that rank higher or lower on the same characteristics. The "contrast" principle essentially states that external stimuli that stand out against the background or which are not what are expecting, will receive their attention. The contrast effect also explains why a male student stands out in a crowd of female students. There is nothing unusual about the male student but, when surrounded by females, he stands out.

An illustration of how contrast effects operate is an interview situation in which one sees a pool of job applicants. Distortions in any given candidate's evaluation can occur as a result of his or her place in the interview schedule. The candidate is likely to receive a more favourable



evaluation if preceded by mediocre applicants, and a less favourable evaluation if preceded by strong applicants.

**6. Projection:** It is easy to judge others if we assume they are similar to us. This tendency to attribute one's own characteristics to other people is called projection. Projection can distort perceptions made about others. People who engage in projection tend to perceive others according to what they are like, rather than according to what the person being observed is really like. When managers engage in projection, they compromise their ability to respond to individual differences. They tend to see people as more homogeneous than they really are.

**7. Implicit Personality Theories:** We tend to have our own mini-theories about how people look and behave. These theories help us organise our perceptions and take shortcuts instead of integrating new information all the time. Implicit-personality theory is opinions formed about other people that are based on our own mini-theories about how people behave. For example, we believe that girls dressed in fashionable clothes will like modern music and girls dressed in traditional dress, like a saree, will like Indian classical music. These implicit personality theories are barriers because they limit our ability to take in new information when it is available.

**8. Self-fulfilling Prophecies:** Self-fulfilling prophecies are situations in which our expectations about people affect our interaction with them in such a way that our expectations are fulfilled. Self-fulfilling prophecy is also known as the Pygmalion effect, named after a sculptor in Greek mythology who carved a statue of a girl that came to life when he prayed for this boon and it was granted.

The Pygmalion effect has been observed in work organisations as well. A manager's expectations of an individual affect both the manager's behaviour toward the individual and the individual's response. For example, suppose a manager has an initial impression of an employee as having the potential to move up within the organisation. Chances are that the manager will spend a great deal of time coaching and counselling the employee, providing challenging assignments and grooming the individual for success.

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## **7.9. Perceptions and its Application in Organisation**

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People in organisations are always judging each other. Managers must appraise their subordinate's performance. In many cases, these judgements have important consequences for the organisations. Let us look at the more obvious applications of perceptions in organisations.

### ***1. Employment Interview:***

A major input into who is hired and who is rejected in any organisation is the employment interview. Evidence indicates that interviewers often make inaccurate perceptual judgements. Interviewers generally draw early impressions that become very quickly entrenched. If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later. As a result, information elicited early in the interview carries greater weight than does information elicited later. A "good applicant" is probably characterized more by the absence of unfavourable characteristics than by the presence of favourable characteristics. The employment interview is an important input into the hiring decision and a manager must recognize that perceptual factors influence who is hired. Therefore, eventually the quality of an organisation's labour force depends on the perception of the interviewers.

### ***2. Performance Evaluation:***

An employee's performance appraisal very much depends on the perceptual process. The performance appraisal represents an assessment of an employee's work. While this can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgemental. The evaluator forms a general impression of an employee's work. What the evaluator perceives to be "good" or "bad" employee characteristics will significantly influence the appraisal outcome. An employee's future is closely tied to his or her appraisal – promotions, pay raises and continuation of employment are among the most obvious outcomes.

### ***3. Performance Expectations:***

A manager's expectations of an individual affect both the manager's behaviour towards the individual and the individual's response. An impressive amount of evidence demonstrates that people will attempt to validate their perceptions of reality, even when these perceptions are faulty. This is particularly relevant when we consider performance expectations on the job. The term self-fulfilling prophecy or Pygmalion effect has evolved to characterize the fact that people's expectations determine their behaviour. Managers can harness the power of the Pygmalion effect to improve productivity in the organisation. It appears that high expectations of individuals come true. Managers can extend these high expectations of individuals to an entire group. When a manager expects positive things from a group, the group delivers. Similarly, if a manager expects people to perform minimally, they will

tend to behave so as to meet these low expectations. Thus, the expectations become reality.

#### **4. Employee Loyalty:**

Another important judgement that managers make about employees is whether they are loyal to the organisation. Few organisations appreciate employees, especially those in the managerial ranks openly disparaging the firm. The assessment of an employee's loyalty or commitment is highly judgemental. What is perceived as loyalty by one may be seen as excessive by another. An employee who questions a top management decision may be seen as disloyal. Some employees – called whistle-blowers – who report unethical practices by their employer to authorities inside or outside the organisation, typically act out of loyalty to their organisation but are perceived by management as troublemakers.

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### **Let us Sum Up**

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In this unit, you have learned about the following:

- Personality plays the most important role in determining the level of individual effectiveness
- Various determinants and theories have proven that the individual personality can be developed in order to develop one's effectiveness.
- The personality not only develops but also changes according to various situations.
- Perception is nothing but a person's view of reality. To get a clear picture of what he visualises, a person first selects what he wants to see organises the obtained information and interprets the same in his own unique way. In this process he may move closer to reality or go off the track completely due to certain perceptual errors.

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### **Check your Progress-2**

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1. Person perception is\_\_\_\_\_.
2. Jill is having a conversation with her best friend. She is revealing how she sees herself and includes her attributes, characteristics and qualities. Jill is revealing information about her\_\_\_\_\_.
3. Brian has difficulty in controlling his impulses. According to the five factor model of personality this connects to \_\_\_\_\_ dimensions.

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## **Glossary**

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<b>Ego:</b>	The ego is the logical, rational, realistic part of the personality. The ego evolves from the id and draws its energy from the id.
<b>Id:</b>	The only part of the personality that is present at birth. It is inherited, primitive, inaccessible and completely unconscious.
<b>Super Ego:</b>	The moral component of the personality.
<b>Extraversion (E):</b>	To focus on the outer world
<b>Introversion (I):</b>	To focus on inner world
<b>Intuition (N):</b>	To interpret and add meaning
<b>Judging (J):</b>	To get things decided
<b>Perceiving (P):</b>	To stay open to new information and options
<b>Sensing (S):</b>	To focus on the basic information you take in

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## **Answer to Check your Progress-1**

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- a-True
  - b-True
  - c-True
  - d-False
  - e-True
- 

## **Answer to Check your Progress-2**

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1. the process by which we form impressions and process information about people
  2. self-concept
  3. neuroticism
- 

## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Weihrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.

# Unit-8

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## Motivation

### STRUCTURE

Overview

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8.4. Significance of motivation

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Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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Motivation refers to the process of the formation of an intention toward the selection between action alternatives. The term volition expresses the commitment of a person to one action alternative and its completion. Psychological research within this field has treated mediating processes of action control.

In this unit, the concept of Motivation has been clearly explained to the learners.

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### Objectives

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After completion of this Unit, you will able to:

- Know the early approaches to motivation
- State Maslow's Hierarchy of Needs
- Discuss McGregor's theory X and theory Y
- Explain Herzberg's Two-Factor Theory of motivation and ERG theory
- Realise McClelland's Theory of Needs
- State the Expectancy Theory of motivation

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## 8.1. Introduction

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Motivation is the process of rousing and sustaining goal-directed behaviour. Motivation is one of the more complex topics in organisational behaviour. Motivation comes from the Latin word "movere" which means, "to move". Because motivation is an internal force, we cannot measure the motivation of others directly. Instead, we typically infer whether or not other individuals are motivated by watching their behaviour. For example, we might conclude that our manager.

Motivation has been variously defined by scholars. Usually, one or more of these words are included in the definition: desires, wants, aims, goals, drives, motives and incentives. Motivation is derived from the Latin word 'Move on' which means "to move". Human motives are internalized goals within individuals. A motive is an inner state that energises, activates, or moves and directs or channels behaviour towards goals.

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## 8.2. Definition of motivation

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- Motivation is the complex forces starting and keeping a person at work in the organization.
- Motivation is the various drives within or environmental forces surrounding individual that stimulate or attract them in a specific manner.
- Motivation is the art of understanding motives satisfying them to direct and sustain behaviour towards the accomplishment of organization goals.
- Motivation is the process of operating organizational conditions which will impel employees of any emotion or desire operation one's will and prompting or driving at it to action.
- Motivation consists of the three interaction and interdependent elements of needs, drives and goals.

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## 8.3. Nature of motivation

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Following are some of the characteristics of motivation derive from the definitions given by various authors.

1. **Based on motives:** Motivation is base on individuals motive which are internal to individual. These motives are in the form of feeling that the individual lacks something.
2. **Goal directed behaviour:** Motivation Leads to goal directed behaviour. A goal directed behaviour is one which satisfied the

causes for which behaviour takes place. Motivation has profound influence on human behaviour.

3. **Related to satisfaction:** Motivation is related to satisfaction. Satisfaction is refers to the contentment experiences of an individual which we derives out of needs fulfilment.
4. **Complex process:** Motivation is a complex process; complexity emerges because of the nature if needs a types of behaviour that need attempted to satisfied those needs.

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#### **8.4. Significance of Motivation**

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Motivation involves getting the members of the group to pull weight effectively, to give their loyalty to the group, to carry out properly the purpose of the organization. The following results may be expected if the employees are properly motivated.

1. The workforce will be better satisfied if the management provides them with opportunities to fulfil their physiological and psychological needs. The workers will cooperate voluntarily with the management and will contribute their maximum towards the goals of the enterprise.
2. Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization. This will also result in increased productivity.
3. The rates of labor's turnover and absenteeism among the workers will be low.
4. There will be good human relations in the organization as friction among the workers themselves and between the workers and the management will decrease.
5. The number of complaints and grievances will come down. Accident will also be low.
6. There will be increase in the quantity and quality of products. Wastage and scrap will be less. Better quality of products will also increase the public image of the business.

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#### **Check your Progress-1**

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##### **True/False**

- a) Motivation has been variously defined by scholars.

- b) The term volition expresses the commitment of a person to one action alternative and its completion.
- c) Human motives are internalized goals within individuals.
- d) Motivation is not related to satisfaction
- e) Motivation may be either positive or negative.

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## **8.5. Motivational Sources**

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Having understood the concept of motivation, now let us understand the various sources of motivation. You may note that motivation may sometimes come from external environment in the form of rewards or punishments and sometimes it is generated from within an employee in the form of intrinsic motivation. It may be recognized that under the same set of external factors, all employees are not equally motivated. It depends upon various factors which you can understand when you go through the different motivational theories. The motivational sources are explained below.

### ***Positive vs. Negative Motivation***

Motivation may be either positive or negative. Positive motivation takes place when management recognizes the employee's efforts towards the achievement of organizational goals. It is positive because, this kind of motivation increases the level of performance, promotes team spirit, a sense of cooperation and generates a feeling of belongingness and happiness.

The positive motivational factors are:

- Praise and reward for good performance.
- Concern for the well being of an employee. –
- Confidence reposed in the employee.
- Delegation of authority
- Scope of participation given in the decision making.

Negative motivation, on the other hand, results from the use of force, pressure, fear or threat. You may note that fear of punishment also affects motivation and thereby the behaviour of a person. In the organizations, negative motivation may come from the fear of being transferred, demoted or removed. This fear of punishment prompts the person to work hard and achieve the goals. It may, however, be realized that negative motivation is not desirable because employees do not like



to be punished. Hence, it is desirable to motivate the employees by positive means.

### ***Extrinsic Vs. Intrinsic Motivation***

Motivation may be either extrinsic or intrinsic. Extrinsic motivation is induced by external factors primarily financial rewards. It is expected that the behaviour caused by positive rewards is likely to be repeated. But the reward should be sufficiently powerful for desirable behaviour to be repeated. Money acts as a significant incentive for positive behaviour of employees. Realizing the value of financial incentives as motivators, managements now-a-days make use of wage increments, bonus payment, fringe benefits, stock options, profit sharing schemes, paid holidays, medical benefits, etc. for motivating the employees.

*Intrinsic motivation* is something that is generated within an individual. It is an inner feeling. It may be a sense of achievement or recognition leading to satisfaction that motivates the employee further. Since this kind of motivation comes from within, it is called intrinsic motivation. There are many retired doctors who work free in the hospitals because it gives them a sense of accomplishment and satisfaction. Some of the intrinsic motivators include praise, status, recognition, esteem, challenge, risk and responsibility in job.

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## **8.6. Motivational Theories**

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*Maslow's hierarchy of needs:* According to Maslow's theory of needs, individual needs are arranged in a hierarchy.

There are five categories of needs

- a. *Physiological needs*** : Physiological needs are the physical requirements for human survival. If these requirements are not met, the human body cannot function properly and will ultimately fail. Physiological needs are thought to be the most important; they should be met first. Air, water, and food are metabolic requirements for survival in all animals, including humans. Clothing and shelter provide necessary protection from the elements. While maintaining an adequate birth rate shapes the intensity of the human sexual instinct, sexual competition may also shape said instinct.
- b. *Safety needs:*** Once a person's physical safety needs are relatively satisfied, their safety needs take precedence and dominate behavior. In the absence of physical safety – due to war, natural disaster, family violence, childhood abuse, etc. – people may (re-)experience post-traumatic stress disorder or transgenerational trauma. In the

absence of economic safety – due to economic crisis and lack of work opportunities – these safety needs manifest themselves in ways such as a preference for job security, grievance procedures for protecting the individual from unilateral authority, savings accounts, insurance policies, disability accommodations, etc. This level is more likely to be found in children as they generally have a greater need to feel safe.

Safety and Security needs include:

- Personal security
- Financial security
- Health and well-being
- Safety net against accidents/illness and their adverse impacts

**c. Social Needs:** After physiological and safety needs are fulfilled, the third level of human needs is interpersonal and involves feelings of belongingness. This need is especially strong in childhood and can override the need for safety as witnessed in children who cling to abusive parents. Deficiencies within this level of Maslow's hierarchy – due to hospitalism, neglect, shunning, ostracism, etc. – can adversely affect the individual's ability to form and maintain emotionally significant relationships in general, such as:

- Friendship
- Intimacy
- Family

According to Maslow, humans need to feel a sense of belonging and acceptance among their social groups, regardless whether these groups are large or small. For example, some large social groups may include clubs, co-workers, religious groups, professional organizations, sports teams, and gangs. Some examples of small social connections include family members, intimate partners, mentors, colleagues, and confidants. Humans need to love and be loved – both sexually and non-sexually – by others. Many people become susceptible to loneliness, social anxiety, and clinical depression in the absence of this love or belonging element. This need for belonging may overcome the physiological and security needs, depending on the strength of the peer pressure.

**d. Esteem Need:** All humans have a need to feel respected; this includes the need to have self-esteem and self-respect. Esteem presents the typical human desire to be accepted and valued by

others. People often engage in a profession or hobby to gain recognition. These activities give the person a sense of contribution or value. Low self-esteem or an inferiority complex may result from imbalances during this level in the hierarchy. People with low self-esteem often need respect from others; they may feel the need to seek fame or glory. However, fame or glory will not help the person to build their self-esteem until they accept who they are internally. Psychological imbalances such as depression can hinder the person from obtaining a higher level of self-esteem or self-respect. Most people have a need for stable self-respect and self-esteem.

Maslow noted two versions of esteem needs: a "lower" version and a "higher" version. The "lower" version of esteem is the need for respect from others. This may include a need for status, recognition, fame, prestige, and attention. The "higher" version manifests itself as the need for self-respect. For example, the person may have a need for strength, competence, mastery, self-confidence, independence, and freedom. This "higher" version takes precedence over the "lower" version because it relies on an inner competence established through experience. Deprivation of these needs may lead to an inferiority complex, weakness, and helplessness.

Maslow states that while he originally thought the needs of humans had strict guidelines, the "hierarchies are interrelated rather than sharply separated". This means that esteem and the subsequent levels are not strictly separated; instead, the levels are closely related.

- e. **Self-actualization** : "What a man can be, he must be." This quotation forms the basis of the perceived need for self-actualization. This level of need refers to what a person's full potential is and the realization of that potential. Maslow describes this level as the desire to accomplish everything that one can, to become the most that one can be. Individuals may perceive or focus on this need very specifically. For example, one individual may have the strong desire to become an ideal parent. In another, the desire may be expressed athletically. For others, it may be expressed in paintings, pictures, or inventions. As previously mentioned, Maslow believed that to understand this level of need, the person must not only achieve the previous needs, but master them

## **2. Herzberg's two factor theory:**

Herzberg extended the work of Maslow and developed a specific content theory of work motivation. In 1950's he conducted a study noting

responses of Accountant and Engineers employed by the firms in and around Pittsburgh. In collecting data he used the Critical Incidental Method. In this method, the respondent was asked to narrate one incident from his work life about which he was particularly unhappy and another incident from work-life about which he was particularly happy.

On analyzing the data thus collected Herzberg came to the conclusion that there are two sets of factors at the work life; one set he called "hygiene factors" while the other was called the "motivators". The following are the hygiene factors and motivators. Hygiene factors are those factors that by their absence inhibit performance but any addition in them does not increase efficiency or productivity. Those are job content factors that occur at the time of doing the job. Thus they are extrinsic to the job. These factors are called 'dissatisfies'.

Motivators are those factors, which by their absence do not inhibit performance, but any addition in them increases efficiency. These are the job content factors that make the job itself a tool of motivation. These factors are also called 'Satisfiers'. By their very nature hygiene factors are necessary for the performance but what is required of the manager is to provide these factors to the required level and focus his attention to provide more and more on the motivators. Motivators cater to the higher order needs of the human being and, therefore, they are more important. In order to build these factors into the job design, a manager should load the job with motivators. This is the theory of job loading. Job loading can be done either by horizontally loading or by vertically loading the job. The horizontal job loading is known "job enlargement" while vertical job loading is known "job enrichment".

### **3. Theory X and Theory Y:**

One important organisational implication of the hierarchy of needs concerns the philosophies and techniques that have a bearing on how to manage people at work. Douglas McGregor, taking a cue on motivation from Maslow's need-based theory, grouped the physiological and safety needs as "lower-order" needs and the social, esteem and self-actualization needs as "upper order" needs. McGregor proposed two alternative sets of assumptions about people at work, based upon which set of needs were the active motivators. He labelled these sets of assumptions – one basically negative as – Theory X and the other basically positive – as Theory Y. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of

assumptions and that he or she tends to mould his or her behaviour toward subordinates according to these assumptions.

According to McGregor, people should be treated differently according to whether they are motivated by lower-order or higher order needs. Specifically, McGregor believed that Theory X assumptions are appropriate for employees motivated by lower-order needs. Theory Y assumptions, in contrast, are appropriate for employees motivated by higher-order needs, and Theory X assumptions are then inappropriate. In addition, McGregor believed that in the 1950s when he was writing, the majority of American workers had satisfied their lower-order needs and were therefore motivated by higher-order needs. Therefore, he proposed such ideas as participative decision-making, responsible and challenging jobs, and good group relations as approaches that would maximize employee's job motivation. Unfortunately, no evidence confirms that either set of assumptions is valid or that accepting Theory Y assumptions and altering one's actions accordingly will lead to more motivated workers.

#### **4. Reinforcement Theory:**

Reinforcement theory is based on the concepts of operant conditioning developed initially by the well-known psychologist B.F. Skinner. Reinforcement theory argues that the behaviour of people is largely determined by its consequences. In other words, those actions that tend to have positive or pleasant consequences tend to be repeated more often in the future, while those actions that tend to have negative or unpleasant consequences are less likely to be repeated again. The reinforcement theory suggests that managers should try to structure the contingencies of rewards and punishments on the job in such a way that the consequences of effective job behaviour are positive while the consequences of ineffective work behaviour are negative or unpleasant. The focus of this approach is upon changing or modifying the behaviour of people on the job. That is why it is also labeled as organizational behaviour modification. The basic notion underlying reinforcement theory is concept of reinforcement itself. An event is said to be reinforcing if the event following some behaviour makes the behaviour more likely to occur again in the future. It involves the use of four strategies to systematically reinforce and are discussed as under:

- (i) **Positive Reinforcement:** It entails the use of rewards (or other positive consequences) that stimulates desired behaviour and strengthens the probability of repeating such behaviour in the

future. Positive reinforcers can be money, praise, promotion, recognition, etc.

**(ii) Negative Reinforcement:** This strategy also called “avoidance learning”. It implies the use of unpleasant consequences to condition individuals to avoid behaving in undesirable ways. By making unpleasant consequences contingent on undesirable behaviour, individuals learn to systematically change patterns of behaviour. In work environments, training, safety warnings, orientation sessions and counselling help alert employees against negative consequences of undesirable behaviour.

**(iii) Extinction:** There is withdrawal of all forms of reinforcement to remove undesirable behaviour. For instance, a disruptive employee who is punished by his supervisor for his undesirable behaviour may continue the disruptions because of the attention they bring. By ignoring or isolating the disruptive employee, attention is withheld and possibly also the motivation for fighting.

(iv) Punishment: This tool is used when an unpleasant or undesirable behaviour needs to be reduced or eliminated. For example, a worker’s wages may be deducted if the quality of goods produced is of substandard quality.

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## **8.7. Contemporary Theory of Motivation:**

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The theories discussed above are well known but have not held up well under close examination. Therefore, a number of authorities on the subject have come up with their version of the theories of motivation. These contemporary theories have one thing in common: each has a reasonable degree of valid supporting documentation. These theories are called contemporary theories not necessarily because they were developed recently, but because they represent the current state of the art in explaining employee motivation.

### **a) ERG Theory:**

Because of the criticisms of Maslow's 'hierarchy of needs' theory, motivation researcher Clayton Alderfer of Yale University has reworked Maslow's hierarchy of needs to align it more closely with empirical research. His revised need hierarchy is labelled ERG Theory. The name stems from combining Maslow's five needs into three need levels: existence, relatedness and growth.

**Existence Needs:** include the various forms of material and physiological desires, such as food and water, as well as work-related forms such as pay, fringe benefits and physical working conditions.

8. **Relatedness needs:** address our relationships with significant others, such as families, friendship groups, work groups and professional groups. They deal with our need to be accepted by others, achieve mutual understanding on matters that are important to us and exercise some influence over those with whom we interact on an ongoing basis.
9. **Growth needs:** impel creativity and innovation, along with the desire to have a productive impact on our surroundings.

ERG need levels differ in terms of concreteness, that is, the degree to which their presence or absence can be verified. The existence need level is the most concrete, relating to issues such as our rate of pay and the pleasantness of our work surroundings. The growth need level is the least concrete, involving more nebulous issues such as our level of creativity, the degree to which our capabilities are growing relative to our capacity, and the long-term impact of our efforts on our organisation. According to ERG theory, we generally tend to concentrate first on our most concrete requirements. As existence needs are resolved, we have more energy available for concentrating on relatedness needs, which offer a potential source of support that can help us in satisfying growth needs. Thus, ERG theory incorporates a satisfaction-progression principle similar to that of Maslow in that satisfaction of one level of need encourages concern with the next level.

#### ***b) David Mc Clelland's:***

Three Need Model David McClelland gave a model of motivation which is based on three types of needs achievement, power and affiliation.

They are stated below:

- Need for achievement (n Ach): a drive to excel, advance and grow
- Need for power (n Pow): a drive to influence others and situations
- Need for affiliation (n Aff): a drive for friendly and close interpersonal relationships.

#### ***i) Achievement Motivation :***

Some people have a compelling drive to succeed and they strive for personal achievement rather than the rewards of success. This drive is called the need for achievement (n ach). Based on his extensive research into the achievement need, McClelland found that high achievers differentiate themselves from others by their desire to do

things better. They seek situations where they can attain personal responsibility for finding solutions to problems, where they can receive rapid feedback on their performance so they can set moderately challenging goals. High achievers are not gamblers; they dislike succeeding by chance. They prefer the challenge of working at a problem and accepting the personal responsibility for success or failure, rather than leaving the outcome to chance or the actions of others.

***ii) Power Motivation:***

The need for power (n pow) is a drive to have impact, to be influential and to control others. Individuals high in n pow enjoy being "in charge", strive for influence over others, prefer to be placed into competitive and status oriented situations, and tend to be more concerned with gaining influence over others than with effective performance. Power-motivated people wish to create an impact on their organisations and are willing to take risks to do so.

***iii) Affiliation Motivation:***

This need has received the least attention of the researchers. Affiliation need (nAff) can be viewed as the desire to be liked and accepted by others. It is the drive to relate to people on a social basis. Individuals with a high affiliation motive strive for friendship, prefer cooperative situations rather than competitive ones, and desire relationship involving a high degree of mutual understanding. People possess the above needs in varying degrees.

However, one of the three needs will tend to be more characteristic of the individual. Individuals with a high need for achievement thrive on jobs and projects that tax their skills and abilities. Such individuals are goal-oriented in their activities, seek challenge and want task relevant feedback. Individuals with high power seek to dominate, influence or have control over others. McClelland's research revealed that managers generally score high on the need for achievement. In other words, motivating forces for managers lie in the challenge and potential of the job.

- 1. Need for affiliation (nAff):** Individuals exhibiting this need as a dominant motive derive satisfaction from social and interpersonal activities. There is a need to form strong interpersonal ties and to "get close" to people psychologically. If asked to choose between working at a task with those who are technically competent and those who are their friends, high nAff individuals will choose their friends.



- 2. Need for achievement (nAch):** Individuals high in nAch derive satisfaction from reaching goals. The feeling of successful task accomplishment is important to the high achiever. High achievers prefer immediate feedback on their performance and they generally undertake tasks of moderate difficulty rather than those that are either very easy or very difficult. They also prefer to work independently so that successful task performance (or failure) can be related to their own efforts rather than the efforts of someone else.

McClelland has analyzed various needs in terms of their relationship to managerial effectiveness. He originally thought that individuals with a high need for achievement would make the best managers. His subsequent work suggests that, to the contrary, high-nAch individuals tend to concentrate on their own individual achievements rather than on the development and achievements of others.

As a result, high-nAch individuals often make good entrepreneurs because initial success frequently depends largely on individual achievement. They may not, however, make good managers in situations that require working with a number of others and waiting to learn the results of their efforts. Similarly, individuals with a personal-power orientation run into difficulties as managers because they often attempt to use the efforts of others for their own personal benefit.

### ***c) Goal-setting Theory***

Intentions to work toward a goal are a major source of work motivation. That is, goals tell an employee what needs to be done and how much effort will need to be expended. While goal setting was originally viewed as a technique, it is developing into a motivational theory as researchers attempt to understand better the cognitive factors that influence success. Goal-setting experts Edwin A Locke and Gary P Latham argue that goal setting works by directing attention and action, mobilizing effort, increasing persistence, and encouraging the development of strategies to achieve the goals. Feedback regarding results also is an essential element in motivating through goal setting.

The success of goal setting in motivating performance depends on establishing goals that have the appropriate attributes or characteristics. In particular goals should be specific and measurable, challenging, attainable, relevant too the major work of the organisation, and time-limited in the sense of having a defined period of time within which the goal must be accomplished.

Specific hard goals produce a higher level of output than does the generalized goal of "do your best". The specificity of the goal itself acts as an internal stimulus. If factors like ability and acceptance of the goal are held constant, we can also state that the more difficult the goal, the higher the level of performance. However, it's logical to assume that easier goals are more likely to be accepted. But once an employee accepts a hard task, he or she will exert a high level of effort until it is achieved, lowered or abandoned.

People will do better when they get feedback on how well they are progressing toward their goals because feedback helps identify discrepancies between what they have done and what they want to do; that is, feedback acts to guide behaviour.

Goal-setting theory presupposes that an individual is committed to the goal, that is, determined not to lower or abandon the goal. This is most likely to occur when goals are made public, when the individual has an internal locus of control, and when the goals are self-set rather than assigned. Self-efficacy refers to an individual's belief that he or she is capable of performing a task.

The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy will try harder to master the challenge.

#### ***d) Equity Theory***

As the name implies, this motivation theory is based on the assumption that individuals are motivated by their desire to be equitably treated in their work relationships. When employees work for an organisation, they basically exchange their services for pay and other benefits. Equity theory proposes that individuals attempt to reduce any inequity they may feel as a result of this exchange relationship.

Adam's Theory of Equity is one of the popular social exchange theories and is perhaps the most rigorously developed statement of how individuals evaluate social exchange relationships. Basically, the theory points out that people are motivated to maintain fair relationships with others and will try to rectify unfair relationships by making them fair. This theory is based on two assumptions about human behaviour:

1. Individuals make contributions (inputs) for which they expect certain outcomes (rewards). Inputs include such things as the person's past training and experience, special knowledge, personal characteristics, etc. Outcomes include pay recognition, promotion, prestige, fringe benefits, etc.

2. Individuals decide whether or not a particular exchange is satisfactory, by comparing their inputs and outcomes to those of others in the form of a ratio. Equity exists when an individual concludes that his/her own outcome/input ratio is equal to that of others.

### ***e) Expectancy Theory***

Whereas Adam's theory of inequity focuses on a social process, Victor H Vroom's expectancy theory of motivation focuses on personal perceptions. His theory is founded on the basic notions that people desire certain outcomes of behaviour, which may be thought of as rewards or consequences of behaviour, and that they believe there is a relationship between the efforts they put forth, the performance they achieve, and the outcomes they receive.

In its simplest form, expectancy theory says that a person's motivation to behave in a certain way is determined by

- Outcomes the person sees as desirable, and
- The person's belief that these desired outcomes can be attained.

The key constructs in the expectancy theory of motivation are:

1. **Valence:** Valence is the value or importance one places on a particular reward. The valence of an outcome is positive when the individual desires it and negative when he or she wishes to avoid it; valences are therefore scaled over a wide range of positive and negative values.
2. **Expectancy:** Expectancy is the belief that effort leads to performance, for example, "If I try harder, I can do better". Expectancy refers to the perceived relationship between a given level of effort and a given level of performance. People attach various expectancies to an outcome. Competent and secure individuals tend to perceive expectancy more positively than incompetent and pessimistic individuals.
3. **Instrumentality:** Instrumentality is the belief that performance is related to the rewards. For example, "If I perform better, I will get more pay". Instrumentality ranges from – 1 to + 1 (belief that one desired outcome is attainable only without the other) through 0 (belief that there is no relationship between the two outcomes) to + 1 (belief that the first outcome is necessary and sufficient for the second outcome to occur)

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## **8.8. Financial and Non-Financial Incentives**

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The term 'incentives' means an inducement which arouses or stimulates one to action in a desired direction. An incentive has a motivational power; it influences the decisions of individuals on putting in necessary effort towards task performance. In modern organizations, a large variety of incentives are used to motivate the people. These incentives may be broadly grouped into: (i) financial or pecuniary incentives, and (ii) non-financial incentives.

### ***a) Role of Financial Incentives:***

The financial incentives may be distinguished from the nonfinancial incentives on the following grounds:

1. Financial or monetary incentives are meant to satisfy those which money can buy. The needs for food, clothing, and shelter can be fully satisfied by money, but the needs for security, social affiliation and status can be partially satisfied by money. But non-pecuniary incentives are meant for satisfaction of those needs which can't be satisfied by money. The examples are higher level needs such as status, ego, sense of responsibility, career advancement, autonomy.
2. Financial incentives are tangible, i.e. visible and measureable; they have a direct effect on the organization and the members. But nonfinancial incentives are intangible and they have an indirect influence on the organization and the members.
3. Financial incentives are determined by reference to several factors such as job evaluation, cost of living trends, fringe benefits offered by competitors, agreement between the employers and employees, etc. Non-financial incentives are based on the nature of jobs, strength of aspirations and urges of employees and behavioural orientation of management.
4. Financial incentives are generally used to motivate workers and other non-managerial employees. But non-financial incentives are used to motivate managerial and other higher level personnel. They are also used to supplement and support the pecuniary incentives in the organization.

### ***b) Role of Non-Financial Incentives:***

Financial incentives do not work for ever to motivate the people at work. As a matter of fact, when the physiological and security needs are fulfilled with the help of money, money ceases to be the motivating force;

it becomes the maintenance factor as said by Herzberg. Therefore, employees do not always run after money. They have other needs also. They want status and recognition in the society, they want to satisfy egoistic needs and they want to achieve something in their lives. In order to motivate the employees having these needs, management can take the help of following non-financial incentives:

1. **Praise:** Praise satisfies one's ego needs. Sometimes, praise is more effective than another incentive. We have seen that in industry, at home or elsewhere, people respond better to praise. However, this incentive should be used with greater degree of care because praising an incompetent employee would create resentment among competent employees. Of course, occasionally, a pat on the back of an incompetent employee may act as incentive to him for improvement.
2. **Competition:** Competition is a kind of non-financial incentive. If there is a healthy competition among the individual employees or groups of employees, it will lead them to achieve their personal or group goals in a better way.
3. **Opportunity for Growth:** Opportunity for growth is another kind of incentive. If the employees are provided opportunities for their advancement and growth and to develop their personality, they feel very much satisfied and become more committed to the organization and become more committed to the organizational goals.
4. **Feedback:** Knowledge of the results/performance leads to employee satisfaction. A worker likes to know the result of his performance. He gets satisfaction when his superior appreciates the work he has done.
5. **Worker's participation in Management:** Employees participation in management provides an important incentive to the employees. It gives them psychological satisfaction that their voice is being heard.
6. **Suggestion System:** Suggestion system is an incentive which satisfies many needs of the employees. Many organizations which use the suggestion system make use of cash awards for useful suggestions.

They, sometimes, publish the worker's name with his photograph in the company's in-house magazines/reports/brochures. This motivates the

employees to be in search for something which may be of greater use to the organization.

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### Let us Sum Up

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In this unit, you have learned about the followings:

- Motivation is the internal condition that activates behaviour and gives it direction; energizes and directs goal-oriented behaviour and the challenge at work is to create an environment in which people are motivated about work priorities.
- Too often, organisations fail to pay attention to the employee relations, communication, recognition, and involvement issues that are most important to people.
- The first step in creating a motivating work environment is to stop taking actions that are guaranteed to demotivate people and the next step is to identify and take the actions that will motivate people.
- There are various theories to motivate people at work places.

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### Check your Progress-2

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1. Who has given the hierarchy of needs hierarchy theory of motivation\_\_\_\_\_.
2. Name the motivation theory that is based on Satisfaction-progression\_\_\_\_\_.
3. Which theories can be considered as an extension of Maslows' Need Hierarchy Theory of Motivation\_\_\_\_\_.

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### Glossary

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<b>Motivation:</b>	Motivation is the process of rousing and sustaining goal-directed behaviour.
<b>Entitled:</b>	People who are comfortable with an equity ratio greater than their comparison to the other.
<b>Instrumentality:</b>	The belief that performance is related to the rewards.
<b>Existence Needs:</b>	include the various forms of material and physiological desires, such as food and water, as well as work-related forms such as pay, fringe benefits and physical working conditions

**Relatedness needs:** Deal with our need to be accepted by others, achieve mutual understanding on matters that are important to us and exercise some influence over those with whom we interact on an ongoing basis.

**Existence Needs:** include the various forms of material and physiological desires, such as food and water, as well as work-related forms such as pay, fringe benefits and physical working conditions

**Valence:** The value or importance one places on a particular reward.

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### **Answer to Check your Progress-1**

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a-True

b-True

c-True

d-False

e-True

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### **Answer to Check your Progress-2**

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1. Abraham Maslow
2. Maslow – hierarchy of needs theory
3. Alderfer – ERG theory

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### **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

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### **Block-3: Introduction**

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**Block-3: Interpersonal Process in Organization** has been divided in to four Units.

**Unit-9: Communication** deals with Introduction and Definition of Communication, Significance of Communication, Communication Process, Types of Communication, Barriers to effective communication and Overcoming barriers to communication.

**Unit-10: Group Behavior** explains about Introduction and Definition of Groups, Group Norms, Classification of Groups, Group Dynamics, Reasons for formation of groups, Functions of Group, Stages of Group Development and Group Decision-making.

**Unit-11: Leadership** describes about Introduction and Definition of Leadership, Characteristics of Leadership, Functions of Leadership, Styles of leadership and the Theories of Leadership.

**Unit-12: Decision Making** presents with Introduction and Definition of Decision Making, Characteristics of Decision making, Types of Definition, Decision making Process, Barriers in Decision making, Issues in Decision making and Individual and Group Decision making.

In all the units of Block -3: **Interpersonal Process in Organization**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.



# Unit-9

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## Communication

### STRUCTURE

Overview

Objectives

9.1. Introduction

9.2. Definition of Communication

9.3. Significance of Communication

9.4. Communication Process

9.5. Types of Communication

9.6. Barriers to effective communication

9.7. Overcoming barriers to communication

Let us Sum Up

Check Your Progress

Glossary

Answer to Check Your Progress

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### Overview

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Communication is the ability to communicate orally, in writing, or via electronic means. It also covers interpersonal communication, presentation and negotiation skills. In work communication skills are important for effective meetings and developing positive working relationships with colleagues and clients.

In this unit, the Communication related concepts has been clearly explained to the learners.

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### Objectives

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After completion of this unit you will be able to:

- Understand the Process of Communication;
- Know the Types of Communication;
- Familiarize with the Barriers to Communication and How to overcome them.

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### 9.1. Introduction

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Communication is the exchange of messages between people for the purpose of reaching common understandings, and achieving common

goals. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever groups of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation.

Leadership is a key process in any organisation. Coming to business enterprises, people working there need leaders who could be instrumental in guiding the efforts of groups of workers to achieve the goals of both individuals and the organisation. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal.

The term 'communication' is derived from the Latin word 'communis' which means common. The term communication is used to signify the act of transferring ideas or receiving it by any means-word of mouth, the telephone, telegram, letter, message etc. In an organisation managers have to communicate constantly.

If we observe the activities of any manager, we will find that he is busy writing a letter or receiving one, meeting a worker or a group of workers or his superior attending a conference or addressing one, telephoning or discussing a project with an expert, negotiating terms and so on. Managerial functions are discharged through communication. Direction, guidance, delegation of authority, assignment of duties etc., are done through communication. Thus communication is not a one way process.

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## **9.2. Definition of Communication**

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The term "communication" is freely used by everyone. It is one of the most frequently discussed subjects in the field of organisational behaviour. According to Louis Allen, Communication is the sum of all things, a person does when he wants to create an understanding in the mind of another. It involves a systematic and continuous process of telling, listening and understanding.

According to Keith Davis, "It is the process of passing information and understanding from one person to another. It is essentially a bridge of meaning between people. By using this bridge of meaning, a person can safely cross the river of misunderstanding that separates all people".

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## **9.3. Significance of Communication**

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Communication is an indispensable activity in all organisations. No

organisation can think of its existence without effective communication. That is why Chester Bernard once remarked, “the first executive function is to develop and maintain a system of communication”. An organisation’s very survival depends on its employees’ ability to communicate with one another and with the members of its environment. The free flow of ideas and information is an essential ingredient in the drive for quality and continuous improvement.

The organisation relies on communications to learn what its customers want, to foster cooperation among its employees, and to identify and adapt to changes in the environment. An effective communication system is essential to pass messages, ideas and information for explaining objectives and plans, controlling performance and taking corrective action.

The importance of communication in management can be judged from the following:

1. Gaining acceptance of policies, winning cooperation of others, getting instructions and ideas clearly understood and bringing about the desired changes in performance are dependent upon effective communication.
2. Communication helps the management in arriving at vital decisions. In its absence, it may not be possible for the top-level management to come in closer contact with each other and discuss the important problems pertaining to the organisation.
3. Constant communication with personnel helps the management to remain informed about their problems, difficulties and grievances. Appropriate steps can be taken in time to remove the worker’s difficulties. Conflicts often arise because of communication gaps. They can be averted by setting up a regular arrangement of keeping contact with the workers through communication media.
4. Communication is quite essential for coordination, which is the essence of effective management. It brings about mutual understanding between the personnel at all levels and fosters the spirit of cooperation. In the words of Mary Crushing Niles, “Good communications are essential to coordination. They are necessary upward, downward and sideways, through all the levels of authority and advise for the transmission, interpretation and adoption of policies, for the sharing of knowledge and information, and for the more subtle needs of good morale and mutual understanding”.

5. Greater, better and cheaper production are the aims of all managers. In today's organisations, the information passes through a variety of filters and there is always a chance for misinterpretation. An effective system of communication can play a vital role in avoiding this illusion. The employees should be told clearly what exactly to do and the way in which an instruction is to be carried out. In this process, certain directions are to be given, certain feelings must be expressed and a certain amount of interpersonal perceptions must be exchanged.

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#### 9.4. Communication Process

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The communication is a dynamic process that begins with the conceptualizing of ideas by the sender who then transmits the message through a channel to the receiver, who in turn gives the feedback in the form of some message or signal within the given time frame. Thus, there are seven major elements of communication process.

1. **Sender:** The sender or the communicator is the person who initiates the conversation and has conceptualized the idea that he intends to convey it to others.
2. **Encoding:** The sender begins with the encoding process wherein he uses certain words or non-verbal methods such as symbols, signs, body gestures, etc. to translate the information into a message. The sender's knowledge, skills, perception, background, competencies, etc. has a great impact on the success of the message.
3. **Message:** Once the encoding is finished, the sender gets the message that he intends to convey. The message can be written, oral, symbolic or non-verbal such as body gestures, silence, signs, sounds, etc. or any other signal that triggers the response of a receiver.
4. **Communication Channel:** The Sender chooses the medium through which he wants to convey his message to the recipient. It must be selected carefully in order to make the message effective and correctly interpreted by the recipient. The choice of medium depends on the interpersonal relationships between the sender and the receiver and also on the urgency of the message being sent. Oral, virtual, written, sound, gesture, etc. are some of the commonly used communication mediums.
5. **Receiver:** The receiver is the person for whom the message is intended or targeted. He tries to comprehend it in the best possible manner such that the communication objective is

attained. The degree to which the receiver decodes the message depends on his knowledge of the subject matter, experience, trust and relationship with the sender.

6. **Decoding:** Here, the receiver interprets the sender's message and tries to understand it in the best possible manner. An effective communication occurs only if the receiver understands the message in exactly the same way as it was intended by the sender.
7. **Feedback:** The Feedback is the final step of the process that ensures the receiver has received the message and interpreted it correctly as it was intended by the sender. It increases the effectiveness of the communication as it permits the sender to know the efficacy of his message. The response of the receiver can be verbal or non-verbal.

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### Check your Progress-1

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#### True or False

- a) No organisation can think of its existence without effective communication.
- b) There are five major elements of communication process.
- c) Communication is the exchange of information using a shared set of symbols.
- d) The receiver is the person for whom the message is intended or targeted.
- e) Intrapersonal communication is the active internal involvement of the individual in symbolic processing of messages.

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### 9.5. Types of Communication

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Based on Level Levels of communication are:

1. **Intrapersonal communication:** It is the language used or thought internal to the communicator. Intrapersonal communication is the active internal involvement of the individual in symbolic processing of messages. Both the roles of the sender and receiver, is assumed by the individual himself and he also provides feedback to herself in an ongoing internal process. It can be useful to envision intrapersonal communication occurring in the mind of the individual in a model which contains a sender, receiver, and feedback loop.
2. **Interpersonal communication:** It is the level in which

communication channels are the medium chosen to convey the message from sender to receiver. Communication channels can be either direct or indirect. Direct channels are those that are obvious and can be easily recognized by the receiver. They are also under direct control of the sender. Indirect channels are those channels that are usually recognized subliminally or subconsciously by the receiver, and not under direct control of the sender.

3. **Group communication** : refers to the nature of communication that occurs in groups that are between 3 and 12 individuals. Small group communication generally takes place in a context that mixes interpersonal communication interactions with social clustering.
4. **Public communication**: It's at the heart of our economy, society, and politics. Studios use it to promote their films. Politicians use it to get elected. Businesses use it to burnish their image. Advocates use it to promote social causes. It's a field built on ideas and images, persuasion and information, strategy and tactics. No policy or product can succeed without a smart message targeted to the right audience in creative and innovative ways.
5. **Formal and Informal Communication**: The formal organisation chart describes the formal lines of authority, power, responsibility and accountability of the organizational members. All these relationships involve communication. For instance, the delegation of authority involves the flow information from a superior to his subordinate. Formal communications are in black and white.

On the other hand, informal communication is free from all the formalities of formal communication. Informal communication is based on the informal relationship among the organisation members. It is conveyed by a simple gesture, glance, nod, smile or mere silence. For instance, when the worker approaches the manager and informs about the completion of the job entrusted to him, and if the manger simply nods his head or gives an approving smile, then it amounts to informal communication.

The informal communication which supplements the formal organizational relationship is referred to as the "Grapevine". Though this relationship is structureless, it comes into existence when formal organizational members who know each other pass on information relating to the enterprise. It thrives on information

not openly available to the entire work group. This may be due to the fact that information is regarded as confidential. The Grapevine may flourish, if formal lines of communication are inadequate. The Grape vine is inevitable and valuable, because all forms of informal organisation serve essential human communication needs. It is very effective for quick communication.

- 6. Downward, Upward or Horizontal Communication :** Communications are classified as downward, upward or horizontal. Communication is said to be downward when it flows from the top to the bottom, it is upward when it flows from the sub-ordinates to the top management. It is horizontal when it flows between individuals at the same level (e.g. between two departmental or section heads). All these three kinds of communications may be either oral or written.

The Classical theorists emphasized downward communication. Downward Communication is used by the superiors to convey their orders and directions to their subordinates. The purposes of downward communication are:

- a. To give job instructions
- b. To create an understanding of the work and its relations with other tasks.
- c. To inform about procedures.
- d. To inform sub-ordinates about their performance.
- e. To indoctrinate the workers to organizational goals

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## **9.6. Barriers to Effective Communication**

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### **Types of Barriers:**

There are various problems and difficulties in the process of communication which often result in the occurrence of the barriers to communication. Communication barriers are interferences or obstacles which affects not only the transmission of idea or information but also the understanding and acceptance of it. It has a effect on entirely preventing communication, filtering part of it, or giving it an incorrect meaning. Barriers to communication can be classified as follows on the basis of the stage of the communication process during which the problem arise:

- Sender oriented barriers, which include lack of planning, lack of clarity about the purpose of communication, improper choice of words resulting in a badly encoded message, difference in perception, wrong choice of channel, etc.
- Receiver oriented barriers like poor listening, lack of interest, difference in perception, biased attitude, etc.
- Channel oriented barriers such as noise, wrong selection of medium, technical defects, etc.

The various barriers to the process of communication are given as follows.

- I. Physical or environmental barriers
- II. Physiological barriers
- III. Semantic or language barriers
- IV. Personal barriers
- V. Emotional
- VI. Socio- psychological
- VII. Cultural barriers
- VIII. Organizational barriers

***I. Physical or environmental barriers:***

These are environmental factors which limit the sending and receiving of messages. Often the term Noise is used as a blanket term to refer to this kind. They include distance, noise, breakdown of communication media, faulty mechanical equipments, etc.

- i. Noise:*** It is the first major barrier to communication. Communication gets disturbed by noise that occurs at the transmission level. For example, the noise of traffic around a school obstructs the flow of information between a student and a teacher. Similarly poor signal while talking over cell phone or using public address system or watching TV also disrupts communication. Bad weather conditions may also sometimes cause barrier to communication.
- ii. Time and distance:*** These may also obstruct the smooth flow of information. For example time difference between two different countries may affect communication between two people. Another example will be two people working in two different shifts may face problems in communicating effectively. Improper



seating arrangement in a class also may act as a barrier to the process of communication.

**iii. Wrong choice of medium:** This can cause a barrier to communication if the sender uses the wrong channel for the transmission of the message which is improper for the audience. For example, if an expert uses a power point presentation for the uneducated factory workers then they will be unable to understand it.

**iv. Surroundings:** Adverse or extreme weather conditions like, too hot or too cold, their surroundings do have a direct effect on the effectiveness of communication. As environment causes a psychological effect like, too hot weather will cause restlessness and humidity, whereas too cold weather makes a person feel lazy to communicate.

**v. Inadequacy of message design/Poorly expressed message:** No matter how clear the idea in the mind of the sender, it may still get affected by use of poorly chosen words, long sentences, complex words, poor organization of ideas, use of jargon

## **II. Physiological or Biological barriers:**

Physiological barriers are related to a person's health and fitness. These may arise due to disabilities that may affect the physical capability of the sender or the receiver. Proper functioning of the vocal chords, hands, fingers and eyes is necessary for effective communication. For example:

- Speaking can adversely be affected by stammering, fumbling, utterance of improper sounds due to defective vocal organ.
- Listening can be ineffective as a result of defective hearing
- Writing can be failed due to hand injury, numbness, etc.
- Reading can be affected due to poor eyesight.

## **III. Semantic barriers/ Language Barriers:**

The term 'semantic' refers to the systematic study of meaning of the words. Semantic barriers are barriers related to language. They cause obstructions in the process of receiving or understanding of the message during the process of encoding or decoding ideas and words. The most common semantic barriers are listed below:

- *Misinterpretation of words:* Different people mean different meaning while using the same word.

- *Use of technical language:* It is often found that technical people use technical language, which is related to their profession which is known as jargon. For .e.g. A manager handed over an important document to a new assistant and told him to burn it (here burn means copy in another computer.) But the new assistant took a different meaning to the word burn and literally burn it with a match stick. Doctors, lawyers, etc. uses a language which a layman cannot understand that, due to lack of knowledge of that language.
- Vocabulary deficiency of both the sender and the receiver may cause semantic barrier to communication.
- Multiple meaning of the words in different context: Different words are used in different ways as per the need/ message. For instance consider the word, 'out' in following sentences:
  - Get out of here
  - Something is out of order in my car
  - The truth got out at last
  - He really stands out in his class.
  - The workers are going out on strike

Thus the word 'out' conveys a different meaning when used in different situations and thus miscommunication occurs.

- *Connotative meaning:* It differs dramatically from denotative meaning. e.g. depart, go, leave, get out, etc

**IV. Personal barriers:** Differences in personal and psychological makeup of individuals may create barrier between people. They arise from judgments, emotions and social values of people. The following are some of the most common personal barriers.

- *Attitudes and opinions:* Assumptions and negative feelings about the receiver, such as hostility may have an effect on the message. In a typical superior subordinate relationship, a subordinator may or may not ask questions, may even withhold information due to fear. Some supervisors may not be open to suggestions and feedback as they presume that their subordinates are not capable of advising them. This creates indifference between them and subordinates do not feel motivated. Attitude thus becomes a barrier to communication.

- *Lack of self confidence*: Lack of self confidence either on the part of the sender or the receiver while communicating may be a barrier to it.

#### **V. Emotional Barriers:**

Emotional barriers are associated with sentiments and emotions.

- *Blocked mind*: Blocked mind considers only limited information and ignores or rejects additional information. An individual who has a blocked mind is rigid and dogmatic. He resists all contradictory communication and pays deaf ear to new ideas.
- *Bias and prejudice*: If closed minded people are asked for reasons for rejecting a message, they may reveal prejudices. They react with anger and give a sharp rebuff who tries to argue with them. This acts as a barrier in communication.
- *Emotions*: One's state of mind plays an important role in act of communication. If the sender is worried, excited, afraid, nervous, then he will not be able to organize his message properly. Similarly if the receiver is not in a proper state of mind, he may misinterpret the message.

#### **VI. Socio-psychological barriers:**

They are similar to perceptual barriers

- *Selective perception*: This means that the receiver selectively see and hear based on their needs, motivations, experience and expectations. In communication, this tendency means that they hear what they want to hear and ignore other relevant information
- *Status consciousness*: Differences in status and power between the sender and the receiver may constitute another barrier. The subordinate feels very jittery, nervous in front of the supervisor and the supervisors may be reluctant to pass complete information.
- *Prejudices*: People who are not open to discussions, new ideas, viewpoints and have a closed mind may be a great barrier to communication.
- *Halo Effect*: Sometimes the listener may be too much in awe of or completely distrust a speaker. When there is a lack of sufficient trust, confidence and faith between the communicating parties, selective listening takes place. In these situations several types of 'noise' enter the communication process. Similarly things

like distrust, threat, fear are vital barriers to effective communication.

- *Physical appearance:* Receiver may not like the sender's physical appearance, voice, pronunciation, accent, use of grammar or mannerism. This may cause the receiver to discard the content. Communicator's mood also influences his capacity to communicate, for .e.g. he may be tired, sleepy, bored, etc.

#### **VII. Cultural Barriers:**

Culture shapes the way we think and behave. Each group categorized on the basis of nationality, ethnicity, race, religion, etc. has its own distinctive culture. Cultural differences often cause communication differences. It arises when individuals in one

social group have developed different norms, values, or behaviors to individuals associated with another group. The same category of word, phrases, symbols, actions colors mean different things to different cultures. For .e.g. In western countries black color is associated with mourning, while in the far east white is the color of mourning. In U.S people love to be called by their first name, while in Britain, people are addressed by their last name.

#### **VIII. Organisational barriers:**

- *Complex organizational structure:* A complex org structure has long communication channels which subjects to breakdown of communication.
- *Too many levels in the organization:* As the message has to pass through many levels, there are chances of distortion, delays or total failure of the message.
- *Time and timeliness:* time pressures can be a serious obstacle as messages are hastily and inadequately communicated by managers.

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### **9.7. Overcoming Barriers to Communication**

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Following are some of the additional measures to overcome the barriers to communication:

1. ***Fostering good relationships:*** Strong relationships must be fostered between the employer and employee in order to avoid misunderstandings and accept each other's view points in order to remove the barriers and to facilitate proper communication in the organisation.

2. **Purposeful and well focused communication:** Communication should be purposeful and directed to an individual. At the end of the communication, the receiver should not be left to feel that communication had been meaningless or useless.
3. **Co-ordination between superior and subordinates:** In case the superior thinks at a level, which is different from that of the subordinate and vice versa, it will affect the effectiveness of communication. Therefore, there should be good and proper co-ordination and cooperation between the superior and subordinate for effective communication.
4. **Avoid technical language:** The specialized language should be avoided. Efforts should be made to use the language commonly understood by the receiver and sender of the message. There should be least use of technical jargon in the communication process.
5. **Feedback:** The selective perception of receiver should be minimized through proper feedback. The drawback of the selective perception should be explained to minimize the barriers.
6. **Accuracy:** There should be accuracy in the message to be transmitted between both parties for the communication to improve its effectiveness.
7. **Clarity in message:** The message to be transferred should be clear, practical accurate and without any ambiguity.
8. **Communication of organisational philosophy:** Efforts have to be made in a planned way to sensitize people with the organisational philosophy. It should be properly communicated to its employees so that accord proper attention to their day-to-day communication.
9. **Flat organisational structure:** The organisation should have clear cut and simple organisational structure. Tall hierarchical structures should be removed, and changed to flat structures to avoid excessive control of information. Wrong information to be transferred to anyone in the organisation can prove detrimental. Proper redesign of organisational structure will reduce the status gap.
10. **Division of labour:** There should be proper division of labour between people in order to reduce information overload and prevent delay in information transfer.

11. **Organisation policies:** The organisation should formulate its policies in such a way that it will give full advantage to all members of the organisation. It should be flexible and easy to implement. While the organisation's goal must be clear, everyone must know about his position, in the organisational communication process. The network has to be fully developed so that no such type of barriers exists. Moreover, there should be consistency when messages are passed from a sender to a receiver. One should not introduce a personal view in the message. It must be clear and understood by everyone easily. Timeline in the message should be mentioned for if it is not passed in time, it will be of no use.
12. **Minimize semantic problem:** People use either the same word in different ways or different words in the same way. One will be surprised to know that there are 15 different meanings of the word 'charge' in the English language. They also occur when people use jargon or professional shorthand which they expect others to understand, or use language which is outside the other's vocabulary.
13. **Proper communication channels:** If one wants immediate action from the receiver, there is no need to send a lengthy discussion report. One can pick up the telephone or go to his office to tell him what to do. Remember, also that one picture is worth a thousand words, and in this age of computer graphics, information can be produced more quickly in this way too.
14. **Right feedback:** Although one-way communication is quicker, two-way communication is more accurate. In complex situations, it helps both sender and receiver to measure their understanding and improves their joint commitment towards the task. It enables both parties to identify and clear misunderstandings leading to a higher quality of reception and acceptance.

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### Let us Sum Up

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In this unit, you have studied about the following:

- Communication is the exchange of messages between people for the purpose of reaching common understandings, and achieving common goals. Unless common meanings are shared, managers find it extremely difficult to influence others.
- Communication is an indispensable activity in all organisations. No organisation can think of its existence without effective communication.

- The organisation relies on communications to learn what its customers want, to foster cooperation among its employees, and to identify and adapt to changes in the environment.
- Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organisations.

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### Check your Progress-2

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1. Communication begins with\_\_\_\_\_.
2. For fast communication and to get correct feedback, which organization is suitable for \_\_\_\_\_.
3. \_\_\_\_\_has long communication channels which subjects to breakdown of communication.

---

### Glossary

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**Communication:** It is referred as sum of all things a person does when he wants to create an understanding in the mind of another

**Sender:** It is referred to the person who initiates the conversation and has conceptualized the idea that he intends to convey it to others.

**Receiver** is the person for whom the message is intended or targeted

**Feedback** is the process that ensures the receiver has received the message and interpreted it correctly as it was intended by the sender.

---

### Answer to Check your Progress-1

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a-True

b-False

c-True

d-True

e-True

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**Answer to Check your Progress-2**

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1. idea origination
2. Informal Organisation
3. Complex organizational structure

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.



## Unit-10

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# Groups and Group Dynamics

### STRUCTURE

Overview

Objectives

10.1. Introduction

10.2. Definition of Groups

10.3. Group Norms

10.4. Classification of Groups

10.5. Group Dynamics

10.6. Reasons for formation of groups

10.7. Functions of Group

10.8. Stages of Group Development

10.9. Group Decision-making

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

The social process by which people interact and behave in a group environment is called group dynamics. Group dynamics involves the influence of personality, power, and behaviour on the group process.

In this unit, the Groups and its classification, norms, functions , stages of group development and Group Dynamics has been clearly explained.

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### Objectives

After completion of this unit, you will be able to:

- Identity different types of groups to which people belong to.
- State the reasons people and organisations form groups.
- Discuss stages of group development.

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### 10.1. Introduction

The behavior of people as an individual and as a member of a group widely differs. It may be noted that modern organizations are made up of people and obviously any organization is as good as its people. It is also true that individuals in an organization do not work in isolation. Much of

the work in organization is done by groups of people. Therefore, it is important for a manager to understand how groups are formed in the organization and the performance and expectations of the members of various groups.

In order to be called a group, an aggregation of persons must satisfy the following conditions:

- I. People must interact with one another,
- II. People must be psychologically aware of one another, and
- III. People should perceive themselves to be a group.

Groups are useful for organizations as they provide norms of behavior for its members. They provide a mechanism for people at work place to talk to one another about job or personal problems. They provide a feeling of camaraderie, companionship and understanding. Groups enable the members gain a feeling of belongingness through which the members derive esteem, recognition and status. A sound understanding of the group dynamics at the work place keeps the manager in a good stead so that appropriate initiatives for behavior modifications and to introduce change can be implemented.

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## **10.2. Definition of Groups**

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Stephen. R. Robbins defined group as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives

According to Huse and Bowditch, a group is any number of people who:

- have a common purpose or objective
- interact with each other to accomplish their objective
- are aware of one another
- perceive themselves to be part of the group

Organisations are defined as group of people, who come together, to achieve some common objectives. They work in a structured fashion and utilize resources to reach predetermined goals and targets. Therefore, groups are an integral part of any organisation. They influence individuals and therefore, have an impact on organisation behaviour.

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### 10.3. Group Norms

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All groups have norms—"acceptable standards of behavior that are shared by the group's members." Norms tell members what they ought and ought not to do under certain circumstances

**Status:** Status is a socially defined position or rank given to groups or group members by others. We live in a class-structured society despite all attempts to make it more egalitarian.

**Group Size:** The size of a group affects the group's overall behavior, but the effect depends on the dependent variables.

**Social loafing:** It is the tendency for individuals to expend less effort when working collectively than when working individually.

**Group Cohesiveness:** The degree to which members are attracted to each other and are motivated to stay in the group

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### 10.4. Classification of groups

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Groups can be either Formal or Informal.

**1. Formal Groups:** A designated work group defined by the organization's structure.

A formal group is set up by the organization to carry out work in support of the organization's goals. In formal groups, the behaviours that one should engage in are stipulated by - and directed toward - organizational goals. Examples include a book-keeping department, an executive committee, and a product development team. Formal groups may be command groups or task groups.

**i) Command Group:** A command group consists of a manager and the employees who report to him or her. Thus, it is defined in terms of the organization's hierarchy. Membership in the group arises from each employee's position on the organizational chart.

**ii) Task Group:** A task group is made up of employees who work together to complete a particular task or project. A task group's boundaries are not limited to its immediate hierarchical superior. It can cross command relationships. An employee's membership in the group arises from the responsibilities delegated to the employee - that is, the employee's responsibility to carry out particular activities. Task group may be temporary with an established life span, or they may be open ended.

**iii) Committee:** A group of people officially delegated to perform a function, such as investigating, considering, reporting, or acting on a

matter. Committee, one or more persons appointed or elected to consider report on, or take action on a particular matter. It investigates analyses and debates the problem and makes recommendation. Committee usually has their own committee member comprising of advisory authority, secretary and others. Recommendation is sent to the authority that is responsible for implementing them.

#### Characteristics of Formal groups

- Explicitly stated defined structure, procedural rules and membership
- Created to carry out some specific task or to meet a required goal
- Relatively permanent or temporary (e.g. steering group or problem solving group)
- Defined roles and designated work assignments
- Well Defined norms
- Specified goals and deadlines

#### **2. Informal Groups:**

An organization's informal groups are the groups that evolve to meet social or affiliation needs by bringing people together based on shared interests or friendship. Thus, informal groups are alliances that are neither formally structured nor organizationally determined. These groups are natural formations in the work environment that appear in response to the need for social contact. Many factors explain why people are attracted to one another. One explanation is simply proximity; when people work near one another every day, they are likely to form friendships. That likelihood is even greater when people also share similar attitudes, personalities, or economic status.

**i) Friendship Groups:** Groups often develop because the individual members have one or more common characteristics. We call these formations 'friendship groups'. Social alliances, which frequently extend outside the work situation, can be based on similar age, same political view, attended the same college, etc.

**ii) Interest Groups:** People who may or may not be aligned into common command or task groups may affiliate to attain a specific objective with which each is concerned. This is an interest group.

**iii) Reference Groups:** Sometimes, people use a group as a basis for comparison in making decisions or forming opinions. When a group is used in this way, it is a reference group. Employees have reference groups inside or outside the organization where they work. For most people, the family is the most important reference groups. Other important reference groups typically include co-workers, friends, and members of the person's religious organization. The employee need not admire a group for it to serve as a reference group. Some reference groups serve as a negative reference; the employee tries to be unlike members of these groups.

**iv) Membership Groups:** When a person does belong to a group (formal and informal groups to which employees actually belong) the group is called a membership group (or affiliation group) for that person. Members of a group have some collection of benefits and responsibilities that go beyond the group serving as a reference point. In a membership group, each member would be expected to contribute to the group's well being and would enjoy the benefits arising from the group members' friendship.

**v) Cliques:** A relatively permanent informal groups that involves friendship. Most of the relationships came down to two cliques, each with a hanger-on, and some isolates. The groups included several different professions. They developed ideas about each other. Clique membership acted as a form of social control, forcing people to conform to group desires. The groups established norms regarding output, treatment of supervisor, reciprocity and other interpersonal relations. The cliques served as a system for sense making about organizational events. They developed their own set of beliefs, explaining things to each other.

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### **Check your Progress-1**

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#### **True/False**

- a) Groups are not useful for organizations as they provide norms of behavior for its members.
- b) Status is a socially defined position or rank given to groups or group members by others.
- c) A formal group is set up by the organization to carry out work in support of the organization's goals.
- d) Members of a group have some collection of benefits and responsibilities that go beyond the group serving as a reference point.

e) Kurt Lewin is identified as the founder of group dynamics movement.

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### 10.5. Group Dynamics

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The word “dynamics” has been derived from the Greek word meaning “force” “Hence group dynamics refers to the study of forces operating within a group”. In other words, “The social process by which people interact face to face in small groups is called group dynamics”.

Group dynamics in organisational behaviour is primarily concerned “with the interactions of forces between group members in a social situation”. Kurt Lewin is identified as the founder of group dynamics movement. His findings are based on the experiments he conducted on small groups in 1930s. The other experiments were those, which were conducted by Elton Mayo and his associates in 1920s and 1930s.

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### 10.6. Reasons for Formation of Groups

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**Companionship:** The need for relationship with other people is one of the strongest and most constant of human drives. Many research studies have indicated that the employees who have no opportunity for close social contacts find their work unsatisfying and this lack of satisfaction often reflects itself in low productivity and high rate of absenteeism and turnover. Elton Mayo observed that the employees in a textile plant who worked on isolated jobs were highly dissatisfied and consistently failed to meet production standards and staggered rest period helped a little. But when the company permitted these workers to take rest period as a group, production and satisfaction both increased.

**Sense of identification:** Workers get identity in small groups and so small groups tend to enjoy high morale. Employees working in large departments where everybody does the same type of job, find it hard to form stable social groupings compared to those working in small groups.

**Source of Information:** Informal group is a source of information to its members. Informal communication is very fast. A piece of information available to a member will reach nearly all the members of the group instantly. The group may develop a special code or language for speedy communication. Psychological barriers to communication are also overcome by the group.

**Job satisfaction:** The group’s solution to a problem may be different from what management expects and it may even be more efficient. Shortcuts are evolved and informal channels of communication are established to cut across department boundaries. Many jobs which

appear superficially dull and routine are made interesting by the group and spontaneity is encouraged and protected by the group.

**Protection of members:** Groups help protect their members from outside pressures. Groups often resist management's demands for additional output, increased working hours, and higher quality. Group members often agree on the level of output that each will put forth so that no member may outperform the others.

**Outlet for frustration:** An individual at times, feels tremendous stress in life and gets frustrated. If he shares his feelings and anxieties with someone, his tension is released to a great extent. The social relations provide an important outlet for frustration. An informal group serves as a safety valve which helps release tension and frustration and checks the mental breakdown of the individual.

**Perpetuation of cultural values:** Sometimes, groups are formed by individuals belonging to a common cultural background. Such people can preserve their cultural identity and also feel a sense of security by associating with those pursuing the same cultural values and social norms. Maintenance of cultural values will also provide them psychological satisfaction.

**Generation of new ideas:** Informal groups are a breeding ground for new ideas as they provide a supportive environment in which the members can engage themselves in creative thinking. New product teams, task force, quality circles, etc. are important examples in this regard

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## 10.7. Functions of groups

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Groups perform three functions that are important to an enterprise's success.

1. **Socialisation of New Employees:** The work group teaches the new employees the work norms, that is, how to behave at work. It orients and educates the new employees into the enterprise's work rules and norms and helps him.
2. **Getting the job done:** The work group teaches the employee how to cope with the demands of the job. It is the organisation that provides the necessary training for employees to do the job, but in practice it is the work groups within the organisation that help the employees learn how to interact with the rest of the organisation and how to get the job done.
3. **Decision making:** Well-established groups that are operating

effectively can contribute to organisational effectiveness by turning out better decisions. Two heads are better than one.

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## 10.8. Stages of Group Development

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In interpreting behaviour of a particular group, it is important to recognize not only a broad pattern of development but also the unique characteristics of the particular group and the circumstances that contribute to (or detract from) its development. The way in which a particular group develops, depends in part on such variables as the frequency with which group members interact and personal characteristics of group members.

Bruce Tuckman (1965) developed a 5-stage model of group development. However, it is generally believed that groups pass through a standard sequence of five stages.

- 1. Forming:** When a group is initially formed, its members cannot accomplish much until they agree on what their purpose is, how they will work together and so on. Answering such questions brings group members face to face with the first obstacle to maturity: uncertainty, anxiety, and disagreement over power and authority. In this stage, the focus is on the interpersonal relations among the members. Members assess one another with regard to trustworthiness, emotional comfort, and evaluative acceptance. Thus, the forming stage is characterized by a great deal of uncertainty about the group's purpose, structure and leadership. Members are testing the waters to determine the type of behaviour that is acceptable. This stage is complete when members have begun to think of themselves as part of a group.
- 2. Storming:** The storming stage is one of inter-group conflict. Members accept the existence of the group, but resist the constraints the group imposes on individuality. Further, there is conflict over who will control the group. After a group leader has emerged, the remaining group members must sort out where they fit in the group. Even if all the group members accept the leader, the group enters a phase of conflict and challenge. One or more followers may test the leader. The group may split into factions supporting and opposing the leader. If the group gets stuck in this phase of development, group members may engage in battles over turf and expend their energies on a variety of political tactics. When this stage is complete, a relatively clear hierarchy of leadership exists within the group.



3. **Norming:** In this stage, close relationships develop and the group demonstrates cohesiveness. Entering and conducting the cohesion phase requires intervention by a group member who is emotionally unaffected by power and authority issues. Typically, such a person encourages group members to confront these issues openly. If the group engages in this process, the cohesion phase usually passes quickly. Group members recognize where they fit in, and the group agrees on how it will operate. A new leader may emerge, or the existing leader may become more aware of how much others in the group contribute. The norming stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behaviour.
4. **Performing:** The fourth stage is performing. The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to performing the task at hand. Members' attention is directed to self-motivation and the motivation of other group members for task accomplishment. Some members focus on the task function of initiating activity and ensure that the work of the group really gets moving. Other members contribute to motivation and commitment within the group through maintenance functions such as supporting, encouraging and recognizing the contributions of members or through establishing the standards that the group may use in evaluating its performance.
5. **Adjourning:** For permanent work groups, performing is the last stage in their development. However for temporary groups, there is an adjourning stage. In this stage, the group prepares for its disbandment. High task performance is no longer the group's top priority. Instead, attention is directed toward wrapping up activities.

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### 10.9. Group Decision-making:

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The most common form of group decision-making takes place in face-to-face interacting groups. Interacting groups often censor themselves and pressure individual members toward conformity of opinion. Once a manager has determined that a group decision approach should be used, he or she can determine the technique best suited to the decision situation. Seven techniques are summarized below:

1. **Brainstorming:** Brainstorming is a good technique for generating alternatives. The idea behind brainstorming is to generate as many ideas as possible, suspending evaluation until all of the ideas have been suggested. Participations are encouraged to build upon the suggestions of others, and imagination is emphasized. Brainstorming is meant to

overcome pressures for conformity in the interacting group that retard the development of creative alternatives. Groups that use brainstorming have been shown to produce significantly more ideas than groups that do not. In a typical brainstorming session, about 6 to 10 people sit and discuss the problem. The group leader states the problem in a clear manner, so that all participants understand it. No criticism is allowed, and all the alternatives are recorded for later discussion and analysis. One recent trend is the use of electronic brainstorming instead of verbal brainstorming in groups.

Electronic brainstorming overcomes two common problems that can produce group-brainstorming failure:

- a. **Production Blocking:** While listening to others, individuals are distracted from their own ideas. This is referred to as production blocking.
- b. **Evaluation Apprehension:** Some individuals suffer from evaluation apprehension in brainstorming groups. They fear that others might respond negatively to their ideas. Brainstorming, however, is merely a process for generating ideas.

**2. Nominal Group Technique (NGT):** The nominal group technique restricts discussion or interpersonal communication during the decision-making process, hence the term 'nominal'. Group members are all physically present, as in a traditional committee meeting, but members operate independently.

NGT has the following discrete steps:

- (a) Individuals silently list their ideas.
- (b) Ideas are written on a chart one at a time until all ideas are listed.
- (c) Discussion is permitted, but only to clarify the ideas. No criticism is allowed.
- (d) A vote is taken by ballot or other recordable means Group Decision-making

NGT is a good technique to use in a situation where group members fear criticism from others. The chief advantage of the NGT method is that it permits the group to meet formally but does not restrict independent thinking, as does an interacting group.

**3. Delphi Technique:** The Delphi technique originated at the Rand Corporation to gather the judgements of experts for use in decision-making. The Delphi method is similar to the nominal group technique except that it does not require the physical presence of the group's

members. Experts at remote locations respond to a questionnaire. A coordinator summarizes the responses to the questionnaire, and the summary is sent back to the experts. The experts then rate the various alternatives generated, and the coordinator tabulates the results.

**4. *Electronic Meetings:*** This method blends the nominal group technique with sophisticated computer technology. Issues are presented to participants and they type their responses onto their computer screen. Individual comments, as well as aggregate votes, are displayed on a projection screen. .

**5. *Devil's Advocacy:*** In this method, an individual or a group is given the role of critic. This person or persons (called Devil's Advocate) has the task of coming up with the potential problems related to a proposed decision. This helps organisations avoid costly mistakes in decision-making by identifying potential pitfalls in advance.

**6. *Quality Circles and Quality Teams:*** Quality circles are small groups that voluntarily meet to provide input for solving quality or production problems. Quality circles are often generated from the bottom up; that is, they provide advice to managers, who still retain decision-making authority. As such, quality circles are not empowered to implement their own recommendations.

They operate in parallel, 'dotted-line' linkages to the organisation's structure, and they rely on voluntary participation. Quality teams, in contrast, are included in total quality management and other quality improvement efforts as part of a change in the organisation's structure. Quality teams are generated from the top down and are empowered to act on their own recommendations. Quality Circles and quality teams are methods for using groups in the decision-making process. The next method, self-managed teams take the concept of participation one step further.

**7. *Self-managed Teams:*** Self-managed teams make many of the decisions that were once reserved for managers, such as work scheduling, job assignments and staffing.

Unlike quality circles, whose role is an advisory one, self-managed teams are delegated authority in the organisation's decision-making process. Before choosing a group decision-making technique, the manager carefully evaluates the Notes group members and the decision situation. Then the best method for accomplishing the objectives of the group decision-making process can be selected.

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## Let us Sum Up

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In this unit, you have studies about the following:

- Thus we see that team skills and group membership form a very important component of the attributes required for success in work place.
- If a group in which the individual is working, is conducive for work, the performance of the individual will be similarly affected and vice versa.
- There are many reasons and methods for group formation but groups are mandatory for one's work.
- There are five stages of Group Development.

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## Check your Progress-2

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1. Grouping the activities on the basis of the product line is a part of \_\_\_\_\_.
2. Which of the following methods is/are used to solve intergroup conflicts indirectly\_\_\_\_\_.
3. Determining how tasks are to be grouped is part of which management function\_\_\_\_\_.

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## Glossary

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<b>Group:</b>	Two or more individuals, interacting and interdependent, who have come together to achieve particular objectives
<b>Status:</b>	Status is a socially defined position or rank given to groups or group members by others.
<b>Social loafing:</b>	It is the tendency for individuals to expend less effort when working collectively than when working individually.
<b>Group Cohesiveness:</b>	The degree to which members are attracted to each other and are motivated to stay in the group.
<b>Quality circles:</b>	It is a small group that voluntarily meet to provide input for solving quality or production problems.

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**Answer to Check your Progress-1**

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- a-False
- b-True
- c-True
- d-True
- e-True

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**Answer to Check your Progress-2**

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1. Divisional structure
2. Avoidance
3. Organizing

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

# Unit-11

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## Leadership

### STRUCTURE

Overview

Objectives

11.1. Introduction

11.2. Definition of Leadership

11.3. Characteristics of Leadership

11.4. Functions of Leadership

11.5. Styles of leadership

11.5. Theories of Leadership

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

The Leadership concept such as definition, characteristics, functions, styles and theories has been explained in this unit.

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### Objectives

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After completion of this unit, you can able to:

- State the nature and characteristic of leadership
  - Identify leadership styles patterns and skills
  - Discuss the importance and various theories of leadership
  - Explain the functions and types of a leader
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### 11.1. Introduction

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Researchers rarely agree on what is meant by leadership. Different investigators define it in different ways. Although there is some consensus on general statements such as "leaders have followers" and "effective leaders somehow get others to do things that are helpful for group performance", exactly how and why performance increases is unclear.

The first question is one of the emergence of a leader. The second question sees leadership as those characteristics or behaviours that make an individual effective in a given position. Leadership is seen not as some set of universally agreed-upon traits, but as those things which are positively related to groups' productivity in a given situation. The central idea is that there is no best style of leadership. What will work best depends on the proper combination of personal characteristics and the specific situation in which one works. To understand this position more fully, let us examine the definitions given by authorities on the subject, for leadership is a great quality and it can create and convert anything.

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## **11.2. Definition of Leadership**

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Some of the definitions of leadership are reproduced below:

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

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

According to Terry, "A leader shows the way by his own example. He is not a pusher, he pulls rather than pushes". According to Koontz and O'Donnell, Managerial leadership is "the ability to exert inter-personal influence by means of communication, towards the achievement of a goal. Since managers get things done through people, their success depends, to a considerable extent upon their ability to provide leadership".

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

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

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## **11.3. Characteristics of leadership**

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1. Leadership is the process of influencing the behaviour of others.
2. Leadership uses non-coercive method to direct and coordinate the activities of the members.
3. Leadership directs the people to attain some goal.
4. Leadership occupies a role for a given time and for a group.

5. A leader possesses qualities to influence others.
6. Leadership gives people a vision for future.
7. It is a group activity. Leader influences his followers and followers also exercise influence over their leader. Leadership interacts.
8. Leadership is meant for a given situation.
9. Leadership is a continuous process of influencing behaviour. It instills dynamism in the group.
10. It is a psychological process and multi-dimensional in character.

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#### **11.4. Functions of Leadership**

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Krech who identifies fourteen functions provides a useful summary.

1. The leader as executive – top coordinator of the group activities and over-seer of the execution of policies.
2. The leader as planner – deciding the ways and means by which the group achieves its ends. This may involve both short-term and long-term planning.
3. The leader as policy maker – the establishment of group and policies.
4. The leader as expert – a source of readily available information and skills, although there will be some reliance on technical expertise and advice from other members of the group.
5. The leader as external group representative – the official spokesperson for the group, the representative of the group and the channel for both outgoing and incoming communications.
6. The leader as controller of internal relations – determines specific aspects of the group structure.
7. The leader as purveyor of rewards and punishment – control over group members by the power to provide rewards and apply punishments.
8. The leader as arbitrator and mediator – controls interpersonal conflict within the group.
9. The leader as exemplar – a model of behaviour for members of the group, setting an example of what is expected.



10. The leader as symbol of the group – enhancing group unit by providing some kind of cognitive focus and establishing the group as a distinct entity.

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### **Check your Progress-1**

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#### **True/False**

- a. Leadership gives people a vision for future.
- b. In the words of R. T. Livingston, Leadership is "the ability to awaken in others the desire to follow a common objective".
- c. Researchers not agree on what is meant by leadership.
- d. The leader as policy maker – the establishment of group and policies.
- e. Autocratic leader centralize power and decision making in them

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### **11.5. Styles of leadership**

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Styles of leadership are usually classified under the two categories, namely, authoritarian (or autocratic) and democratic; Sometimes a third heading of laissez-faire is included.

There are of course many dimensions within these broad headings and a number of other styles may be identified, such as for example, dictatorial, bureaucratic, benevolent, charismatic, consultative, and participative

The *authoritarian style* is where the focus of power is with the manager and all interactions within the group move towards the manager. The leader alone exercises decision-making and authority for determining policy, procedures for achieving goals, work tasks and relationship control of rewards or punishments.

Autocratic leader centralize power and decision making in them. They structure the complete work situation for their employees, who are supposed to do what they are told. The leaders take full authority and assume full responsibility.

Leadership behaviour typically is negative, based on threats and punishment; but it can be positive, because an autocratic leader can choose to give rewards to employees, in which the style becomes 'benevolent-autocratic'. Some employees have expectations of autocratic leadership. The result is that they feel a certain amount of security and satisfaction with this type of leader.

Some advantages of autocratic leadership style are that it provides strong motivation and reward for the leader. It permits quick decisions,

because only one person decides for the entire group. It is the best style in emergencies. Furthermore this style gives good results when one is dealing with unskilled employees doing repetitive tasks.

The main disadvantage of autocratic leadership style is that most people dislike it. Frustration, dissatisfaction, fear, and conflict develop easily in autocratic situations. Employees do not involve their 'self' in the organisational activities because their drives and creativity are suppressed.

### ***Participative leadership style or Democratic style***

Participative leadership style is the expression of leader's trust in the abilities of his subordinates. The leader believes that his people are desirous of contributing to the organisational efforts as well as they have requisite capacities. Participative leaders decentralize authority. Participative decisions are not unilateral, as with the autocrat, because they arise from consultation with followers and participation by them. The leader and group are acting as one unit.

Employees are informed about conditions requiring decisions, which encourages them to express their ideas and suggestions. Whereas autocratic leader control through the authority they possess, participative leaders exercise control mostly by using forces within the group. The group members have a greater say in decision-making.

Participative style is supposed to be a better style of managing people. However, it is not without its own drawbacks. This style is useless when the leader is dealing with an emergency. Furthermore, the basic assumption of this style that the people have the skill and will to help organisational effort may not be correct.

### ***Free rein leadership style or Laissez Faire Style***

On the continuum of leadership style free rein style is the extreme. Free rein leaders avoid power and responsibility. They depend largely upon the group to establish its own goals and work out its own problems. A free rein leader is the one who abdicates all his decision-making responsibilities and prerogative in favour of his followers.

The leader plays only a minor role. In an organisational setting, such a leader happens to be a bystander; he happens to be there because of his organisational appointment. He fails to guide, motivate and develop his subordinates. This is more a non-style leadership or it could perhaps be called abdication.

Attention to the manager's style of leadership has come about because

of a greater understanding of the needs and expectations of people at work.

It has also been influenced by such factors as:

- Changes in the value system of society;
- Broader standards of education and training;
- The influence of trade unions;
- Pressure for a greater social responsibility towards employees, example through schemes of participation in decision making; and
- Government legislation, for example in the areas of employment protection. All these factors have combined to create resistance against purely autocratic style of leadership.

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## 11.6. Theories of Leadership

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### 1. Trait Theory of Leadership:

Trait theory seeks to determine personal characteristics of effective leaders. It points out that the personal traits or personal characteristics of a person make him an effective or successful leader. Charles Bird examined twenty lists of traits attributed to leaders in various surveys and found that none of the traits appeared on all lists. Leaders were characterized a wide variety of traits ranging all the way from neatness to nobility.

Persons who are leaders are presumed to display better judgment and engage themselves in social activities. Study of the lives of successful leaders reveals that they possessed many of these traits.

According to the trait theory, persons who possess the following traits or personal characteristics could become successful leaders:

- (a) **Good personality:** Physical characteristics and level of maturity determine the personality of an individual. Good personality is an important factor in determining the success of a leader.
- (b) **Intellectual ability:** A leader must have a higher level of intelligence than the average follower. A leader should analyze the situation accurately and take decision accordingly.
- (c) **Initiative:** A leader should initiate suitable activities at a proper time.
- (d) **Imagination:** A leader should have the ability to imaginatively

visualize trends and device his policies and programmes.

- (e) **Maturity:** A leader should be emotionally mature and have a balanced temperament. They should also have high frustration tolerance.
- (f) **Desire to accept responsibility:** A leader should be prepared to shoulder the responsibility for the consequences of any step he takes. In other words, he should accept full responsibility for his actions.
- (g) **Self-confidence:** A leader should possess self-confidence. Self-confidence is essential to motivate the followers and boost up their morale.
- (h) **Flexibility:** A leader should be prepared to accommodate others viewpoints and modify his decisions. He should have an open mind, ready to absorb and adopt new ideas and views of others.
- (i) **Fairness and objectivity:** A good leader is fair and objective in dealing with subordinates. Honesty, fairplay, justice and integrity of character are expected of any good leader.
- (j) **Considerate:** A good leader is considerate to the followers as his success as a leader largely depends on the co-operation of his followers.

Research indicates that a few traits show a weak but consistent link to holding positions of leadership. People with a high energy level tend to rise to leadership positions. Leadership potential has been associated with the social trait of dominance and with the motives of need for achievement and need for power. Leadership has also been widely linked to high self-esteem. General cognitive ability has one of the strongest links to leadership ability.

## ***2. Behavioural Theory of Leadership:***

According to this theory, a particular behaviour of a leader provides greater satisfaction to the followers and so they recognize him as a good leader. The behavioural approach is based on the premise that effective leadership is the result of effective role behaviour. A leader uses conceptual, human and technical skills to influence the behaviour of his subordinates. The behavioural theory does not concentrate on the traits of leaders; it inspires study of the activities of leaders to identify their behavioural patterns.

The inability of the trait approach to consistently define specific traits that

would differentiate successful and unsuccessful leaders led to the conclusion that emphasis on the behaviour of leaders (which could be measured) rather than emphasis on traits (which could not be measured) were an appropriate new research strategy. Beginning in the late 1940s and continuing through the early 1960s, research based on this emphasis was conducted at Ohio State University and the University of Michigan.

(a) The Ohio State University Studies: A team of Ohio State University researchers including Edwin Fleishman conducted extensive surveys. The goal of the research was to:

- (i) Identify the behaviours exhibited by leaders.
- (ii) Determine what affect these behaviours had on employee satisfaction and performance.
- (iii) Identify the best leadership style.

To do this, questionnaires were developed to assess leadership styles. The Leader Behaviour Description Questionnaire (LBDQ) was designed to tap subordinate perception of the leader's behaviours, while the Leader Opinion Questionnaire (LOQ) measured the leader's perception of his own style.

After an analysis of actual leader behaviour in a wide variety of situations, two important leadership behaviours were isolated:

- (i) Initiating-structure behaviour (IS):** Clearly defining the roles of leader and follower so that everyone knows what is expected. This includes establishing formal lines of communication and deciding how tasks are to be performed.
- (ii) Consideration Behaviour(C):** Demonstrating concern for followers and trying to establish a friendly and supportive work climate based on mutual trust.

These two kinds of behaviour were viewed as independent, meaning a particular Notes leader can score high in use of one type of behaviour, the other, or both. Leaders who scored high on IS generally led high-producing groups and were rated highly by their superiors. However, the subordinates of those leaders tended to have lower morale, higher grievance rates, and higher turnover. Leaders high on C, on the other hand, generally led groups with higher morale but lower productivity. Thus, each of the specific leader behaviours had positive and negative outcomes associated with them. The extension of these findings by some later theorists led to the conclusion that leaders high on both LS

an C would simultaneously satisfy their superiors (by achieving high performance) and their subordinated (by improving their morale).

### **3. Contingency Theory of Leadership:**

Fiedler's contingency model is one of the most serious and elaborate situational theories in leadership literature. Fiedler is probably the first researcher who recognised the need for a broader explanation of leadership phenomena anchored on situational variables.

Fiedler's model is called a 'contingency' model because the leader's effectiveness is partially contingent upon three major situational variables.

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

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

#### **4. Managerial Grid:**

Robert R Blake and Jane S Moulton have designed an organisation development program emphasizing the importance of the two basic leader behaviours (concern for people and concern for production) originally identified in the Ohio State and Michigan studies.

The managerial grid categorizes leadership behaviour as concern for people and concern for production. However, rather than viewing each type of concern as an absolute measure, the managerial grid puts them along two independent continuums. A manager thus has low to high concern for people and low to high concern for production. Each type of concern is ranked on a scale from 1 to 9, resulting in five major combinations of leader behaviour:

- a) **Improvised (1,1) Management:** Minimal concern for production or people. This style of management results in employees doing the minimum required.
- b) **Authority-Compliance (9,1) Management:** High concern for production and low concern for people. This style of management tends to result in efficient operations.
- c) **Country Club (1,9) Management:** Low concern for production and high concern for people. This style of management creates a working environment where employees feel comfortable.
- d) **Middle-of-the Road (5,5) Management:** Moderate levels of concern for both people and production. This style of management balances needs through compromise, resulting in adequate performance.

- e) **Team (9,9) Management:** High levels of concern for people and production. This style of management results in superior performance from committed employees.

The model is designed to help managers first see their current leadership style and then to help them develop the most desirable style. Blake and Mouton believe there is an ideal style 9, 9 management. However, they have found that most managers use the middle-of the road style.

### ***5. Situational Theory of Leadership:***

The situational theory of leadership is strongly affected by the situation from which a leader emerges and in which he works. This theory emphasizes that the entire action between the group and the leader is the main factor which makes a leader successful. The people (followers) tend to follow the person (leader) who is capable of fulfilling their aspirations. Thus, a leader recognizes the need of the situation and acts accordingly. The merit of this theory is that it makes it abundantly clear that there is no single universally "best style" of leadership. A leader has to change his style of leadership from situation to situation.

Contingency or situational theories differ from the earlier trait and behavioural theories in asserting that no single way of leading works in all situations. Recent research suggests that managers should select a leadership that best fits with the situation at a given time. Effective managers diagnose the situation, identify the leadership style that will be most effective, and then determine if they can implement the required style. Early situational research suggested that three general factors affect the appropriate leadership style in a given situation.

- (a) **Subordinate Considerations:** Reflect the leader's awareness of subordinate's expertise, experience, competence, job knowledge, hierarchical level and psychological characteristics.
- (b) **Supervisor Considerations:** Reflect the leader's degree of upward influence, as well as his or her similarity of attitudes and behaviours to those in higher positions.
- (c) **Task Considerations:** Reflect the degree of time urgency, amount of physical danger, permissible error rate, presence of stress, degree of autonomy, degree of job scope, importance and meaningfulness, and degree of ambiguity of the work being performed.

The precise aspects of each dimension that influence the most effective



leadership style vary in different situations. Most situational theorists suggest that effective leaders develop a range of leadership styles, which they adapt to different situations

### **6. Path-goal Theory:**

Developed by Robert House, the Path Goal theory is one of the most respected approaches to leadership. The essence of the theory is that it's the leader's job to assist his or her followers in attaining their goals and to provide the necessary direction and/or support to ensure their goals are compatible with the overall objectives of the group or organisation. According to this theory, leaders attempt to influence their subordinate's perceptions of the payoff for accomplishing their goals and show them ways to achieve the goals.

Thus, a leader's behaviour is motivational to the degree it:

- (a) Makes subordinate need satisfaction contingent on effective performance, and
- (b) Provide the coaching, guidance, support and rewards that are necessary for effective performance.

To test these statements, House identified four leadership behaviours or styles:

- (a) **Directive Style:** The leader tells subordinates what is expected of them, gives them guidance about what should be done, and also shows them how to do it.
- (b) **Supportive Style:** The leader shows concern for the well-being and needs of his or her subordinates by being friendly and approachable.
- (c) **Participative Style:** The leader involves subordinates in decision making, consults with them about their views of the situation, asks for their suggestions, considers those suggestions in making a decision, and sometimes lets the subordinates make the decision themselves.
- (d) **Achievement-Oriented Style:** The leader helps subordinates set goals, rewards the accomplishment of these goals and encourages subordinates to assume responsibility for their attainment.

House assumes that leaders are flexible and implies that the same leader can display any or all of these behaviours, depending on the situation.

### ***Applying Path-Goal Theory***

The leader will begin by choosing a leadership style that fits the situation. To do this, the leader has to assess five aspects of the situation and people involved:

- (a) Assess the task: Structured tasks and clear goals require less direction than less structured tasks and less clear goals.
- (b) Assess the leader's formal authority: managers with formal authority typically should not use a directive style because it duplicates their authority, but they may use supportive achievement-oriented or participative styles.
- (c) Assess the nature of the work group: The leader should assess its cohesiveness as well as its experience in working together. The more cohesive the group, the less need for supportive leadership since this is redundant with the group's character.
- (d) Assess the organisation's culture: A culture that supports participation also supports a participative leadership style. A culture that encourages goal accomplishment or a results orientation reinforces an achievement-oriented style.
- (e) Assess the subordinate's skills and needs: Subordinates skilled in a task require less direction than those less skilled. Subordinates with high achievement needs, require a style that helps meet these needs. Subordinates with social needs, require a style that helps meet these needs.

### ***7. Participation Theory of Leadership:***

Victor Vroom and Phillip Yetton developed a leader participation model that related leadership behaviour and participation to decision making. They assume that leaders use four basic styles in making decisions: authoritative, consultative, group-based and delegative. These styles led to different decision-making processes for solving both individual and group problems.

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### **Let us Sum Up**

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In this unit, you have learned about the following:

- Leadership is a process by which an individual influences the thoughts, attitudes, and behaviors of others.
- Leaders set a direction for the rest of the group, and help it to see what lies ahead.

- They help the team visualize what it might achieve and encourage as well as inspire the entire team to perform up to its true potential.
- Without leadership a group degenerates into non performers.
- That is why the practice of leadership is known to be a key business differentiator.
- In order to increase individual effectiveness, one must certainly possess good team skills coupled with great leadership qualities.

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### **Check your Progress-2**

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1. Identify the four main styles of leadership which is identified in Tannenbaum and Schmidt's continuum of possible leadership behavior are\_\_\_\_\_.
2. Contingency theories of leadership based upon\_\_\_\_\_.
3. Leaders with a low LPC score gain satisfaction from \_\_\_\_\_ according to Fiedler's LPC scale

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### **Glossary:**

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**Leadership:** is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion

**Leader:** is one who guides and directs other people. He gives the efforts of his followers a direction and purpose by influencing their behaviour".

#### **Authority-Compliance**

**Management:** High concern for production and low concern for people. This style of management tends to result in efficient operations.

#### **Country Club**

**Management:** Low concern for production and high concern for people. This style of management creates a working environment where employees feel comfortable.

**Improvised Management:** This style of management results in employees doing the minimum required.

**Improvised Management:** This style of management results in employees doing the minimum required.

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**Answer to Check your Progress-1**

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- a-True
  - b-True
  - c-False
  - d-True
  - e-True
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**Answer to Check your Progress-2**

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1. Commands, sells, consults and resists
  2. That there is no single style of leadership appropriate to all situations
  3. Achieving objectives
- 

**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

# Unit-12

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## Decision Making

### STRUCTURE

Overview

Objectives

12.1. Introduction

12.2. Definition

12.3. Characteristics of Decision making

12.4. Types of Definition

12.5. Decision making Process

12.6. Barriers in Decision making

12.7. Issues in Decision making

12.8. Individual and Group Decision making

Let us Sum Up

Check your Progress

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Answer to Check your Progress

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### Overview

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Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives.

In this unit, the decision making concept and its definition, characteristics, types, issues and Individual and Group decision making has been clearly explained.

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### Objectives

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After completion of this unit, you will be able to:

- Understand the Meaning and Characteristics of Decision Making;
- Explain the Types of Decisions;
- Examine the Process of Decision Making; and
- Understand the Techniques of Decision Making.

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## **12.1. Introduction**

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Decision making can be viewed as an integral part of planning in that key decisions have to take throughout the planning process. The following sections focus on many of the issues that arise when making organisational decisions.

Decision making can be defined as ‘the selection of a course of action from among alternatives. In this sense decision making is at the heart of planning: for plans to be formulated and implemented, decisions on certain courses of action have to be taken. Some commentators have even argued that decision making can be viewed as the most fundamental managerial activity of all. Decision making is discussed primarily within the context of planning; but despite the link with planning, decision making is a fundamental element of the entire management process.

Organisations make literally hundreds of decisions each day as they fulfil their operational requirements. Some of these decisions are small and minor and can be completed quickly, for example the size and colour of envelopes required by the organisation. Others are more complicated and far-reaching and require more detailed analysis, such as whether to expand into foreign markets. Decision making, which takes place at all levels of the organisation, is therefore a central part of the manager’s role.

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## **12.2. Definition**

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Decision-making in simple may be defined as “the selection of a future course of action from among various alternatives’. It presupposes the existence of various alternatives.

Decision-making is defined by Harold Koontz as - ”Decision-making is the selection of a course of action among alternative, it is the core of planning.

George R terry says - “Decision-making is a selection based on certain criteria from two or more alternatives”.

According to Louis A. Allen, “Decision-making is the work which a manager performs to arrive at conclusion and judgement.”

Marry Nites opines, “Decision-making takes place in adopting the objectives and choosing the means and again when a change in the situation creates a necessity for adjustments.”

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### 12.3. Characteristics of decision making

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Decision making is a continuous process

- It involves a choice and therefore presupposes the existence of alternatives
- Decision making is always purposive in that decisions should aim at achieving some purposes
- It is an intellectual process supported by sound-reasoning and judgment
- Decision-making is all pervasive in the sense that all levels of managers take decisions, though at the impact and scope of decisions vary.

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### 12.4. Type of Decisions

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Decisions taken by managers may be classified under various categories depending upon the scope, importance and the impact that they create in the organisation. The following are the different types of decisions:

**1. Programmed and Non-programmed Decisions:** Programmed decisions are normally repetitive in nature. They are the easiest to make. Usually these decisions are taken in consultation with the existing policy, rule or procedure which are already laid down in the organisation. For example: making purchase orders, sanctioning of 89 different types of leave, increments in salary, settlement of normal disputes, etc. Managers in dealing with such issues of routine nature usually follow the established procedures.

On the other hand, non-programmed decisions are different in that they are non-routine in nature. They are related to some exceptional situations for which there are no established methods of handling such things. For example: Issues related to handling a serious industrial relations problem, declining market share, increasing competition, problems with the collaborator, growing public hostility towards the organisation fall in this category. Problems like these have to be handled in a different way. While different managers reach the same solution in the case of programmed decision because they are guided by the same policy or procedure, the solutions may widely differ in the case of non-programmed decisions.

As one moves up in the hierarchy, many of the decisions that managers make are non-programmed in nature. It is important to note that the effectiveness of a manager lies in handling exceptional situations. Such situations call for ingenuity and sound judgment. Surprisingly, many

managers get bogged down in the routine issues at the cost of the non-routine issues. The saying that “routine drives out the non-routine” instead of the other way round is true in many organizations. Such a tendency results in devoting less time for the important issues.

**2. Operational and Strategic Decisions:** Operational or tactical decisions relate to the present. The primary purpose is to achieve high degree of efficiency in the company’s ongoing operations. Better working conditions, effective supervision, prudent use of existing resources, better maintenance of the equipment, etc., fall in this category. On the other hand, expanding the scale of operations, entering new markets, changing the product mix, shifting the manufacturing facility from one place to the other, striking alliances with other companies, etc., are strategic in nature. Such decisions will have far reaching impact on the organisation.

Usually, operating decisions do not need intensive deliberations and huge resources and are taken by managers at the lower levels while strategic decisions require extensive deliberations and huge resources and are taken by top level managers. The focus in the operational decisions is on the short-run or immediate present, while it is on the long run in the case of strategic decisions.

**3. Organizational and Personal Decisions:** Decisions taken by managers in the ordinary course of business in their capacity as managers relating to the organizational issues are organizational decisions. For example: decisions regarding introducing a new incentive system, transferring an employee, reallocation or redeployment of employees etc. are taken by managers to achieve certain objectives. As against such decisions, managers do take some decisions which are purely personal in nature.

However, their impact may not exactly confine to their selves and they may affect the organization also. For example: the manager’s decision to quit the organization, though personal in nature, may impact for the organization.

**4. Individual and Group Decisions:** It is quite common that some decisions are taken by a manager individually while some decisions are taken collectively by a group of managers. Individual decisions are taken where the problem is of routine nature, whereas important and strategic decisions which have a bearing on many aspects of the organisation are generally taken by a group. Group decision making is preferred these days because it contributes for better coordination among the people concerned with the implementation of the decision.



Decisions may also be further classified under major and minor decisions and simple and complex decisions. However, a detailed description of these types is not necessary because they are almost all similar to the already discussed programmed and non-programmed decisions in respect of importance and impact.

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### **Check your Progress-1**

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#### **True/False**

- a. Decision making is not a continuous process.
- b. George R terry says - "Decision-making is not a selection based on certain criteria from two or more alternatives".
- c. Organisations make literally hundreds of decisions each day as they fulfil their operational requirements.
- d. Decisions may also be further classified under major and minor decisions and simple and complex decisions.
- e. The first stage of the decision-making process is recognising that a problem exists and that action has to be taken.

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### **12.5. Decision-making process**

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Most models of decision making include six essential steps that it is recommended managers should follow when making decisions managers should:

1. Identify and diagnose the problem.
2. Identify alternative solutions.
3. Evaluate alternatives.
4. Weigh the evidence
5. Choose an alternative.
6. Implement the decision.
7. Evaluate the decision

#### ***Step 1: Problem identification and diagnosis***

The first stage of the decision-making process is recognising that a problem exists and that action has to be taken. A problem is a discrepancy between the current state of affairs and a desired state of affairs. Unless the problem is identified in precise terms, solutions are very difficult to find. In seeking to identify a problem, managers can use a variety of sources of data, including comparing organisational performance against historical performance, against the current

performance of other organisations/departments or against future expected performance. Problem identification must be followed by a willingness to do something to rectify the situation. Before taking action the problem needs accurate diagnosis.

Diagnosis involves assessing the true cause of the problem by carefully selecting all relevant material and discarding information which is not relevant to the problem at hand. Sometimes decisions need to be made when a problem does not exist: for example, a company might want to grow rapidly to capitalise on market opportunities and will have to decide on what route to take.

### ***Step 2: Identification of alternatives***

Having identified and diagnosed the problem, the next step for an organisation is to identify a range of alternatives to solve the problem. Managers should try to identify as many alternatives as possible in order to broaden options for the organisation. In generating alternatives the organisation may look toward ready-made solutions that have been tried before, or custom-made solutions that have to be designed specifically for the problem at hand. In today's business environment more and more organisations are applying custom-made solutions to enhance competitive advantage. Returning to the previous example of an organisation seeking growth opportunities, identifying all the alternatives is critically important when making a choice about a certain course of action.

Some of the alternatives open to the company are:

- growth through acquisition
- growth through establishing an overseas facility
- using an agent to market and distribute the product abroad
- growth through diversification of the existing product line.

With such a decision the organisation has to design its own individual custom-made solution. While the organisation might be guided by previous decisions it has taken, or by what competitors have done, this decision is unique and therefore requires new solutions.

### ***Step 3: Evaluation of alternatives***

Having identified the available alternatives, a manager needs to evaluate each alternative in order to choose the best one. Consideration should be given to the advantages and disadvantages as well as the costs and benefits associated with each option. Most alternatives will have positive and negative aspects and the manager will have to try to balance

anticipated outcomes. Depending on the situation, evaluation of alternatives may be intuitive (based on gut feeling) or based on scientific analysis. Most organisations try to use a combination of both.

When evaluating alternatives, managers may consider the potential consequences of alternatives under several different scenarios. In doing so they can develop contingency plans which can be implemented with possible future scenarios in mind. When evaluating the range of alternatives available to the organisation to handle growth, a number of different criteria can be applied. The organisation will consider the cost associated with each option as well as the time taken to complete each alternative. The chances of success of each of the options will also have to be considered, as will the impact of any decision on employees, training and culture.

#### ***Step 4: Choice of alternative***

Having evaluated the various alternatives, the next step is to choose the most suitable one. If for some reason none of the options considered is suitable, the manager should revert back to Step 2 of the process and begin again. When there are suitable alternatives and Steps 2 and 3 have been conducted skilfully, selecting alternatives may be relatively easy. In practice, however, alternatives may not differ significantly in terms of their outcomes and therefore decisions will be a matter of judgement.

In coming to a decision the manager will be confronted by many conflicting requirements that will have to be taken into account. For example, some trade-offs may involve quality versus acceptability of the decision, and political and resource constraints. Returning to our example, using the evaluative criteria in Step 3 the organisation will make a decision about which alternative to choose for future growth. Based on an analysis of the market and the organisation's capabilities they decide to purchase a small company with a strong market presence in a geographical region presently unserved by the organisation.

#### ***Step 5: Implementation***

Once the decision has been made it needs to be implemented. This stage of the process is critical to the success of the decision and is the key to effective decision making. The best alternative is worth nothing if it is not implemented properly. In order to successfully implement a decision, managers must ensure that those who are implementing it fully understand why the choice was made, why it is being implemented, and are fully committed to its success.

Decisions often fail at the implementation stage because managers do not ensure that people understand the rationale behind the decision and that they are fully committed to it. For this reason many organisations are attempting to push decision making further down the organisation to ensure that employees feel some sense of ownership in the decisions that are made. To implement the decision to acquire another smaller business in a different country requires good conceptual skills and could prove challenging. In addition to legal and competitive issues the company will have to deal with assimilating aspects of the new business into their current operations.

### **Step 6: Evaluation**

Once the decision is implemented, it needs to be evaluated to provide feedback. The process of evaluation should take place at all managerial levels. This step allows managers to see the results of the decision and to identify any adjustments that need to be executed. In almost all cases some form of adjustment will be made to ensure a more favourable outcome.

Evaluation and feedback are not one-off activities, however, and they should form part of an ongoing process. As conditions change, decisions should be re-evaluated to ensure that they are still the most appropriate for the organisation. This also helps managers to learn about making sound decisions taking past experience into account. Evaluation of the acquisition of a new business will be measured on the success and profitability of the venture. As the primary goal of the decision was to increase growth opportunities, the organisation should carefully monitor growth rates.

The organisation, having acquired a new business, will feed back its experiences into the next decision-making process with which it is faced. The model presented in Figure 5.4, and discussed above, is a useful framework for managers to consider when making decisions. It must be recognised, however, that the process is never as neat and sequential as the one outlined above.

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## **12.6. Barriers in Decision-making**

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Managerial decision making typically centres on three types of problems that act as barriers:

1. **Crisis:** A crisis or critical problem is a serious difficulty requiring immediate action.
2. **Non-crisis:** A non-crisis problem is an issue that requires

resolution but does not simultaneously have the importance and immediacy characteristics of a crisis. Many of the decisions that managers make centre on non-crisis problems.

3. **Opportunity:** An opportunity problem is a situation that offers a strong potential for significant organisational gain if appropriate actions are taken. Opportunities typically involve new ideas and novel directions, and, therefore, are major vehicles for organisational innovation.

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## 12.7. Issues in Decision-making

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Some of the common issues in decision-making are:

1. **Reaching agreement on goals:** Perhaps the most serious problem in decision making is the failure to identify a clear and consistent set of goals. A group without basic objectives is aimless and unproductive, but a group with a well-defined purpose can be very innovative and effective.
2. **Reaching agreement on procedures:** Once a clear set of goals are decided, now arises the need to decide how to achieve these goals. One way or another, the individual or group will make decisions, but not all decisions are equally sound and democratic.
3. **Unequal group commitment and involvement:** The sustainability of an organisation depends on equal involvement and commitment among its members. Fining members for missing meetings or failing to pay dues may ensure full attendance and equal financial contributions, but there is no simple way to make members put the same amount of energy into all of the group's activities.
4. **Group conflicts:** Each organisation's culture has a unique understanding of conflict. Some cultures encourage open and emotional disputes, while others value strict politeness and very cautious disagreement. Every culture, though, makes a distinction between "productive" and "unproductive" conflict. Good conflicts are those that help the group understand difficult problems and choose among alternative solutions. Bad conflicts cause only confusion, bad decisions, hurt feelings, anger (and possibly violence), and the breakup of a team or a group.
5. **Weak communication and literacy skills:** In many organisations, members will have different levels of literacy and

communication skills. Some members will be better at reading, speaking in public, persuading others, listening, and thinking during meetings.

6. **Extreme power differences:** Members of a team or a group in/for which a decision is to be taken usually do not have exactly the same amount of power or influence in the group, but sometimes one or two group members have far more power than other members

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## 12.8. Individual and Group Decision-making

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Till now whatever we have discussed pertains to individual decision making but the major decisions in organizations are most often made by more than one person.

Managers use groups to make decisions for the following reasons.

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

### ***Advantages of Group Decision-making***

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

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

### ***Disadvantages of Group Decision-making***

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

- Pressure within the group to conform and fit in;

- Domination of the group by one forceful member or a dominant clique, who may 'ramrod' the decision;
- It is usually more time consuming, because a group is slower than an individual in making a decision.
- Disagreements may delay decisions and cause hard feelings.
- Groupthink may cause members to overemphasize gaining agreement

### ***Improving group decision making***

In order to avoid the disadvantages associated with group decision making and to build on the advantages, three main ways of improving group decision making have been proposed. Brainstorming, which became popular in the 1950s, was developed by Alexander Osborn to facilitate the development of creative solutions and alternatives.

Brainstorming is solely concerned with idea generation rather than evaluation, choice or implementation. The term effectively means using the brain creatively to 'storm' a problem. It is based on the belief that when people interact in a relaxed and unrestrained setting they will generate creative ideas. The acceptance of new ideas is also more likely when the decision is made by the group involved with its implementation.<sup>18</sup> In brainstorming the group members are normally given a summary of the problem before the meeting. At the meeting members come up with various ideas, which are recorded in full view of all other members. None of the alternatives is evaluated or criticised at this stage. As members produce new ideas and alternatives this serves to stimulate other members in the hope that a truly good solution can be identified.

The Delphi technique was developed in the early 1960s as a means of avoiding the undesirable effects, while retaining the positive aspects, of group interaction.<sup>19</sup> Delphi was the seat of the Greek god Apollo, who was renowned for his wise decisions. The Delphi technique consists of a panel of experts formed to examine a problem. Rather than physically meeting, the various members are kept apart so that social or psychological pressures associated with group behaviour cannot influence them. In order to find out their views, they are asked to complete a questionnaire. A coordinator then summarises the findings and members are asked to fill out another questionnaire to re-evaluate earlier points. The technique assumes that, as repeated questionnaires are conducted, the range of responses will narrow to produce a consensus. The Delphi technique is particularly useful where experts are

physically dispersed, anonymity is required and members have difficulty communicating with each other. On the negative side, however, it reduces direct interaction among group members.

Nominal grouping was developed in the 1970s. In contrast to brainstorming, it does not allow a free association of ideas, tries to restrict verbal interaction and can be used at many other stages of the decision-making process apart from idea generation.<sup>20</sup> In nominal grouping, members are given a problem and are asked to think of ideas individually with no discussion. They then present these ideas on a flip chart. A period of discussion follows, which builds on the ideas presented. After the discussion, members privately rank the ideas. Generation of ideas and discussion proceeds in this manner until a solution is found. The main advantage of this approach is that it overcomes differences in power and prestige between members and it can also be used at a variety of stages in the overall decision-making process. Its main disadvantages are that its structure may limit creativity and it is costly and time consuming.

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### **Let us Sum Up**

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In this unit, you have studied about the followings:

- Decision-making can be regarded as an outcome of cognitive processes leading to the selection of a course of action among several alternatives.
- Making a decision implies that there are alternative choices to be considered and the best alternative is to be chosen.
- Most decisions are made by moving back and forth between the choice of criteria.
- There is a five step decision-making process involved behind every decision.
- There are many models available to help the managers take timely and effective decisions.

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### **Check your Progress-2**

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1. The principles of management serve as a general guideline for \_\_\_\_\_.
2. Which is the correct meaning of concentration of decision-making authority \_\_\_\_\_.
3. Decision-making authority can be pushed down to a lower level and this is related to \_\_\_\_\_.



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## **Glossary**

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**Decision making** can be defined as 'the selection of a course of action from among alternatives

**Synergy:** Synergy is a positive force in groups that occurs when group members stimulate new solutions to problems through the process of mutual influence and encouragement in the group.

**Commitment:** It defines a reason for using a group is to gain commitment to a decision.

**Brainstorming:** It is solely concerned with idea generation rather than evaluation, choice or implementation.

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## **Answer to Check your Progress-1**

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a-False

b-False

c-True

d-True

e-True

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## **Answer to Check your Progress-2**

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1. Decision making and Managerial actions

2. Centralisation

3. Decentralisation

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## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

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## **Block-4: Introduction**

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**Block-4: Organizational Process** has been divided into three units.

**Unit-13: Dimensions of Organization Structure** deals with Introduction, Steps in Organizing Process, Organisation Chart, Principles of Organizational Structure, Formal and Informal Organization and Forms of Organization.

**Unit-14: Authority, Responsibility and Accountability** explain about Introduction, Meaning and Definition, Authority and Power, Sources of Authority, Responsibility, Types of Responsibility, Authority and Responsibility.

**Unit-15: Centralization and Decentralization** describes about Introduction, Definition, Different types of Decentralization, Factors affecting centralization and the decentralization concepts, Advantages and disadvantages of centralization, the Advantages and the disadvantages of decentralization.

In all the units of Block -4: **Organizational Process**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

## Unit-13

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### Dimensions of Organizational Structure

#### STRUCTURE

Overview

Objectives

13.1. Introduction

13.2. Steps in Organizing Process

13.3. Organisation Chart

13.4. Principles of Organizational Structure

13.5. Formal and Informal Organization

13.6. Forms of Organization

Let us Sum Up

Check your Progress

Glossary

Answer to check your Progress

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#### Overview

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By structure, we mean the framework around which the group is organized, the underpinnings which keep the coalition functioning. It's the operating manual that tells members how the organization is put together and how it works. More specifically, structure describes how members are accepted, how leadership is chosen, and how decisions are made.

In this unit, the dimension of organizational structure, the organization chart, principles of organizational structure, formal and informal organization and the forms of organization has been explained.

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#### Objectives

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After completion of this unit, you will be able to:

- Understand the Meaning of Organizing;
  - Describe the Steps In Organizing Process;
  - Know the Process and Methods of Departmentation; and
  - Draw the Organization Chart Based on the Method of Departmentation You Choose
- 

#### 13.1. Introduction

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The managerial function organizing may be understood as “defining and

grouping the activities of the enterprise and establishing authority, responsibility and relationships among them". It results in the creation of a structure most appropriate for the organization's objectives and other internal and external factors. The best structure is the one that enables the organization to interact effectively with its environment, to efficiently channelize the efforts of its people, to make efficient use of its resources. Thus, while planning specifies the objectives, organizing facilitates the accomplishment of objectives.

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### **13.2. Steps in Organizing Process**

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- Organizing is a multi-step process consisting of the following: -
- Detailing all the work that must be done to attain the objectives; (identification of tasks involved);
- Dividing the total work into activities that can logically and comfortably be performed by one person or by a group of persons; (differentiation);
- Grouping the related tasks in a logical manner (departmentation);
- Setting up a mechanism to coordinate the work of members into a unified whole by establishing authority – responsibility relationships, (delegation and decentralisation of authority); and
- Monitoring effectiveness of the organization and making adjustments to maintain or increase its effectiveness.

The various steps in organizing process results in a structure that facilitates the performance of tasks in a cohesive way. The resulting structure, however, is not a static form, like the structure of a building. Since structure is based on plans, major revision of plans may necessitate a corresponding modification of structure. As such, organizing and reorganizing are ongoing processes.

Successful organizations continuously assess the appropriateness of their structure and change it in accordance with the dictates of the environment. It is anybody's knowledge that many Indian companies are restructuring their activities to meet the new challenges in the present liberalization era. Organization structures are modified periodically in response to the environmental demands.

Management expert Tom Peters estimates that about 50 percent of organization problems arise from inappropriate organization structure. Because adaptation is a key to competitive survival, the 'right' structure for an organization is determined by numerous factors. For this reason,

selecting an organization structure might best be described as an evolutionary, trial-and-error process.

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### **13.3. Organization Chart**

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Organization structure may be presented in the form of an organization chart that shows all the positions in an organization and their formal relationships to one another. It illustrates an organization's overall shape and the levels of management in a comprehensible manner. The organization chart of a typical company structured on functional basis is presented in the following chart.

- As could be seen in figure, an organization chart shows:
- The hierarchical structure that is typical of most organizations; - The number of management levels;
- Scope of authority and status of the individuals as indicated by the location of their position in relation to other positions;
- How an organisation's activities are grouped in terms of departments (whether by function, by product, territory and so on);
- The work being done in each position (indicated by the labels in the boxes);
- Interaction of people as indicated by the horizontal and vertical lines connecting various positions/ departments;
- Relationships between superiors and subordinates in terms of who reports to whom, that is, the chain of command;
- How many subordinates report directly to each manager, that is the span of management; - Career progression, and
- Formal channels of communication (indicated by the connecting lines).

However, an organization chart does not show:

- Interactions between people who have no official reporting relationships, that is, the informal organization;
- The ongoing dynamics of workplace behavior;
- Personal preferences and coalitions;
- Informal communication channels; and
- Interference by outsiders.

The organization chart of any company, therefore, enables one to understand easily three classical principles of organizing, viz., chain command, unity of command and span of control.

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#### **13.4. Principles of Organisational Structure:**

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The following are the main principles that a manager has to keep in mind while formulating an organisational structure.

1. **Consideration of unity of objectives:** The objective of the undertaking influences the organisation structure. There must be unity of objective so that all efforts can be concentrated on the set goals.
2. **Specialisation:** Effective organisation must include specialisation. Precise division of work facilitates specialisation
3. **Co-ordination:** Organisation involves division of work among people whose efforts must be co-ordinated to achieve common goals. Co-ordination is the orderly arrangement of group effort to provide unity of action in the pursuit of common purpose.
4. **Clear unbroken line of Authority:** It points out the scalar principle or the chain of command. The line of authority flows from the highest executive to the lowest managerial level and the chain of command should not be broken.
5. **Responsibility:** Authority should be equal to responsibility i.e., each manager should have enough authority to accomplish the task.
6. **Efficiency:** The organisation structure should enable the enterprise to attain objectives with the lowest possible cost.
7. **Delegation:** Decisions should be made at the lowest competent level. Authority and responsibility should be delegated as far down in the organisation as possible.
8. **Unity of Command:** Each person should be accountable to a single superior. If an individual has to report to only one supervisor there is a sense of personal responsibility to one person for results.
9. **Span of Management:** No superior at a higher level should have more than six immediate subordinates. The average human brain can effectively direct three to six brains (i.e., subordinates).
10. **Communication:** A good communication sub-system is

essential for smooth flow of information and understanding and for effective business performance.

11. **Flexibility:** The organisation is expected to provide built in devices to facilitate growth and expansion without dislocation. It should not be rigid or inelastic.

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### **Check your Progress-1**

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#### **True/False**

- a. Co-ordination is the orderly arrangement of group effort to provide unity of action in the pursuit of common purpose.
- b. Monitoring effectiveness of the organization and making adjustments to maintain or increase its effectiveness.
- c. The various steps in organizing process results in a structure that facilitates the performance of tasks in a cohesive way.
- d. No superior at a higher level should have more than three immediate subordinates.
- e. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out.

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### **13.5. Formal and Informal Organisation**

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The formal organisation refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organisation is built by the management to realise objectives of an enterprise and is bound by rules, systems and procedures.

Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organisation and to use them for achieving organisational objectives.

#### **1. Formal Organisation**

Chester I Bernard defines formal organisation as, "a system of consciously coordinated activities or forces of two or more persons. It

refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability."

The essence of formal organisation is conscious common purpose and comes into being when persons:

- a) Are able to communicate with each other
- b) Are willing to act, and
- c) Share a purpose.

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

- (a) Division of labour
- (b) Scalar and functional processes
- (c) Structure, and
- (d) Span of control

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

## ***2. Informal Organisation***

Informal organisation refers to the relationship between people in the organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organisation is an organisation which is not established by any formal authority, but arises from the personal and social relations of the people. These relations are not developed according to procedures and regulations laid down in the formal organisation structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned, but they develop automatically within the organisation according to its environment.

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## **13.6. Forms of Organisation**

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



authority and responsibility among the members of the enterprise, several types of organisation structure have been evolved.

They are:

- Line organisation
- Line and staff organisation
- Functional organisation

**Line Organisation:** This is the simplest and the earliest form of organisation. It is also known as "Military", "traditional", "Scalar" or "Hierarchical" form of organisation. The line organisation represents the structure in a direct vertical relationship through which authority flows. Under this, the line of authority flows vertically downward from top to bottom throughout the organisation. The quantum of authority is highest at the top and reduces at each successive level down the hierarchy. All major decisions and orders are made by the executives at the top and are handed down to their immediate subordinates who in turn break up the orders into specific instructions for the purpose of their execution by another set of subordinates.

A direct relationship of authority and responsibility is thus established between the superior and subordinate. The superior exercises a direct authority over his subordinates who become entirely responsible for their performance to their commanding superior. Thus, in the line organisation, the line of authority consists of an uninterrupted series of authority steps and forms a hierarchical arrangement. The line of authority not only becomes the avenue of command to operating personnel, but also provides the channel of communication, coordination and accountability in the organisation.

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

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

### ***Advantages or Merits of Line Organisation***

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

### ***Disadvantages or Demerits of Line Organisation***

1. With growth, the line organisation makes the superiors too overloaded with work. Since all work is done according to the wishes of one person alone, the efficiency of the whole department will come to depend upon the qualities of management displayed by the head of that department. If therefore, something happens to an efficient manager, the future

of the department and of the concern as a whole would be in jeopardy.

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

### ***Line and Staff Organisation***

In line and staff organisation, the line authority remains the same as it does in the line organisation. Authority flows from top to bottom. The main difference is that specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality to serve line managers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better.

The staff officers do not have any power of command in the organisation as they are employed to provide expert advice to the line officers. The combination of line organisation with this expert staff constitutes the type of organisation known as line and staff organisation. The 'line' maintains discipline and stability; the 'staff' provides expert information.

The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions

is delegated by the line and the performance must be acceptable to the line before action is taken.

### ***Features of Line and Staff Organisation***

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

### ***Advantages or Merits of Line and Staff Organisation***

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

### ***Disadvantages or Demerits of Line and Staff Organisation***

1. Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organisation as to the

functions and positions of staff members with relation to the line supervisors.

2. There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.
3. Line managers sometimes may resent the activities of staff members, feeling that prestige, notes and influence of line managers suffer from the presence of the specialists.
4. The staff experts may be ineffective because they do not get the authority to implement their recommendations.
5. This type of organisation requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.

***Functional Organisation:***

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

The four specialists or bosses in the planning room are:

1. **Route Clerk:** To lay down the sequence of operations and instruct the workers concerned about it.
2. **Instruction Card Clerk:** To prepare detailed instructions regarding different aspects of work.
3. **Time and Cost Clerk:** To send all information relating to their pay to the workers and to secure proper returns of work from them.
4. **Shop Disciplinarian:** To deal with cases of breach of discipline and absenteeism.

The four specialists or bosses at the shop level are:

1. **Gang Boss:** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

2. **Speed Boss:** To ensure that machines are run at their best speeds and proper tools are used by the workers.
3. **Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.
4. **Inspector:** To show to the worker how to do the work

### ***Features of Functional Organisation***

The features of functional organisation are as follows:

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

### ***Advantages of Functional Organisation***

1. Functional organisation is based on expert knowledge. Every functionary in charge is an expert in his area and can help the subordinates in better performance in his area.
2. Division of labour is planned not incidental.
3. As there is not scope for one-man control in this form of organisation, this system ensure co-operation and teamwork among the workers.
4. This system ensures the separation of mental functions from manual functions.
5. It helps mass production by standardization and specialization.
6. This system ensures maximum use of the principle of specialisation at every work point.
7. As there is joint supervision in the organisation, functional organisation reduces the burden on the top executives.

8. Functional organisation offers a greater scope for expansion as compared to line organisation. It does not face the problem of limited capabilities of a few line managers.

### ***Disadvantages or Demerits of Functional Organisation***

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

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### **Let us Sum Up**

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In this unit, you have learned about the following:

- Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management.
- Organising is the process of establishing relationship among the members of the enterprise.
- The relationships are created in terms of authority and responsibility. Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational goals effectively and efficiently.

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### **Check your Progress-2**

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1. Grouping the activities on the basis of the product line is a part of \_\_\_\_\_.
2. For fast communication and to get correct feedback, the following organisation is suitable for \_\_\_\_\_.
3. Organizing is the process of \_\_\_\_\_ and \_\_\_\_\_ the activities of an enterprise.

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## **Glossary**

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<b>Organization structure:</b>	It is presented in the form of an organization chart that shows all the positions in an organization and their formal relationships to one another.
<b>Formal Organisation:</b>	It refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management
<b>Informal organisation:</b>	It refers to the relationship between people in the organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc.
<b>Line organisation:</b>	It represents the structure in a direct vertical relationship through which authority flows.

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## **Answer to Check your Progress-1**

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- a-True
- b-True
- c-True
- d-False
- e-True

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## **Answer to Check your Progress-2**

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1. Divisional structure
2. Informal Organisation
3. Defining and grouping

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## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.



## Unit-14

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# Authority and Responsibility

### STRUCTURE

Overview

Objectives

14.1. Introduction

14.2. Meaning and Definition

14.3. Authority and Power

14.4. Sources of Authority

14.5. Responsibility

14.6. Types of Responsibility

14.7. Authority and Responsibility

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

Authority is the power delegated by senior executives to assign duties to all employees for better functioning. Responsibility is the commitment to fulfill a task given by an executive. Accountability makes a person answerable for his or her work based on their position, strength, and skills.

Authority and Responsibility concept such as meaning and definition, authority and power, sources of authority, responsibility and its types has been explained in this unit.

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### Objectives

After completion of this unit, you will be explain to:

- Explain the meaning of the concepts of authority and responsibility
- Differentiate between power and authority
- Explain the pre-requisites for the acceptance of authority in organisations
- Describe the sources of authority
- Describe different forms of responsibility;
- Discuss the relationship between authority and responsibility.

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### **14.1. Introduction**

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Administration is the process of coordinating and facilitating the work of people in organisations. People, formally and informally organise themselves as members of different organisations in a polity. Each organisation is a battle ground for different interest groups in the society. This is mainly due to scarcity of resources and limited options available in the environment. This leads to a situation where people are more concerned about who gets what, when and how in an organisation; rather than the organisational purpose.

As Pfiffner and Sherwood put it, "here is where the basic values of the organisation are involved; and here is where the struggle for control, power and authority is at its lowest." Therefore, it is of paramount importance to study the concepts of authority and responsibility to understand the administrative dynamics and processes in organisations. The modern thinking about public officials is that the ultimate control is internal. It is a feeling of self-responsibility in a person.

A study of such factors help the students of administration to understand the public bureaucracy and its role in a democratic state. In this unit, we will study the concepts of authority and responsibility.

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### **14.2. Meaning and Definition**

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Authority is the foundation of administration in public life. It is normally exercised in a formalised structure of hierarchy in an organisation. It is the legitimate power to influence the behaviour of a person or a groups of persons.

According to Max Weber, authority is the willing and unconditional compliance of people, resting upon their belief that it is legitimate for the superior to impose his will on them and illegitimate for them to refuse to obey.

Henry Fayol, defined authority as the right to give orders and the power to exact obedience. Thus, authority is the legitimate right to command or influence others to behave toward the attainment of specific goals of an administrative system. In the administrative system, each position has specific rights that job holders acquire from the title of the position.

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### **14.3. Authority and Power**

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Authority is an inseparable part of rights inherent to a position. These rights are constant, irrespective of the persons holding the position. In other words, authority is legitimate and positional. Power is the capacity

to influence the decision-making of an authority holder. Power may be described as the influence to change the behaviour of a person or persons to suit the power holder's objectives and advantages. Authority is closely related to the, ' concept of power. Administrative system and various administrative organisations and offices are involved in exercising their powers in the government. Thus, authority may be defined as the legitimate power of office holders in administrative organisations.

Power not supported by law, constitution and norms is illegitimate. Illegitimate power is dangerous to the society. The legitimate power or authority is the servant of the people and it should not become the master of the people in a democratic society. Legitimate power or authority is to be used in public interest in a society. To safeguard the people in general from illegitimate power we have several mechanisms that act as limits and controls. We will discuss these issues in the section on controls on authority.

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#### **14.4. Sources of Authority**

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Administrative agencies play a vital role in running the public affairs, achieving the goals and objectives of the government, and protecting the public interests from the actions of vested interests in the society.

The three sources of authority in administrative agencies are:

- Law
- Tradition
- Delegation

These are three sources of authority.

##### ***Law***

Many aspects of authority have their genesis in the constitution. Other aspects come from different laws and legislative enactments. Judicial interpretations, precedents and case laws also give authority to the administrative personnel. The superior subordinate relationship in organisations, hierarchy and division of labour speak about authority relationships in organisations. They also describe the right to command and the duty to obey in an organisation.

##### ***Tradition***

The authority conferred by law itself is not sufficient to command obedience. Traditions play an important part in administration as a source of authority. Normally, organisations over a period of time

develops norms, codes and work habits. These norms and codes speak about the obedience given to different authorities in different situations. For example, in a situation if a particular officer is not there, who will officiate in that position depends on norms and codes in the organisation. The norms and codes are partly developed by practices and traditions and partly developed by training and indoctrination in the work place. The administrative personnel give due respect to authority and maintain it as a major value in the profession of administration. Different persons working in organisations recognise this authority as one of the main ingredients helping the organisation in achieving its purposes through coordination.

### ***Delegation***

Top administrators or heads of departments and units confer authority on their subordinates through delegation. Thus, delegation acts as a source of authority in organisations. This can be written or oral, but always concerns with a purpose. In fact one of the functions of an administrator is to develop his subordinates to shoulder higher responsibilities. This is achieved by delegating them some of the authority to achieve a purpose of the organisation. While delegating authority enough care is to be taken to see that there is equal responsibility to judiciously use that authority for a public purpose.

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## **14.5. Responsibility**

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Responsibility is the obligation to carry out certain duties. It has an inseparable relationship with authority. Without authority it is not possible to take up responsibility. An administrator, while giving authority to his subordinates should also make them responsible for exercising authority judiciously and purposefully.

Responsibility is of two kinds, viz., operating responsibility and ultimate responsibility. An administrator can delegate operating responsibility to his subordinates but not the ultimate responsibility. The ultimate responsibility can never be delegated. The three concepts of authority, responsibility and accountability are the integral parts of the process of administration.

Authority is the right to command, responsibility is the duty to carry out the command, and the accountability is the term used to denote the proper discharge of the duties in letter and spirit. A person's responsibility is complete only when the duties are done according to the letter and spirit of the command. According to traditional administrative theory, there is a distinction between two forms of authority

relationships, viz., line authority and staff authority. Line authority denotes direct and ultimate responsibility for achieving results. Staff authority is a supporting function in helping line authority in its endeavour. Line authority can be equated to a superiors' authority, while staff authority can be equated to that of the staff. Staff authority is advisory in nature. One way of differentiating line and staff is by defining its role in the ultimate responsibility in achieving the results.

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### **Check your Progress-1**

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#### **True/False**

- a. Henry Fayol, defined authority as the right to give orders and the power to exact obedience.
- b. People, formally and informally organise themselves as members of different organisations in a polity.
- c. Legitimate power or authority is to be used in private interest in a society.
- d. Line authority can be equated to a superiors' authority, while staff authority can be equated to that of the staff.
- e. Responsibility denotes the accountability of the authority holders for achieving results in the administrative process.

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### **14.6. Types of Responsibility**

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Responsibility denotes the accountability of the authority holders for achieving results in the administrative process. The concept of responsibility is a guardian against - misuse of authority. Responsibility in the administrative process is of three types, viz.,

- political,
- institutional
- professional

#### ***Political Responsibility:***

In a parliamentary system of government the most important control on administration is political responsibility. There is ministerial responsibility for the actions of a ministry and the departments under it for their actions and functions. The ultimate responsibility for the success or failure rests on the minister concerned. This acts as a control device on the functioning of administrative agencies and offices under a department in a ministry. The minister as a political functionary provides guidance in policy matters and the implementation is given to the administrative agencies of different types including the Public enterprises. The political

head is ultimately responsible to the chief executive and to the legislature for the working of the administrative machinery under his control.

This responsibility will bear fruit, only when there is cooperation from the administrative machinery comprising a large number of officials at different levels. If the officials are not cooperative, the minister concerned has to face the criticism for non-performance from the chief executive and the legislature. In extreme cases the minister concerned may have to make an exit, in view of political responsibility for performance. To make the political responsibility of the minister fruitful and purposeful, the official machinery has to cooperate with his policies and programme, which are actually the policies, and programmes of the government of the day.

***Institutional Responsibility:***

An administrative agency or institution has to be responsible and responsive to public welfare. Otherwise, it may be difficult for it to exist in the long run. In other words, in its own interest, it has to be responsible and work in public interest. We have examples of reorganizational of official agencies, by mergers and integration to meet the public needs. Some organisations and institutions in course of time become self centred and work for themselves, ignoring the fact that they exist to serve the people. Such institutions will face problems of survival in the long run.

However, administrative agencies and departments fight tooth and nail to protect their own interests and identity. This throws a challenge to the political masters and to society in general to initiate action through organisational changes to bring out order in the work of public organisations.

***Professional Responsibility:***

When compared to the past, today a number of specialists such as doctors, engineers., scientists, company secretaries, lawyers and a host of other specialist and professionals are entering into administrative services and public enterprises.

As professionals, they have ethics and codes of conduct which they have to maintain in discharging their duties. Moreover, professional institutions also enforce discipline and responsibility on their members. In extreme cases, professional institutions terminate the membership of a person when he is found guilty of malpractices.

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## 14.7. Authority and Responsibility

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A time honoured principle is that authority and responsibility should be equal. This means that any officer or employee who is charged with the responsibility of accomplishing any given task must be given authority commensurate with the task to carry it.

In any organisation if the executive is responsible for undertaking a function he should be clothed with the authority to recruit personnel, to incur expenditure and to control the subordinates. If the executives are not given the authority in personnel and financial ' matters, they should be removed from their responsibility also. In this context observation of Urwick is noteworthy. He said that "to hold a group or individual accountable for activities of any kind without assigning to him or them the necessary authority to discharge that responsibility is manifestly both unsatisfactory and inequitable. It is of great importance to smooth working that at all levels authority and responsibility should be coterminous and coequal" But quality of control, and management by committees and exercise of functional authority make the applicability of this concept difficult.

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### Let us Sum Up

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In this unit, you have learned about the following:

- Authority and responsibility are integral parts of the process of administration.
- Barnard proposes that acceptance by the subordinates and their obedience to authority is an important factor in authority and responsibility relationship.
- Administrators enjoy the benefit of career jobs, expertise and support from the organised groups in the society.
- Responsibility is of three types, viz., political, institutional and professional.
- The traditional concept is that authority and responsibility should be equal, but in the modern complex organisations this principle is being put to severe test.

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### Check your Progress-2

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1. Authority and responsibility are \_\_\_\_\_ to each other.
2. \_\_\_\_\_ suggests that each communication going up or coming down must flow through each position in the line of authority.
3. If duties and authority are shown in the organizational structure of the enterprise, then it is called\_\_\_\_\_.

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## **Glossary**

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**Authority:** authority is the sum of the powers and rights entrusted to make possible the performance of work delegated

**Responsibility:** Responsibility is the obligation of an individual to carry out assigned activities to the best of his or her ability.

**Administration:** Administration is the process of coordinating and facilitating the work of people in organisations

**Power:** Power is the capacity to influence the decision-making of an authority holder.

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## **Answer to Check your Progress-1**

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a-True

b-True

c-False

d-True

e-True

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## **Answer to Check your Progress-2**

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1. Complementary
  2. Scalar chain
  3. Informal delegation
- 

## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.



## Unit-15

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# Centralization and Decentralization

### STRUCTURE

Overview

Objectives

15.1. Introduction

15.2. Definition

15.3. Different types of Decentralization

15.4. Factors affecting centralization and decentralization

15.5. Advantages and disadvantages of centralization

15.6. Advantages and disadvantages of decentralization

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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Centralization and Decentralization are two modes of working in any organization. In centralization, there is a hierarchy of formal authority for making all the important decision for the organization. And in decentralization decision making is left for the lower level of organization.

In this unit, the concept of centralization and decentralization and its affecting factors including advantages and disadvantages has been clearly explained.

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### Objectives

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After completion of this unit, you will be able to:

- Explain the concepts of centralisation and decentralisation and the relationship between the two
  - Analyse the factors that lead to the adoption of either of the two concepts or a combination of both in an organisation; and
  - Discuss the merits and demerits of centralisation and decentralization.
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### 15.1. Introduction

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Centralisation and decentralisation are very important concepts of organisation. They explain the manner in which the decision making

authority' is distributed or delegated among various levels of the organisation. In this unit, we shall discuss the meaning, importance and factors affecting centralisation and decentralisation in organisations. The merits and demerits of centralisation and decentralisation are also examined.

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## **15.2. Definition**

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Centralisation means the concentration of formal authority at the top levels of an organisation. It is a tendency aimed at centralised performance. Hence, it is the 'opposite of dispersal and delegation of authority: It has an important bearing on the processes of policy formulation and decision-making. These two major areas of management or administration are the reserves of the top management in a centralised organisation. The lower levels of the organisational hierarchy always look upwards for direction, advice, clarification, interpretation, etc.

Even the field units or agencies of the parent organisation do not, enjoy any authority of decision-making and hence are fully dependent on the central authority, the field units are required to implement the decisions in accordance with the pre-determined guidelines as handed down to them by the headquarters operating as the central authority. Centralisation acquires its acute 'I' form when an organisation operates from a single location i.e., when it does not have any field agencies.

In the words of Harold Koontz, "Centralisation has been used to describe tendencies other than the dispersal of authority. It often refers to 'departmental activities; service divisions, centralised similar or specialised activities in a single department. But when centralisation is discussed as an aspect of management, it refers to delegating or withholding authority and the authority dispersal or concentration in decision-making?'. Therefore, centralisation can be regarded as concentration of physical facilities and/or decision-making authority. Limited and restrictive use of delegation is, in other words, centralisation.

Henri Fayol, while talking of decentralisation and centralisation, observes, "everything that goes to increase the importance of subordinate's role is decentralisation, everything which goes to decrease it is centralisation".

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## **15.3. Different types of Decentralization**

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Four different types of decentralisations can be identified viz.,

- Administrative,
- functional,

- political and
- geographical.

Administrative decentralisation refers to decentralisation of authority to the lower officials in the administrative hierarchy of organisations. It may also mean decentralising powers or functions to the subordinate units. Functional decentralisation implies that the functions are decentralised to the specialised units or departments like education or health.

Political decentralisation involves that the political powers and functions concentrated in the hands of higher-level political organs are decentralised to lower-level political organs. You are all aware that panchayati raj agencies are units of decentralisation wherein political powers of decision making are decentralised from state governments to panchayats, samitis and zila parishads.

Finally, in geographical decentralisation. The powers and functions of headquarters are decentralised to the field offices for effective performance. For example, most of the powers of the heads of departments of the state government are decentralised to their field officers at the regional and district levels.

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#### **15.4. Factors affecting Centralization and Decentralization**

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Centralisation and decentralisation, being the two extremes of operations of authority, are relative terms. We, today, cannot think of an organisation which is completely centralised or decentralised as in between the operations of the two there is always a continuum of authority.

They need to be viewed as complementary to each other as a fair combination of the two results in stability, accountability, efficiency and, effectiveness. Their applications in a democratic setup would depend upon the objectives of the organisation, its life and size, nature of service, etc. It has been said that in order to ensure its existence, an organisation has to perform certain functions which are basically centralising in nature and effect: Moreover, their performance has to be from a central point of authority.

Two such major functions are initiation and decision -making in relation to basic management functions like planning, organizing, motivating, coordinating and controlling the work of the subordinates as also of the field units. Thus, the higher levels by performing the functions of initiation and decision -making tend to reserve the real authority at the central points of the organisation.

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## Check your Progress-1

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### True/False

- a. In centralization, there is a hierarchy of formal authority for making all the important decision for the organization.
- b. Administrative decentralisation refers to decentralisation of authority to the lower officials in the administrative hierarchy of organisations.
- c. Centralisation means the concentration of formal authority at the top levels of an organisation.
- d. Centralisation and decentralisation, being the two extremes of operations of authority, are relative terms.
- e. Centralization has a very less important role in providing a disciplined environment in an organization.

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## 15.5. Advantages and Disadvantages of Centralization

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There are numerous advantages and disadvantages of Centralization. Let us learn them in detail below.

### ***Advantages of centralization:***

Centralization has a very important role in providing a disciplined environment in an organization. The higher level of the management doesn't only look after taking essential decisions for the organization, they are also the hearing aid for the employees when they face problems regarding work.

Whenever the employees of middle to lower-level management face a concern regarding work and need a few changes, they can go to the higher-level management authorities. Centralization makes the decision-making, problem-solving matters easy as it helps them to keep them in proper order and all the final decisions are taken by the higher management authority.

All the middle to lower-level employees is the workers under higher management authorities. Whatever works they are given by higher-level management, they keep a check on them because every lower lever worker is answerable to higher authorities.

So, in fear of supervision, they tend to do their daily duties properly. It is one of the reasons for a better quality of work with high productivity.

The higher-level of management has more experience than other people. They tend to have more business experience and knowledge. They have the idea of how to deal with specific situations and how to

not. With their knowledge based on their experience, they tend to be better decision-makers for the centralized organization.

Every organization be it centralized or other, they have a plan or a vision that they want to see accomplished in the coming years. For the success in the future, it can't be expected from the efforts but if they have centralized or higher-level authorities which have power in the hand for deciding for the company's good. They can decide on their vision for the future with full focus. They will make the workers of the company achieve the goals for the company.

Whenever more people are involved in the decision-making process, more time will increase the decision-making process. And it will tend to make it slow because more people shall give more opinions and views about certain objectives. So, having a centralized organization will have only the top management for decision-making while the employees will be responsible for only work, not for decision-making.

In a centralized organization, the higher authorities are those who started the business. So, they save the money for hiring any other business experts for the decision they need to make.

#### ***Disadvantages of Centralization:***

The lower-level authorities work under the guidance of their superiors, who are eligible to take any decisions whenever required. They don't have the exposure to show their skills as they have to follow the rules and orders by the higher authorities. They feel demotivated while working, as they have no chance of getting a promotion.

In a centralized organization, the decision-maker has the power. Employees tend to work under them according to their rules. In such situations, their work outcome is not creative. With the controlled nature of the centralized organization, their productivity suffers the most.

As the worker is constantly working under rules and supervision via higher authorities, they get the feeling of slaves rather than organization employees. This leads to disloyalty, and they tend to leave when they receive a better opportunity.

Employees at lower levels need to depend on the decision made by top management, which decreases productivity. They tend to waste time on the decision-making processes by the higher authorities.

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### **15.6. Advantages and Disadvantages of Decentralization**

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There are several advantages and disadvantages of fiscal

decentralization. Decentralized decision-making advantages and disadvantages also, helps us to understand the correct way to approach any fiscal problem and take adequate decisions. So without any further ado, let's find out the advantages and disadvantages of Decentralization.

***Advantages of Decentralization:***

Decentralization allows middle to lower authorities to participate in the decision-making processes. It helps to reduce the pressure of higher authorities. Higher authorities can easily focus on more important works rather than on minor decision-making processes.

Decentralization allows the employee to show their creativity and skills. It helps the employee for their power and independence.

In a decentralized organization, the decision-making process is quite quicker than centralization. From the middle to the lower level, employees are allowed to make minor decisions. Based on the situation, they can take ownership of the required action and implementation.

Decentralization motivates their employees as there are chances to show their skills without the interference of top management. This allows improving the quality of work.

***Disadvantages of Decentralization***

In a decentralized organization, many employees are required to be hired according to their work experiences and knowledge. This criterion increases the cost of the company, as more money is spent to hire the most eligible people for the job profile. In decentralization, there is no uniformity because every manager has their way to make people work.

Decentralization is not effective for building small firms. It is effective because it involves a high amount of cost to run the organization. Centralization and decentralization are opposite ways to transfer decision-making power and to alter the organizational structures.

There must be a good balance between centralization and decentralization of authority and power. It is necessary to avoid extremes of centralization and decentralization.

Centralization obtains consistent methods and activities and uses closer powers to work units. It can successfully handle the crisis immediately. Decentralization guarantees the dynamic work of the staff and stimulates their enthusiasm. The true realization of joint relies on a reasonable combination of centralization and decentralization. No complete centralization or complete decentralization was found in the association. It only exists in principle. Therefore, a legitimate blend of the two is

required. Centralization and decentralization are tangled points. Nor is it a reliable and correct arrangement. Professional issues, such as server organization, and non-technical issues, such as authoritative structures, can be combined or dispersed.

Both topics are related to making changes. When introducing such unavoidable improvements, we recommend that you consider the following core values: understanding the clear problem you are understanding; understanding your inspiration for introducing improvements; Incorporate as much as is possible for the time being; recognize that, like any new administration, it requires careful planning; and, most importantly, listen to your clients.

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### **Let us Sum Up**

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In this unit, you have learned about the followings:

- Centralisation and decentralisation are important principles for the formation of an organisation.
- Decentralisation refers to the democratic method of devolution of administrative and political authority.
- Decentralisation covers the political, legal and administrative spheres of authority.
- Centralisation works well in the early stages of organisational growth and keeps all parts of the organisation moving harmoniously towards a common goal.
- Decentralisation allows subordinates to grow and reduces the burden of the top executives and allows them to focus attention on key issues
- In centralization, the higher positions of the management hold the decision-making authority.

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### **Check your Progress-2**

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1. An organizational practice, according to which the decision making freedom is available to lower level managers is known as\_\_\_\_\_.
2. The minimum freedom for managers and maximum constraints are the main features of \_\_\_\_\_.
3. The degree to which the freedom is given to lower level managers for decision making is classified as \_\_\_\_\_.

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## **Glossary**

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**Centralisation:** The process by which the activities of an organisation, particularly those regarding decision-making, become concentrated within a particular location and/or group.

**Delegation:** Assignment of authority and responsibility to another person (normally from a manager to a subordinate) to carry out specific activities.

**Decentralization:** It means dispersal of authority among the lower levels of the administrative system.

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## **Answer to Check your Progress-1**

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- a-True
  - b-True
  - c-True
  - d-True
  - e-False
- 

## **Answer to Check your Progress-2**

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1. Decentralisation
  2. Total Centralisation
  3. Autonomy
- 

## **Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Weihrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.



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**Block-5: Introduction**

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**Block-5: Organizational Development** has been divided into four Units.

**Unit-16: Organizational Change** deals with Introduction, Concept of Organizational Change, Forces for change, Levels of Change, Types of Change, Steps in Managing Change and Resistance to Change.

**Unit-17: Organizational Development** explains about Introduction and Definition of Organizational Development (OD), Objectives of OD, Characteristics of OD, Historical Background, Values, Assumptions and the Beliefs in OD.

**Unit-18: Stress Management** describes about the Introduction, Definition of Stress, Causes of Stress, Consequences of Stress and Techniques for Managing Stress.

**Unit-19: Business Ethics and Corporate Social Responsibility** presents about Introduction and Definition of Business Ethics, Characteristics of Business Ethics, Unethical behavior, Corporate Social Responsibility(CSR), Nature of corporate social responsibility, Benefits of CSR, Types of CSR and Profit maximization vs. social responsibility.

In all the units of Block -5: **Organizational Development**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

# Unit-16

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## Organizational Change

### STRUCTURE

Overview

Objectives

16.1. Introduction

16.2. Concept of Organizational Change

16.3. Forces for change

16.4. Levels of Change

16.5. Types of Change

16.6. Steps in Managing Change

16.7. Resistance to Change

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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Organizational change refers to the actions in which a company or business alters a major component of its organization, such as its culture, the underlying technologies or infrastructure it uses to operate, or its internal processes.

In this unit, the Concept of Organizational Change such as forces of change, level and types of changes, steps in managing changes related matters has been explained.

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### Objectives

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After completion of this Unit, you will be able to:

- Discuss the nature and process of change;
  - Make aware about the nature and process of change;
  - Understand different types of changes;
  - Know the reasons and causes of resistance to change; and
  - Understand how change can be introduced in an organization
- 

### 16.1. Introduction

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Organisation is a social system. All parts of organisation affect all other parts. That is, there is so much of interrelationship of parts that anything

happening at one end is transmitted to the other end. This interrelationship is not only between the elements and parts of organisation, but also with the environment around it. When organisation functions, these relationship and interrelationships get established and gradually organization obtains a systematised and orderly behaviour. The whole system is said to be in equilibrium.

This becomes an established way of life and any disturbance to this established way of life naturally exercises pressure on some elements which are accustomed to that way of life. This event evokes a reaction which may suggest acceptance of it, lack of interest in it or there may be counter pressure opposed to the disturbance. In some cases, the impact of accepting or ignoring a disturbance may not be much different, but otherwise, the former connotes cooperation and the latter, lack of interest. The term 'change' refers to any alternation which occurs in the overall work environment of an organisation. It is to be emphasised that 'change is the law of nature'. Nothing is permanent except change.

Change has the following characteristics:

- a) Change often results from the pressure of forces which are both outside and inside the organisation;
- b) The whole organisation tends to be affected by the change in any part of it; and
- c) Change takes place in all parts of the organisation, but at varying rates of speed and degrees of significance.

An organisational is an open system which means that it is in a constant interactional and interdependent relationship with its environment. Any change in its external environment, such as changes in consumer tastes and preferences, competition, economic policies of the Government, etc., make it imperative for an organisation to make changes in its internal system. Further, organisation is composed of a number of subsystem, which are also in a dynamic relationship of interaction and interdependence 3 with one another. Any change in a subsystem creates a chain of changes throughout the entire system.

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## **16.2. Concept of Organisational Change**

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The term 'organisational change' implies the creation of imbalances in the existing pattern of situation. When an organization operates and functions for a long time, an adjustment between its technical, human and structural set-up is established. It tends to approximate an equilibrium in relation to its environment. In other words, organisation

members evolve a tentative set of relations with the environment. They have an adjustment with their job, working conditions, friends and colleagues etc. Change requires individuals to make new adjustments. Hence the fear of adjustment gives rise to the problem of change and resistance to change. Individual comes in to danger. On the other hand, groups resist change where their existence is in danger or a total change in overall work environment is contemplated.

Management of change may be defined as a conscious and concerted initiative by those who are in-charge of the destiny of the business undertaking or firm to keep a constant and intelligent watch over the behaviour of uncontrollable forces, to assess their impact and influence of the controllable forces, and to evolve appropriate strategies and action programmes to maintain a dynamic equilibrium between the controllable and uncontrollable forces. The controllable forces are those forces about which sufficient information is available. Such forces can be managed easily. Uncontrollable forces are those about which not much is known. These forces exert a powerful influence on the behaviour of controllable forces and limit the scope of managerial action.

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### **16.3. Forces for change**

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Organisations encounter many different forces for change. These forces come from external sources outside the organisation and from internal sources. Awareness of these forces can help managers determine when they should consider implementing an organisational change. The external and internal forces for change are as follows:

(a) **External Forces:** External forces for change originate outside the organisation. Because these forces have global effects, they may cause an organisation to question the essence of what business it is in and the process by which products and services are produced. There are four key external forces for change: demographic characteristics, technological advances, market changes, and social and political pressures.

- (i) **Demographic Characteristics:** Organisations need to effectively manage diversity if they are to receive maximum contribution and commitment from employees.
- (ii) **Technological Advancements:** Both manufacturing and service organisations are increasingly using technology as a means to improve productivity and market competitiveness. Manufacturing companies, for instance, have automated their operations with robotics, computerized numerical control

(CNC) which is used for metal cutting operations, and computer-aided design (CAD). CAD is a computerized process of drafting and designing engineering drawings of products. Companies have just begun to work on computer-integrated manufacturing (CIM). This highly technical process attempts to integrate product design with product planning, control, and operations. Office automation consists of a host of computerized technologies that are used to obtain, store, analyse, retrieve, and communicate information.

- (iii) **Market Changes:** The emergence of a global economy is forcing Indian companies to change the way they do business. Companies are having to forge new partnerships with their suppliers in order to deliver higher quality products at lower prices.
- (iv) **Social and Political Pressures:** These forces are created by social and political events. Personal values affect employees' needs, priorities, and motivation; managers thus may need to adjust their managerial style or approach to fit changing employee values. Political events can create substantial change. For example, the collapse of both the Berlin Wall and communism in Russia created many new business opportunities. Although it is difficult for organisations to predict changes in political forces, many organisations hire lobbyists and consultants to help them detect and respond to social and political changes.

**(b) Internal Forces:** Internal forces for change come from inside the organisation. These forces may be subtle such as low morale, or can manifest in outward signs such as low productivity and conflict. Internal forces for change come from both human resource problems and managerial behaviour/decisions.

- (i) **Human Resource Problems/Prospects:** These problems stem from employee perceptions about how they are treated at work and the match between individual and organisation needs and desires. Dissatisfaction is a symptom of an underlying employee problem that should be addressed. Unusual or high levels of absenteeism and turnover also represent forces for change. Organisations might respond to these problems by using the various approaches to job design by implementing realistic job previews, by reducing employees role conflict, overload, and ambiguity, and by removing the different

stresses. Prospects for positive change stem from employee participation and suggestions.

- (ii) **Managerial Behaviour/Decisions Excessive:** Interpersonal conflict between managers and their subordinates is a sign that change is needed. Both the manager and the employee may need interpersonal skills training, or the two may simply need to be separated: for example, one of the parties might be transferred to a new department. Inappropriate leadership behaviours, such as inadequate direction or support, may result in human resource problems requiring change. Leadership training is one potential solution for this problem.

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### Check your Progress-1

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#### True/False

- a. An organisational is an open system which means that it is in a constant interactional and interdependent relationship with its environment.
- b. The term 'organisational change' implies the creation of imbalances in the existing pattern of situation.
- c. Interpersonal conflict between managers and their subordinates is a sign that change is needed.
- d. Most organisational changes have their major effects at the group level.
- e. Organisation is not a social system.

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### 16.4. Levels of Change

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Change can be at individual, group and organisational levels:

- (a) **Individual Level Change:** At the individual level change is reflected in such developments as changes in a job assignment, physical move to a different location, or the change in maturity of a person which occurs overtime. It is said that changes at the individual level will seldom have significant implications for the total organisation. This is not true because a significance change at the individual level will have its repercussions on the group which, in turn, might influence the wider organisation. A manager who desires to implement a major change at the individual level, transferring an employee for instance, must understand that the change will have repercussions beyond the individual.
- (b) **Group Level Changes:** Most organisational changes have their major effects at the group level. This is because most activities in

organisations are organised on group basis. The groups could be departments, or informal work groups. Changes at the group level can affect work flows, job design, social organisation, influence and status systems, and communication patterns. Managers must consider group factors when implementing change. Informal groups can pose a major barrier to change because of the inherent strengths they contain. Formal groups can resist change, as exemplified by the resistance demonstrated by unions to the changes proposed by management. Because of the powerful influence that groups can have on individuals, effective implementation of change at the group level can frequently overcome resistance at the individual level.

- (c) **Organization Level Changes:** Change at this level involves major programmes that affect both individuals and groups. Decisions regarding these changes are generally made by senior management and are seldom implemented by only a single manager. Frequently they occur over long periods of time and require considerable planning for implementation. Example of these changes would be reorganisation of the organisation structure and responsibilities, revamping of employee remuneration system, or major shifts in an organisation's objectives. Change at the organisational level is generally referred to as organization development.

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## 16.5. Types of change

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There are various areas within the organisational domain where changes can be brought about for operational enhancement of the organisation as well as desirable behaviour of members. The various types of changes that can have considerable impact on the organisational culture are:

- a) **Strategic Change:** This is a change in the very mission of the organisation. A single mission may have to be changed to multiple missions. For example, when British Airways acquired a major part of U.S. Air, the culture of the entire organization had to be modified to accommodate various aspects of American organisational culture into the British organisational culture.
- b) **Structural Change:** Decentralized operations and participative management style have seen more recent trends in the organisational structure. Since these structural changes shift the authority and responsibility to generally lower level management, it has a major impact on an organisation's social climate and

members have to be prepared to develop a team spirit as well as acquire skills to make on-the-spot decisions at points of operations.

- c) **Process-oriented Change:** These changes relate to technological developments, information processing, automation and use of robotics in the manufacturing operations. This means replacing or retraining personnel, heavy capital equipment investment and operational changes. This would affect the organisational culture and hence changes in the behaviour patterns of members.
- d) **People-oriented Change:** Even though, any organisational change affects people in some form, it is important that the behaviour and attitudes of the members be predictable and in accordance with the expectations of the organization and be consistent with the mission and policies of the enterprise. These changes are directed towards performance improvement, group cohesion, dedication and loyalty to the organization as well as developing a sense of self-actualisation among the members. These can be developed by closer interaction with employees and by special behavioural training and modification sessions.

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## 16.6. Steps in managing change

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The first step in the change process is to identify the need for change and the area of change as to whether it is strategic change, process-oriented change or employee oriented change. This need for change can be identified either through internal factors or through external forces that may be in place.

Once this need is identified, the following steps can be taken to implement such change:

1. **Develop new goals and objectives:** The managers must identify as to what new outcomes they wish to achieve. This may be a modification of previous goals due to change internal and external environmental or it may be a new set of goals and objectives.
2. **Select an agent for change:** The management must decide as to who will initiate and oversee this change. A manager may be assigned this duty or even outside specialists and consultants can be brought in to suggest the various methods to bring in the change and monitor the change process.
3. **Diagnose the problem:** It is important to gather all pertinent data



regarding the area or the problem where the change is needed. This data should be critically analysed to pinpoint the key issues. Then the solutions can be focused on those key issues.

4. Select methodology: Because of natural resistance to change, it is very important to chart out a methodology for change which would be correct and acceptable to all. Member's emotions must be taken into consideration when devising such methodology.
5. Develop a plan: This step involves putting together a plan as to what is to be done. For example, if the company wants to develop and implement a flexi time policy, it must decide as to what type of workers will be affected by it or whether flexi time should be given to all members or only to some designated workers.
6. Strategy for implementation of the plan: In this stage, the management must decide on the "when", "where" and "how" of the plan. This includes the right timing of putting the plan to work, how the plan will be communicated to workers in order to have the least resistance and how the implementation will be monitored.
7. Implementation of the plan: Once the right timing and right channels of communications have been established, the plan is put into action. It may be in the form of simple announcement or it may require briefing sessions or in-house seminars so as to gain acceptance of all the members and specially those who are going to be directly affected by the change.
8. Receive and evaluate feedback Evaluation consists of comparing actual results to the set goals. Feedback will confirm if these goals are being met so that if there is any deviation between the goals and the actual performance outcomes, then corrective measures can be taken.

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### **16.7. Resistance to change**

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Resistance to change is understood to be a natural phenomenon. But not all change is resisted. In fact, if we look at any organisation closely we would probably find that more changes are accepted than resisted.

Accepting the fact that people have a natural instinct to adapt to their environment is the first step towards effective management of change. It has the advantage of placing people in a more positive light, but also suggests that resistance to change is unnatural behaviour. If managers accept this principle, then they can proceed to analyse the situation to find the (unnatural) cause of resistance.

Failure to understand this characteristic of resistance can cause many managers to attempt to run through changes rather than try to understand the sources of the resistance.

Sources of resistance to change may be rational or emotional. Rational resistance occurs when people do not have the proper knowledge or information to evaluate the change. Providing information (in the form of data, facts, or other types of concrete information) reduces the resistance. Emotional resistance involves the psychological problems of fear, anxiety, suspicion, insecurity, and the like. These feelings are evoked because of people's perception of how the change will affect them.

**(a) Causes of Resistance:**

All changes are not resisted. Some are wanted by the workers. For instance, if the workers have to stand before a machine throughout the shift, they will like the introduction of a new machine which will allow them to sit while working. Thus, resistance to change is offset by their desire to have better working conditions.

Sometimes, people themselves want change and new experience as they are fed up with the old practices and procedures. Resistance to change is caused by individual's attitudes which are influenced by many economic, psychological and social factors.

**1. Economic Factors:** These factors relate to the basic economic needs of the workers like necessities of life, job security and safety. These factors are:

- (a) Workers apprehend technological unemployment. General new technology is expected to reduce the proportion of labour input and, therefore, people resist such change as it will affect their jobs security;
- (b) Workers fear that they will be idle for most of the time due to increased efficiency by new technology;
- (c) Workers may fear that they will be demoted if they do not possess the new skills required for the new jobs; and
- (d) Workers resist the change of getting higher job standards which may reduce opportunity for bonus or pay incentive.

**2. Psychological Factors:** These factors arise when workers perceive that factors relating to their psychological needs will be affected adversely by the proposed changes. These needs are sense of pride, achievement, self-fulfilment, etc. These factors are

- (a) Workers may not like criticism implied in a change that the present method is inadequate and unsuitable;
- (b) Workers may fear that there will be fewer opportunities for developing their personal skills because new work changes will do away with the need for much manual work. This will lead to reduction of their personal pride
- (c) Workers may apprehend boredom and monotony in the new jobs as a result of specialisation brought by the new technology;
- (d) They may fear that harder work will be required to learn and adapt to new ideas;
- (e) Workers may resist a change because they do not want to take trouble in learning the new things; and
- (f) Workers may not have the knowledge of entire change or they may be incapable of the implications of new ideas or methods.

**3. Social Factors:** Individual do have certain social needs like friendship, belongingness, etc. for the fulfilment of which they develop informal relations in the organisation. They become members of certain informal groups and act as members of the group to resist change. The social reasons for resistance to change are:

- (a) New organisational set up requires new social adjustments which are not liked by people because these involve stresses and strains. This also means discarding old social ties which is not tolerable to the workers.
- (b) Workers are carried by the fear that the new social set-up arising out of the change will be less satisfying than the present set up.
- (c) Workers also resist the changes which are brought abruptly and without consulting them.

Thus, it is obvious that resistance to change tends to focus on human relations problem, although it may appear to be related to the technological aspect of change.

Workers resist the changes which will affect their social relationships, upset their status and threaten their security. A change may give them a feeling of insecurity, since it challenges their way of doing things and may bring less labour oriented processes.

Moreover, it is difficult for the workers to give up their old habits and customs. They also resist the change if they do not know it well.

**(b) Symptoms of Resistance:**

How does resistance to change manifest itself? There are several ways. But it does not mean that these symptoms always indicate resistance. Sometimes they may be indicators of other difficulties in the organisation.

1. Hostility or aggression is the immediate reaction of an individual to change. The hostility may only be expressed verbally, in the way the individual strikes at the boss, a fellow workers, or even at subordinates, but hostility and aggression can also take physical forms where the striking out is of a more intense character.
2. The individual may develop apathy towards his work. He loses interest in his work. There is more spoilage of materials, excessive idling of time, and decline in performance.
3. Absenteeism and tardiness are often signs of resistance. Perhaps these are forms of apathy or attempts on the part of the individual to escape his work environment. Separation, for example, may be an extreme illustration of this attempt to escape.
4. The development of anxiety and tension is a sure sign that resistance exists. The individual finds himself uncomfortable, shaky, and tensed up on his job.
5. At the group level additional signs of resistance are exhibited. Slow downs and strikes are the usual symptoms of group resistance.

Another strategy adopted by a group to resist change is “restriction of output”. Often great care is exercised in timing operations, setting standards, and otherwise working out details of a wage incentive system, and yet at least part of the work group forms into an informal group, under a leader of its own choice. This group decides what a fair days work is and develops methods of keeping the non-conformist in line. The individual who starts to respond to the incentive is held in a check by sanctions which the informal group is able to bring to bear against him.

**(c) Benefits of Resistance**

Contrary to popular opinion, resistance to change is not bad. Resistance can bring some benefits. It may encourage the management to re-examine its change proposals so that they are appropriate. In this way employees operate as a check and balance to ensure that the management properly plans and implements change. Resistance can also help identify specific problem areas where change is likely to cause

difficulties, so that the management can take corrective action before serious problems develop. At the same time, the management may be encouraged to do a better job of communicating the change, an approach that in the long-run should lead to better acceptance.

Resistance also gives management information about the intensity of employee emotions on an issue, provides emotional release for pent up employee feelings, and may encourage employee to think and talk more about a change so that they understand it better. This does not mean that resistance to change should endure. Resistance must be overcome and change introduced.

### ***Implementing change successfully***

Successful implementation of change requires knowledge about the change process. The change process, propounded by Kurt Lewin, consists of three stages:

- (1) unfreezing
- (2) changing
- (3) refreezing

Before describing Lewin's stages, it is desirable to understand how change takes place generally. It is too well-known that people change their customs, habits, and institutions when they become dissatisfied with the status quo or when there is a more desirable substitute. A successful change involves: (1) recognising the need for it, (2) learning a new behaviour or substitute, and (3) feeling comfortable with the new situation. Lewin's stages of unfreezing, change, and refreezing correspond to these three developments in the change process. However, a brief description of each stage is desirable.

#### ***(a) Unfreezing***

This is the first stage in the change process. It involves casting aside existing attitudes and value systems, managerial behaviours, or organisational structure so that new ones can be learnt. Unfreezing creates the need for change. For unfreezing, the manager must understand the causes for resistance to change. It is common knowledge that there are people who desire status quo and there are also individuals who push for change. And the two groups may be equal in their force. The forces against change (labelled A) have strengths equal to those forces pushing for change (labelled F). An example of four forces pushing in each direction is seen in the case of the organisation that has announced the introduction of a new monthly cost report. After careful analysis, a top manager may find various reasons

given by subordinates for resisting change, on the one hand, or for promoting change, on the other hand. Among the reasons given for resisting change might be:

1. The old report is easy to fill out because the data are readily available.
2. The old report takes very little time to think.
3. Top management has never used this report in the past for control purposes.
4. The new report will be very comprehensive and requires more time to fill out.

***(b) Changing***

Actual change occurs at this stage. New value systems, behaviours, or structures replace the old ones. This is the action-oriented stage. This can be a time of confusion, dis-orientation, and despair mixed with hope and discovery.

***(c) Refreezing***

Here the change becomes permanent. The newly acquired values, beliefs, and structures get refrozen. A new status quo is established at this stage. Refreezing is important because without it there lies a vacuum.

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**Let us Sum Up**

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In this unit, you have studied about the following:

- Change occurs at individual, group and organisational levels.
- Resistance to change is beneficial to both the change agent and to change targets.
- Implementation of change successfully needs knowledge about the change process
- Change process consists of three stages: unfreezing, changing, and refreezing
- Unfreezing refers to the casting aside of old beliefs, attitudes, and behaviours
- Refreezing involves making change permanent.

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**Check your Progress-2**

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1. The objective of planned change is \_\_\_\_\_.
2. \_\_\_\_\_ is used to describe the choice of means by which the change process takes place.
3. Tactics for dealing with Resistance to change\_\_\_\_\_.

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## Glossary

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<b>Reactive change:</b>	A response that occurs when events in the environment have already affected the firm's performance; problem-driven change.
<b>Unfreezing:</b>	Realizing that current practices are inappropriate and that new behaviour must be enacted.
<b>Strategic management:</b>	A process that involves managers from all parts of the organisation in the formulation and implementation of strategic goals and strategies.
<b>Refreezing:</b>	Strengthening the new behaviour that support the change.
<b>Proactive change:</b>	A response that is initiated before a performance gap has occurred.

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## Answer to Check your Progress-1

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- a-True
  - b-True
  - c-True
  - d-True
  - e-False
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## Answer to Check your Progress-2

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1. To keep the organisation current and viable
  2. Intervention strategies
  3. Facilitation and support, Manipulation and co-optation, Education and Communication, Coercion
- 

## Suggested Reading

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.

# Unit-17

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## Organizational Development

### STRUCTURE

Overview

Objectives

17.1. Introduction

17.2. Definition of Organizational Development (OD)

17.3. Objectives of OD

17.4. Characteristics of OD

17.5. Historical Background

17.6. Values, Assumptions, and Beliefs in OD

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

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In this unit we are going to discuss the concept of organisational development.

The study and implementation of practices, systems, and techniques that affect organizational change. The goal of which is to modify a group's/organization's performance and/or culture. The organizational changes are typically initiated by the group's stakeholders.

In this unit, the Organizational Development related matters such as definition of OD, objectives and characteristics of OD, historical background, values, assumptions and beliefs of OD has been explained.

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### Objectives

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After completion of this unit, you will be able to:

- Learn the definition of organisational development
- Discuss the objectives and characteristics of Organisational Development
- Describe the historical background of Organisational Development and recognise the values ,assumptions and beliefs in OD
- Discuss the implications of OD values and assumptions



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### **17.1. Introduction**

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Organizational development (OD) is a conceptual, organization-wise effort to increase an organization's effectiveness and viability. In this unit we are going to discuss the main objectives of OD and its characteristics. Again, we will be able get some idea about the values, assumptions and beliefs in OD.

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### **17.2. Definition of OD**

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In this section we are going to discuss the meaning and definition of OD. Different people have defined Organizational Development (OD) differently.

According to Koontz, "OD is a systematic, integrated and planned approach to improve the effectiveness of the enterprise. It is designed to solve problems that adversely affect the operational efficiency at all levels".

Burke has defined OD as "a planned process of change in an organization's culture through the utilization of behavioural science technology, research, and theory".

In the opinion of French and Bell, "OD is a systematic approach to organizational improvement that applies behavioural science theory and research in order to increase individual and organizational well-being and effectiveness".

Therefore, OD can be defined as a long-term, more encompassing change approach meant to improve individual as well as organizational well-being in a changed situation

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### **17.3. Objectives of OD**

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The main objectives of organisational development may be mentioned as follows:

1. To improve organizational performance as measured by profitability, market share, innovativeness, etc
2. To make organization better adaptive to its environment.
3. To make the members willing to face organizational problems and to make contribute creative solutions to the organizational problems.
4. To improve internal behavioural patterns such as interpersonal relations, inter group relations, level of trust and support among the role players.

5. To understand one's own self and others, openness and meaningful communication, and involvement in planning for organizational development.

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#### **17.4. Characteristics of OD**

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The salient characteristics of OD implied in its definition are gathered as follows:

- a. OD is a systematic approach to planned change. It is a structured cycle of diagnosing organizational problems opportunities and then applying expertise to them.
- b. OD is grounded in solid research and theory. It involves the application of our knowledge of behavioural science to the challenges that the organizations face.
- c. OD recognizes the reciprocal relationship between individuals and organizations. It acknowledges that for organizations to change, individuals must change.
- d. OD is goal oriented. It is a process that seeks to improve both individual and organizational well-being and effectiveness.
- e. OD is designed to solve problems in an Organization.

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#### **Check your Progress-1**

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##### **True/False**

- a. OD is not grounded in solid research and theory.
- b. According to Koontz, "OD is not a systematic, integrated and planned approach to improve the effectiveness of the enterprise.
- c. OD is designed not to solve problems in an Organization.
- d. Humanistic values proclaim the importance of the individual; respect and dignity.
- e. Organizational development (OD) is not a conceptual, organization-wise effort to increase an organization's effectiveness and viability.

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#### **17.5. Historical Background of OD**

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In the late 1960s organizational development was implemented in organizations via consultants, but was relatively unknown as a theory of practice and had no common definition among its practitioners. Richard Beckhard, an authority on organizational development and change management, defined organizational development as "an effort, planned, organization-wide, and managed from the top, to increase organization

effectiveness and health through planned interventions in the organization's processes, using behavioural-science knowledge" (Beckhard 1969).

Throughout the 1970s and 1980s organizational development became a more established field with courses and programs being offered in business, education, and administration curricula. In the 1990s and 2000s organizational development continued to grow and evolve and its influences could be seen in theories and strategies such as total quality management (TQM), team building, job enrichment, and reengineering.

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### **17.6. Values, assumptions, and beliefs in OD**

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A set of values, assumptions, and beliefs constitutes an integral part of OD, shaping the goals and methods of the field and distinguishing OD from other improvement strategies. These values and assumptions developed from research and theory by behavioural scientists and from the experiences and observations of practicing managers.

**Definition 1:** A belief is a proposition about how the world works that the individual accepts as true; it is a cognitive fact for the person.

**Definition 2:** Values are also beliefs and are defined as: beliefs about what is desirable or 'good' (e.g., honesty) and what is undesirable or 'bad' (e.g., dishonesty).

**Definition 3:** Assumptions are beliefs that are regarded as so valuable and obviously correct that they are taken for granted and rarely examined or questioned. Thus, values, assumptions and beliefs are all cognitive facts or propositions.

Values, assumptions and beliefs provide structure and stability for people as they attempt to understand the world around them. OD values tend to be humanistic, optimistic, and democratic.

Humanistic values proclaim the importance of the individual; respect and dignity. They assume that everyone has intrinsic worth, and view all people as having the potential for growth and development.

Optimistic values presume that people are basically good, that progress is possible and desirable in human affairs, and that rationality, reason, and goodwill are the tools for making progress.

Democratic values assert the sanctity of the individual, the right of people to be free from arbitrary misuse of power, the importance of fair and equitable treatment for all, and the need for justice through the rule of law and due process. Values have always been an integral part of OD.

He then went on to state what he believed to be the central value underlying OD theory and practice:

“The basic value underlying all organization development theory and practice is that of choice. Through focused attention and through the collection and feedback of relevant data to relevant people, more choices become available and hence better decisions are made”.

These values and assumptions may not seem profound today, but in the 1950s and 1960s they represented a radical departure from accepted beliefs and assumptions.

Beliefs such as trust and respect for the individual, the legitimacy of feelings, open communication, decentralized decision making, participation and contribution by all organization members, collaboration and cooperation, appropriate use of power, authentic interpersonal relations, and so forth were seldom espoused and rarely implemented in the vast majority of organizations at the time.

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### **Let us Sum Up**

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In this unit, you have studied about the following:

- Organisation Development is a systematic, integrated and planned approach to improve the effectiveness of the enterprise.
- OD is goal oriented. It is a process that seeks to improve both individual and organizational well-being and effectiveness.
- OD is designed to solve problems in an organization.
- Belief is a proposition about how the world works that the individual accepts as true; it is a cognitive fact for the person.
- Values are also beliefs and are defined as what is desirable or ‘good’ (e.g., honesty) and what is undesirable or ‘bad’ (e.g., dishonesty).
- Assumptions are beliefs that are regarded as so valuable and obviously so correct that they are taken for granted and are rarely examined or questioned

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### **Check your Progress-2**

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1. A technique to bring changes in the entire organization, rather than focusing attention on individuals to bring changes easily\_\_\_\_\_.
2. OD values generally tend to be \_\_\_\_\_.
3. The Unfreezing-Moving-Refreezing model of change was given by \_\_\_\_\_.

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**Glossary:**

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**Organizational**

**Development:** It can be defined as a long-term, more encompassing change approach meant to improve individual as well as organizational well-being in a changed situation

**Belief:** It is a proposition about how the world works that the individual accepts as true; it is a cognitive fact for the person.

**Values:** It is beliefs about what is desirable or what is undesirable.

**Assumptions:** These are beliefs that are regarded as so valuable and obviously correct that they are taken for granted and rarely examined or questioned.

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**Answer to Check your Progress-1**

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- a-False
- b-False
- c-False
- d-True
- e-False

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**Answer to Check your Progress-2**

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1. Organizational development
2. Humanistic, Democratic, Optimistic
3. Kurt Lewin

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill

# Unit-18

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## Stress Management

### STRUCTURE

Overview

Objectives

18.1. Introduction

18.2. Definition of Stress

18.3. Causes of Stress

18.4. Consequences of Stress

18.5. Techniques for Managing Stress

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

Stress management offers a range of strategies to help you better deal with stress and difficulty (adversity) in your life. Managing stress can help you lead a more balanced, healthier life. Stress is an automatic physical, mental and emotional response to a challenging event.

In this unit, the concept of stress management and its definition, causes, consequences and the techniques for managing stress has been explained.

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### Objectives

After completion of this unit, you will be able to:

- identify the causes of stress;
- analyse consequences of stress;
- develop individual strategies of coping up the stress;
- explain the organisational strategies of stress reduction;

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### 18.1. Introduction

Stress is a psychological condition and body discomfort. Stress is a common phenomenon. Every individual experiences stress at some or other time. Employees experience stress in the process of meeting the targets and working for long hours. When the person experiences a constraint inhibiting the accomplishment of desire and demand for

accomplishment, it leads to potential stress. Anxiety is converted into stress and ultimately it leads to job burnout. In fact for most of the time individuals are responsible for stress. However, organisations also create stress in the individuals. Why one should be concerned about stress? The reason is that the stress has more negative consequences than positive. In this unit, you will learn the definition, causes and consequences of stress. You will be exposed to the techniques of managing stress. You will further learn the process of creating stress free environment.

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## **18.2. Definition of Stress**

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Stress is a state of discomfort experienced by an individual. Loss of emotional stability is the general expression of stress. It is generally apparent when the individual experiences a biological disorder. Stress has a positive association with the age, life styles, time constraints and the nature of occupation. Certain occupations are more prone to the stress than the others. For instance, drivers of vehicles, doctors, lawyers and managers are more likely to get stress than teacher, bankers and operating personnel.

Individuals feel stress when the needs or desires are not accomplished in the normal expected ways. This is because of the natural constraints operated on the individuals. The more the intensity of the desire and greater is the uncertainty associated with the achievement of the goal, the greater is the degree of stress. Employees are working for longer hours, taking on the work once done by laid-off colleagues, meeting tighter deadlines and cutting back on expenses are some of the causes of stress.

Combined to this with the double-income family demands of monthly mortgages, childcare issues and aging parents, and the result for many is anxiety, sleeplessness, irritability, and physical and mental deterioration.

In the words of Fred Luthans, stress is defined as an adaptive response to an external situation that results in physical, psychological, and/or behavioural deviations for organisational participants.

Ivancevich and Matteson define stress as the interaction of the individual with the environment. It is an adaptive response, mediated by individual characteristics and/or psychological processes that are consequence of any external action, situation or event that places special physical and / or psychological demands upon a person.

Schuler defines stress as a dynamic condition in which an individual is

confronted with an opportunity, constraint, or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important.

The stress is caused when a person has needs, desires, wishes and expectations and certain forces prevent the person from doing the desired activities. Stress and anxiety are not similar concepts. Anxiety occurs as a result of emotions caused by the interactions of environmental stimuli. Thus, it is confined to the psychological disturbance.

On the other hand, stress is originated by the psychological tensions and slowly leads to physical or biological breakdown. While stress is accompanied by anxiety, the latter need not always lead to stress. Similarly, stress and burnout are different concepts.

Prolonged stress leads to burnout. It is a state of mind. It results from a continuous feeling of emotional stress. An individual feels physical, mental and emotional exhaustion. Job burnout is characterised by emotional exhaustion, depersonalisation, and diminished personal accomplishment. Burnout is also closely associated with the so-called helping professions such as nursing, education, and social work.

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### **18.3. Causes of Stress**

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Stress is a psychological state of imbalance coupled with biological disorder. Individual experiences deviation in his biological system which is called potential stress. Potential stress moderated by individual, organisational and environmental variable leads to actual stress. The variables that convert potential stress into actual stress are known as stressors. Thus, stressors can be intra- organisational and extra organisational. Intra-organisational stress arises out of individual, group, and organisational factors. Extra organisational factors relate to environment of the organisation. The intra organisational factors causing stress are divided into individual factors and organisational factors.

#### ***Intra Organisational Factors are:***

***B-Individual Factors:*** Individual factors, which cause stress include: personality and individual differences, family problems, economic problems, life styles and role demands.

**i) Personality and individual differences:** Individual basic dispositions are the main reason for potential stress. Introversion, extroversion, masculinity, rigidity, locus of control, personal life, demographic differences such as age, health, education and occupation are some of



the reasons causing stress in individuals. It is found that type A personality is prone to more stress than type B personality. Type A personality is characterised by emotion and sensitivity to organisation goals, competitive spirit and achievement-oriented behaviour. This leads to frustration even for small deviations from the expectations, thus feeling of more stress. Type B personality is typically relaxed, carefree, patient and less serious in achieving objectives. Thus, he never feels stress. Some propositions of personality and individual stress are:

- Age is positively related to stress. When a person grows older, his expectations also go up. If he is unable to find avenues for realising expectations, he feels stress.
- Sound health enables a person to cope up stress better than unsound health.
- Education and health are related positively and negatively. Better education provides an opportunity to understand things in a better manner. Even the level of maturity increases with better education. So better educated persons are less prone to stress. Poorly educated people in relation to the jobs are likely to feel more stress due to the poor adaptability on the jobs.
- The nature of the occupation and stress are related. Certain occupations are inherently stressful than the other occupations. For instance, doctors, lawyers, politicians etc. At the same time occupation also gives enough stress tolerance ability. Politicians are found to possess more stress tolerance ability.
- Strong urge for satisfaction of needs compel people to over work and may lead to stress.
- Greater degree of locus of control leads to stress. A person is less likely to feel stress as he believes that he can exercise control over external factors.
- Self-efficacy and stress are negatively related. Higher degree of self-efficacy elevates motivation levels. Therefore people with greater self-efficacy remain calm and effectively face stressful situation. Perception of capacity to bring changes provides greater ability to withstand stress.
- Another personal disposition related to stress is psychological hardiness. Hardiness is the ability to withstand provocation from others. People with greater psychological hardiness are able to survive and withstand stressful environment. For instance,

people who remain calm even at the provocation of others and ignore the esteem are less likely to feel stress.

- Individual differences in perception, job experiences, social support, hostility etc., are some of the reasons that cause stress.
- Perception helps in understanding the environment. Person possessing a positive perception understands reality and appraises the events objectively. Thus, he feels less stress.
- Job experience and stress are negatively related. As one gains experience he develops adaptability to various job and organisational demands. He realises the job expectations. He develops a mechanism to deal with stress situations. Therefore more experienced people remains cool, calm, and ignore stressors than young and inexperienced employees.
- Hostility and aggressive behaviour is positively related to stress. A person who becomes aggressive and gets quick anger is cynical and does not trust others. He feels more stress than others who are cool and calm.

**ii) Family Problems:** Family issues influence the personal life of individuals. Sound marital relationships, marital discipline, early and healthy children may lead to happy personal life. They enjoy the life and become positive in their attitudes. So they do not tend to greater stress. On the other hand, poor marital relationships, nagging wife, family separations, extra marital relationships, disturbing children, poor settlement of family members, aging parents, dual working couple, death of spouse or other close family member are some of the reasons for greater stress in the individuals.

**iii) Economic Problems:** Economic difficulties are the main cause of stress. Poor management of personal finances, heavy family expenditure, and constant demand for money, poor incoming earning capacity and slow financial growth in the job are some of the economic reasons responsible for greater stress. For instance, an increasing family expenditure, increased expenditure on children education and health create heavy demand for income. This creates greater stress in the individuals.

**iv) Life Styles:** Life Styles of individuals can cause stress. The following situations of life style cause stress:

- Sedentary life styles cause greater stress.

- Individuals experiencing certain unique situations may be compelled to alter their attitude, emotions and behaviour. These are known as life trauma. Life trauma is potential reason for stress.
- Faster career changes bring more responsibilities to the individuals. Persons occupying higher positions in the younger age are likely to get heart attacks due to greater stress. This is because of inability to adapt to the new carrier responsibilities.

**v) Role Demands:** Individuals play multiple roles in their personal life and organisations. In their personal life, they play the roles of family head, husband, father, brother and son. In social life they play the roles of club members, informal community group members, members of recreation groups, religious groups and a number of other social groups. Similarly in organisations, employees play the role of superior, subordinate, co-worker, union leader, informal group leaders etc. Incidentally, all these roles are performed simultaneously. Thus, they cause anxiety and emotion. Another potential reason is role conflict. It arises because of poor role perception, role ambiguity, role overload and role overlapping. Role ambiguity and stress are positively related. The greater the role conflict, individual experiences more stress.

**B-Organisational Factors:** An organisation is a combination of resources, goals, strategies, and policies. In order to make people to work, organisations create structure, process and working conditions. In modern organisations, number of factors create an environment of stress. The changing environmental dynamics, globalisation, organisational adjustments like mergers and acquisitions lead to stress among employees. In addition, a number of internal organisational factors cause employee stress. Some of them are poor working conditions, strained labour management relations, disputed resource allocations, co-employee behaviour, organisational design and policies, unpleasant leadership styles of the boss, misunderstandings in organisational communication, bureaucratic controls, improper motivation, job dissatisfaction, and less attention to merit and seniority. Let us learn the organisational stressors in detail.

- i) **Working Conditions:** Working conditions and stress are inversely related. Employees working with poor working conditions are subject to greater stress. The factors that lead to more stress are crowded work areas, dust, heat, noise, polluted air, strong odour due to toxic chemicals, radiation, poor ventilation, unsafe and dangerous conditions, lack of privacy etc.

- ii) **Organisational Tasks:** Organisational tasks are designed to meet the objectives and goals. Poorly designed tasks lead to greater stress. Task autonomy, task inter-dependency, task demands, task overload are some of the potential reasons for stress in organisations. For instance greater the task interdependence, greater is the coordination required. This requires employees to adjust themselves to coworkers, superiors, and subordinates, irrespective of their willingness. They are expected to communicate, coordinate, exchange views, with other people irrespective of caste, creed, gender, religion and political differences. Lack of adjustment and poor tolerance to others lead to greater degree of stress.
- iii) **Administrative Policies and Strategies:** Employee's stress is related to certain administrative strategies followed by the organisations. Down sizing, competing pressure, unfair pay structures, rigidity in rules, job rotation and ambiguous policies are some of the reasons for stress in organisations.
- iv) **Organisational Structure and Design:** As pointed out earlier organisational structure is designed to facilitate individual's interaction in the realisation of organisational goals. Certain aspects of design like specialisation, centralisation, line and staff relationships, span of control, and organisational communication can severely create stress in organisations. For example, wider span of management compels the executive to manage large number of subordinates. This may create greater stress. Similarly, frequent line and staff conflict lead to obstacles in the work performance. Inability to resolve the conflicts lead to stress.
- v) **Organisation Process and Styles:** A number of organisational processes are designed for meeting organisational goals. Communication process, control process, decision making process, promotion process, performance appraisal process, etc. are designed for realising organisational objectives. These processes limit the scope of functioning of employees. Improper design of various organisational processes leads to strained relationships among the employees. They may also cause demotivation and job dissatisfaction. Consequently, employee feels stress in adapting to the processes.
- vi) **Organisational Leaderships:** Top management is responsible for creation of a sound organisation climate and culture by appropriate managerial style. The climate provided should be

free of tensions, fear, and anxiety. Authoritarian leadership style creates a directive environment in which employees are pressurised to attain targets. They work under impersonal relationships and tight controls. This creates greater work stress to employees. On the other hand, a climate of warm and friendliness, scope for participation in decision making, non financial motivation and flexibility are encouraged under democratic leadership style. This relieves stress in the employees. Therefore, employees working under authoritarian leadership styles experience stress than employees working under democratic leadership style.

- vii) **Organisational Life Cycle:** Every organisation moves through four phases of organisational life cycle. They are birth, growth, maturity and decline. In each of these stages the structure and the design of organisation undergoes frequent changes. In addition, human beings are subject to metamorphosis to adapt to the stages in the life cycle. In this process, employees are subject to job stress. For instance in the initial stages of organisational birth, stress is caused because of ambiguous policies and designs. In the growth stage, employees experience stress due to failure to meet conflicting demands. At the time of decline, stress is caused due to down sizing, retrenchment and loss of financial rewards and changing organisational systems.
- viii) **Group Dynamics:** Groups arise out of inherent desire of human beings and spontaneous reactions of people. In organisations both formal groups and informal groups exist. A formal group exist in the form of committees, informal group exist among different levels of organisation. Groups have a number of functional and dysfunctional consequences. They provide social support and satisfaction, which is helpful in relieving stress. At the same time, they become the source of stress also. Lack of cohesiveness, lack of social support, lack of recognition by the group and incompatible goals cause stress. Thus a number of organisational factors cause stress in the individuals.

#### ***Extra-Organisational Factors are***

***A-Environmental Factors:*** Environmental factors are extra organisational. Nevertheless, they create job stress in the individuals. These are internal and external factors. Most of the internal environmental factors relate to the organisational goals, management systems, structure, processes and design of organisations. They are

discussed in the preceding section. External environmental factors relate to the general environment of the organisation. They are political, economical, technological, legal, ecological, governmental, social, cultural and ethical. Certain propositions describing the impact of environment on stress are presented below:

- The political party in power as per their ideology enacts legislation in the Parliament. As the new laws and regulations are enacted by the new political party, the political changes bring uncertainty in the environment. This compels employees to adapt to the new legal order. This creates stress.
- Economic environment deals with income levels, demand and supply, inflation etc. Changes in these factors may require more work or better strategy to cope up with the environment. This creates stress when the employees are unable to adjust to the new situations. For instance, increase in inflation levels creates pressures on the employee income levels leading to stress.
- Technological changes bring new methods of production and new ways of handling the organisational tasks. Employees are required to learn new skills in order to discharge their jobs effectively. Unable to cope up with the new technology creates stress in the employees. For example, bank employees felt stress when the bank management decided to introduce computers.
- Legal environment consists of complex web of laws and regulation intended to control the business operations. Organisations are required to follow the legal provisions otherwise they are subject to prosecution. Practical difficulties arise in the implementation of the legislative framework. Employees who are unable to respond properly to the laws and regulations find themselves in stressful situation.
- The government is enacting legislation to protect the ecological environment in the country. Organisations are compelled to adapt to the legislative framework protecting the ecological environment. Protecting the ecological balance becomes a cause for potential stress.
- Government Administration is composed of the administrative machinery and institutions that enforce the laws, regulations, policies and other government instructions. The bureaucratic practices of the administrative machinery can create stress in the executives.

- Social, cultural and ethical environment can bring stress in the individuals. Social factors influence the life styles of employees. Certain social security measures such as health protection, civic facilities and social groups reduce stress in the employees. Certain sociological variables such as race, social class, gender etc., and cultural factors such as beliefs, customs and traditions cause potential stress.

Certain other environmental factors that result in stress in recent times are stock market crashes, frequent elections, down sizing, information technology and the related changes in the business. Career oriented couples, racial and gender discriminations, health hazards due to pollution and imbalance in the natural environment etc. are contributing to stress.

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### **Check your Progress-1**

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#### **True/False**

- Economic difficulties are not the main cause of stress.
- Loss of emotional stability is not the general expression of stress.
- Every organisation moves through five phases of organisational life cycle.
- The political party in power as per their ideology enacts legislation in the Parliament.
- Mild stress elevates body metabolic and biological rates.

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### **18.4. Consequence of Stress**

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An individual experiences stress through psychological emotions and is disseminated through physiological breakdown or biological changes. However stress is not negative always. Stress has also positive consequences. The positive form of stress is known as eustress. The word taken from Greek language means good stress. Mild stress elevates body metabolic and biological rates. The increase in the metabolism leads to secretion of juices from body glands that will increase the inner drive for achievement.

Achievement motivation comes from deep intention, mild tensions, inner urge, fire and feeling of restlessness to achieve objectives. Stress helps in the development of people too. In its mild form it enhances job performance, leads to excellence and provides impetus to work hard and perform better. Individuals involved in the discharge of professional oriented jobs, jobs involving creativity, challenge, interpersonal communications and certain managerial jobs, will be benefited by stress,

which leads to positive performances. However, jobs involving physical effort do not get benefit out of stress. As indicated above mild levels of stress increases job performance. It stimulates body and increases reactivity. Thus, individuals perform tasks better and in a rapid way. Inverted-U relationship illustrates this phenomenon.

Some positive consequences are: increased productivity, positive response to target, development of proper perception in the decision making, increased motivation and performance, increased adaptability to change and increased quality of job performance. For instance, employee experiencing a moderate stress of repetitiveness on the job finds new ways of discharging jobs. Thus, stress promotes creativity in the employees.

However, in the modern organisations the negative consequences of stress are creating more problems. As pointed out by Schuler, stress leads to high blood pressure, ulcer, cancer, accident proneness and irritation. Though there is no perfect association between stress and its consequences, stress itself demonstrates into physiological, psychological, behavioural, job and organisational consequences. The positive and negative consequences are discussed below:

***Physiological Consequences:*** Stress influences the biological system of the human being. Certain visible forms of stress are increased blood pressure, proneness to heart disease, cancer, sweating, dry mouth, hot and cold flashes, frustration, anxiety, depression, increased level of cholesterol, ulcer, arthritis etc. Physical stress increases the body metabolic rate. This results into malfunctioning of internal gland and consequently the body disorder. This is felt in the form of increasing heart beating, increase in breathing rate and headache. This creates biological illness. The physical stress also creates psychological problems.

In fact, physical stress and physiological disorders are interrelated. However, physical disorders and stress always need not associate positively. This is because of complexity of symptoms of physical stress and lack of objective measurement of impact of stress on bodily disorders. ***Psychological Consequences:*** Psychological consequences are interrelated to biological consequences. They are invisible, but affect the employees' job performance. Psychological stress creates a pressure on human brain. This is expressed in terms of certain psychological symptoms such as anger, anxiety, depression, nervousness, irritation, tension, boredom, aggressiveness, moodiness,



hostility and poor concentration. Tensions, anxiety, and emotions lead to procrastination. Psychological stress produces interpersonal aggressions, misunderstanding in communication, poor interpersonal communication and low interpersonal attraction.

This is demonstrated through aggressive actions like sabotage, increased interpersonal complaints, poor job performance, lowered self-esteem, increased resentment, low concentration on the job and increased dissatisfaction. Psychological stress produces harshness in the behaviour and may lead to assumption of authoritarian leadership style by the superior executive.

**Behavioural Consequences:** Stress has an impact on employee's behaviour. An abnormal behaviour is observed in those individuals who are prone to stress. A change in eating habits, sleep disorder, increased smoking, alcoholism, fidgeting and aloofness are some of the behavioural changes observed in stressful employees. Sometimes stress leads to anxiety, apathy, depression and emotional disorder. This leads to impulsive and aggressive behaviour and frequent interpersonal conflicts. Under eating, overeating, drug abuse and sleeplessness are some of the behavioural consequences.

The following are some propositions relating to stress and behaviour:

- i) **Perception:** Stressful individuals develop tension and anxiety. As a result, their level of understanding considerably decreases. When perceptual distortions occur in the employees, it may adversely affect decision making process, interpersonal understanding, interpersonal communication and capacity to work with groups. They become stress intolerable. All these lead to increased levels of interpersonal conflicts.
- ii) **Attitudes:** Continued stressful environment creates certain permanent negative impressions in the mind of the employees. These permanent impressions adversely influence their work performance. For example, an employee developing a negative attitude on work, superior, working conditions, organisational climate and culture intentionally decreases his output. He also becomes demoralised and the motivation level decreases.
- iii) **Learning :** Employees in organisations continuously learn new skills and techniques. Learning new methods and techniques to adapt themselves and discharge their jobs effectively is inevitable to employees. Stressful employees cannot learn the things quickly.

**Organisational Consequences:** Stress has negative impact on the performance of the job. Organisations face the problems of poor performance and other negative consequences.

Some of them are described below:

- i) **Absenteeism:** Employees subject to stress were found to addict to drugs and alcohol. Thus, they abstain from the jobs frequently. This creates discontinuity in the jobs and adversely effect performance of other employees.
- ii) **Turnover:** Turnover and stress have shown some relationships. An employee experiencing continued stress develops disgust and frustration. Therefore, they are likely to change their jobs.
- iii) **Decision-Making:** Excessive stress distorts perception of managers. This adversely effects their capacity to take decision. Thus, stressful executives become irrational in the decision making. This leads to loss of organisational resources and reputation.
- iv) **Disturbed Customer Relationships:** Employees experiencing excessive stress develop irritation, loses emotional stability and emotional tolerance. Intolerance impels them to pick up conflicts easily due to misunderstandings. Employees dealing with the customers and the public disturb relationship due to their impatient behaviour. For instance sales persons, bank employees, public relation executives are required to be more emotionally stable. Otherwise, customers dealing with them will have trouble in dealing with the company. This also creates poor impression on the corporate image of the organisation.

The consequences of stress are multifaceted. Stress has a vicious circle. Most of the consequences of the stress are interdependent. One has roots into the other. For instance, psychological consequences result in physiological disorders, the later will produce behavioural consequences and ultimately the organisation suffers from adverse effects. The ill effects of stress are more dangerous. Addiction to smoking, drinking alcohol, narcotic drugs, perverted sex, atrocities on women and children, criminal attitude, terrorism and indecent behaviour are some of the social consequences of stress. It is in this context that stress received more attention of the organisations, psychologists and the medical practitioners in recent times. A number of strategies exist to overcome stress. Most of them suggest leading a peaceful, calm and regulated life. Interestingly people overlook their life styles and suffer

from stress. However, stress is not difficult to overcome.

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## **18.5. Techniques for Managing Stress**

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Stress management has assumed greater importance in the modern organisations. More than organisations, individuals are concerned with the stress reduction. As the saying goes 'prevention is better than cure', prevention of stress is better than attempting to cure stress. This is because stress once experienced has negative consequences. Though employee possesses negative perception of stress, there is a need to induce moderate levels of stress for better performance.

The question arises what should be the acceptable levels of stress? More over, there is a wide gap between theoretical and actual practice of stress management. For instance, practicing yoga early in the morning and doing exercise is considered very effective way of fighting stress. However, how many people really sacrifice morning comfortable sleep for the sake of yoga and exercises. When a problem occurs, people resort to yoga. Otherwise, they feel that taking allopathic medicine is easy than yoga and exercises.

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### **Let us Sum Up**

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In this unit, you have learned about the following:

- Stress is psychological concept leading to both biological and behavioural disorders.
- Stress is symptomatic. Interestingly prolonged stress leads to burnout.
- Individual factors include personality, individual differences, family problems, and economic problems, life styles and role demands.
- Environmental factors are: political, economical, technological, legal, ecological, government and social, cultural and ethical environment.
- Eustress is a positive stress.
- Physiological consequences are : increase in blood pressure, heart attack, cancer, sweating, frustration, anxiety and depression.
- Psychological consequences are: anger, aggressiveness, moodiness, hostility, poor concentration, tensions and anxiety.
- Individual management techniques are always better than organisational management techniques.

- Organisations play a catalytic role in the management of stress.
- Creating a stress free environment requires diagnosing and analysing the stressors.

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### Check your Progress

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1. The modern age where an individual invariably exposed to various stressful situations and this age is also known as\_\_\_\_\_.
2. According to Selye, \_\_\_\_\_ is defined as the pressure experienced by an individual in response to life demands.
3. The stress which is originated from outside the individual or person like moving to another city and death in family, this is\_\_\_\_\_.

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### Glossary

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<b>Anxiety:</b>	A state of psychological disturbance.
<b>Burnout :</b>	A feeling of emotional exhaustion
<b>Eustress :</b>	Good form of stress is called as eustress.
<b>Psychological</b>	
<b>hardiness :</b>	The ability to withstand provocation from others.
<b>Relaxation :</b>	Meditation to take deep relaxation of human mind.
<b>Self-efficacy :</b>	It is a perception of capacity to bring changes.
<b>Social Networks :</b>	Informal groups that provide social support to share feelings, emotions and distasteful experiences.
<b>Stress :</b>	An internal experience, which creates physiological and psychological disorders.
<b>Stressors:</b>	Factors that convert the potential stress into actual stress.

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### Answer to Check your Progress-1

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- a-False
- b-False
- c-False
- d-True
- e-True

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**Answer to Check your Progress-2**

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1. Age of anxiety, Age of stress
2. Stress
3. External stressor

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**Suggested Reading**

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1. Gupta R.N (2013), Principles of management, 4<sup>th</sup> Edition, S. Chand & Company Ltd.
2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.

## Unit-19

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# Business Ethics and Corporate Social Responsibility

### STRUCTURE

Overview

Objectives

19.1. Introduction

19.2. Definition of Business Ethics

19.3. Characteristics of Business Ethics

19.4. Unethical Behaviour

19.5. Corporate Social Responsibility

19.6. Nature of Corporate Social Responsibility

19.7. Benefits of CSR

19.8. Types of CSR

19.9. Profit Maximization vs Social Responsibility

Let us Sum Up

Check your Progress

Glossary

Answer to Check your Progress

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### Overview

The concepts of ethical behavior and corporate social responsibility have come to the fore in recent years in both developed and developing countries as a result of growing sense of corporate wrongdoing. These two concepts can bring significant benefits to a business. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries.

In this unit, the concept of business ethics and corporate social responsibility has been explained.

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### Objectives

After completion of this unit, you will be able to:

- Understand the definition of Business Ethics(BE) and Corporate Social Responsibility(CSR)
- Discuss the significance of BE
- Explain the importance of CSR
- List out the benefits of CSR

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### **19.1. Introduction**

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Some years ago, one sociologist asked business people, "What does an ethic mean to you?" Among their replies were the following: "Ethics has to do with what my feelings tell me is right or wrong." "Ethics has to do with my religious beliefs." "Being ethical is doing what the law requires".

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### **19.2. Definition of Business Ethics**

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Business ethics is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.

It is also known as Corporate ethics. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

The various sources from where ethical values have been evolved. The main sources are

- Religion
- Society
- Legal System
- Genetic inheritance
- Marketplace
- Nature
- Culture

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### **19.3. Characteristics of Business Ethics**

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1. Business ethics are based on social values, as the generally accepted norms of good or bad and 'right' and 'wrong' practices.
2. It is based on the social customs, traditions, standards, and attributes.
3. Business ethics may determine the ways and means for better and optimum business performance.
4. Business ethics provide basic guidelines and parameters towards most appropriate perfections in business scenario.
5. Business ethics is concerned basically the study of human behaviour and conducts.
6. Business ethics is a philosophy to determine the standards and norms to make mutual interactions and behaviour between individual and group in organisation.

7. Business ethics offers to establish the norms and directional approaches for making an appropriate code of conducts in business.
8. Business ethics are based on the concepts, thoughts and standards as contributed as well as generated by Indian ethos.
9. Business ethics may be an 'Art' as well as 'Science' also.
10. Business ethics basically inspire the values, standards and norms of professionalism in business for the well-being of customers.
11. Business ethics is to motivate and is consistently related with the concept of service motives for the customers' view point.
12. Business ethics shows the better and perspective ways and means for most excellences in customization.
13. Business ethics aims to emphasize more on social responsibility of business towards society.

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#### **19.4. Unethical Behaviour**

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The Civil Service Commission of Philippines defined an unethical behaviour as any behaviour prohibited by law. An unethical behaviour would therefore be defined as one that is not morally honourable or one that is prohibited by the law. Many behaviours will fall in the classification including corruption, mail and wire fraud, discrimination and harassment, insider trading, conflicts of interest, improper use of company assets, bribery

Causes of unethical Behaviour in Workplace

##### **1. Misusing Company Time**

One of the most regularly revealed "bad behaviours" in the workplace is the misuse of company time. This category includes knowing that one of your colleagues is directing personal business on company time, staff appearing late, extra breaks or fake timesheets. These negative behaviour patterns can rapidly spread to different workers. It can also cultivate hatred amongst colleagues, severely influencing morale and efficiency.

##### **2. Unethical Leadership**

Having a personal issue with your boss or manager is a certain thing, yet reporting to a person who is acting dishonestly is another. This may come in a clear form, such as manipulating numbers in a report or sending company money on improper activities; nonetheless, it can also



happen more subtly, through bullying, accepting inadequate gifts from suppliers, or requesting that you avoid a standard system just once. With studies demonstrating that managers are responsible for 60 percent of workplace wrongdoing, the abuse of leadership authority is a disastrous reality.

### ***3. Lying to Employees***

The quickest way to lose the trust of your employees is to lie to them, but managers do it constantly. One out of every five workers report that their supervisor or manager has lied to them within the previous year.

### ***4. Harassment and Discrimination***

Laws require associations to be equivalent to business opportunity employers. Organizations must select a various workplace, authorize policies and training that help an equivalent open-door program, and encourage a situation that is respectful of a wide range of people.

Unfortunately, there are still numerous people whose practices break with EEOC rules and regulations. When harassment and discrimination of employees based on ethnicity, race, gender, handicap or age occur, has a moral line been crossed as well as a legitimate one also.

Most companies are attentive to maintain a strategic distance from the costly legal and public implications of harassment and discrimination, so you may experience this ethical problem in more delicate ways, from apparently “harmless” offensive jokes by a manager to a more unavoidable “group think” mindset that can be a symptom of a toxic culture.

This could be a group mindset toward an “other” group. Your best reaction is to keep up your qualities and repel such intolerant, illegal or unethical group standards by offering an option, inclusive aspect as the best decision for the group and the company.

### ***5. Violating Company Internet Policy***

Cyberloafers and Cybershackers are terms used to recognize people who surf the web when they ought to work. It’s a huge, multi-billion-dollar issue for organizations. Every day at least 64 percent of employers visit sites that have nothing to do with their work.

### ***6. Pressure to Succeed***

Employees may choose to act unethically based on unrealistic expectations to succeed. For example, a salesperson may make false claims to secure a deal to meet their quota.

### ***Ethical abuses in Business***

Corporate ethical/legal abuses include:

- Creative accounting
- Earnings management
- Misleading financial analysis
- Insider trading
- Securities fraud
- Bribery/kickbacks
- Facilitation payment

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### **Answer to Check your Progress-1**

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#### **True/False**

- a. One of the most regularly revealed “bad behaviours” in the workplace is the misuse of company time.
- b. Laws require associations to be equivalent to business opportunity employers.
- c. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries.
- d. Employees may choose to act unethically based on unrealistic expectations to succeed.
- e. CSR is not the ethical behaviour of a company towards society.

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### **19.5. Corporate Social Responsibility**

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Corporate Social Responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. Corporate social responsibility is a gesture of showing the company’s concern & commitment towards society’s sustainability & development. CSR is the ethical behaviour of a company towards society. To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them.

Understanding Corporate Social Responsibility (CSR) Corporate social responsibility is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and

volunteer efforts, businesses can benefit society while boosting their brands.

As important as CSR is for the community, it is equally valuable for a company. CSR activities can help forge a stronger bond between employees and corporations, boost morale and help both employees and employers feel more connected with the world around them. Social Responsibility for different interest group

- Responsibility towards society
- Responsibility towards government
- Responsibility towards owners
- Responsibility towards shareholders
- Responsibility towards employee
- Responsibility towards suppliers
- Responsibility towards consumers

#### ***Responsibility towards society***

Business need to work in society, some importance of social responsibility is also define from society point of view. The business provide good product, try to maintain clean environment, provide opportunity to participate to business as well as work for the overall development of society, these are the some example of it.

#### ***Responsibility towards government***

When business pay regular taxes, follow the norms of government then it is consider as social responsibility of business which is duly fulfill by it.

#### ***Responsibility towards Owners***

Owners are the persons who own the business. They contribute capital and bear the business risks. The primary responsibilities of business towards its owners are to

- Run the business efficiently.
- Proper utilization of capital and other resources.
- Growth and appreciation of capital
- Regular and fair return on capital invested.

#### ***Responsibility towards shareholders***

Investors are those who provide finance by way of investment in debentures, bonds, deposits etc. Banks, financial institutions, and investing public are all included in this category.

The responsibilities of business towards its investors are:

- Ensuring safety of their investment,
- Regular payment of interest,
- Timely repayment of principal amount.

### ***Responsibility towards Employees***

Business needs employees or workers to work for it. These employees put their best effort for the benefit of the business. So, it is the prime responsibility of every business to take care of the interest of their employees. If the employees are satisfied and efficient, then the only business can be successful.

The responsibilities of business towards its employees include:

- Timely and regular payment of wages and salaries.
- Proper working conditions and welfare amenities.
- Opportunity for better career prospects.
- Job security as well as social security like facilities of provident fund, group insurance, pension, retirement benefits, etc.
- Better living conditions like housing, transport, canteen, crèches etc.
- Timely training and development.

### ***Responsibility towards Suppliers***

Suppliers are businessmen who supply raw materials and other items required by manufacturers and traders. Certain suppliers, called distributors, supply finished products to the consumers. The responsibilities of business towards these suppliers are:

- Giving regular orders for purchase of goods.
- Dealing on fair terms and conditions.
- Availing reasonable credit period.
- Timely payment of dues.

### ***Responsibility towards Customers***

No business can survive without the support of customers. As a part of the responsibility of business towards them the business should provide the following facilities:

- Products and services must be able to take care of the needs of the customers.
- Products and services must be qualitative
- There must be regularity in supply of goods and services.

After learning about Social Responsibility of the business in this chapter, one can understand the significance of Social Responsibility. The next chapter is about Business Environment and Protection which deals with the organization taking steps to protect both internal and external environment for their sustained growth and development.

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## **19.6. Nature of Social Responsibility**

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The nature and social responsibility are:

CSR is normative in nature and CSR is also a relative concept.

CSR may be started as a proactive or reactive.

All firms do not follow the same patterns of CSR.

- Legal & socially responsible.
- Legal but socially irresponsible.
- Illegal but socially responsible.
- Illegal & socially irresponsible.

### ***Need for CSR***

- Issues such as environmental damage, improper treatment of workers, and faulty production leading to customer inconvenience or danger are being highlighted.
- Investors and investment fund managers have begun to take account of a firm's CSR policy in making investment decisions.
- Some consumers have become increasingly sensitive to the CSR program of the firms from which they buy their goods and services.

### ***Need for CSR for consumers and society***

- It is required to encourage businesses
- Consumer preference
- Consumer opinions
- Issues mainly emphasized on by consumers:
  - Product quality
  - Money value
  - Technological advancements
- Leads to increase in the awareness of the society
- Helps in dealing with societal matters such as:
  - Nutrition & health issues
  - Human rights & gender
  - Labour practices

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## 19.7. Benefits of CSR

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The benefits of CSR are as follows:

- Improved public image: This is crucial, as consumers assess your public image when deciding whether to buy from you. Something simple, like staff members volunteering an hour a week at a charity, shows that you're a brand committed to helping others. As a result, you'll appear much more favorable to consumers.
- Increased brand awareness and recognition: If you're committed to ethical practices, this news will spread. More people will therefore hear about your brand, which creates an increased brand awareness.
- Cost savings: Many simple changes in favour of sustainability, such as using less packaging, will help to decrease your production costs.
- An advantage over competitors: By embracing CSR, you stand out from competitors in your industry. You establish yourself as a company committed to going one step further by considering social and environmental factors.
- Increased customer engagement: If you're using sustainable systems, you should shout it from the rooftops. Post it on your social media channels and create a story out of your efforts. Furthermore, you should show your efforts to local media outlets in the hope they'll give it some coverage. Customers will follow this and engage with your brand and operations.

### ***Importance of CSR***

- CSR helps in strengthening the relationship between companies and stakeholders.
- It enables continuous improvement and encourages innovations.
- Attracts the best industry talent as a socially responsible company. Provides additional motivation to employees.
- Mitigates risk as a result of its effective corporate governance framework.
- Enhances ability to manage stakeholder expectations.

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## 19.8. Types of CSR

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The various types of CSR are as follows:

***i. Economic Responsibility*** : What is a business? The business itself is an economic activity. Its main function is to earn profits. To earn profits

means to understand the needs and demands of consumers whether it is regarding the quality of the product or its price. While understanding the perspective of the consumer and meeting their needs and demand to earn a profit is the economic responsibility of a business. When a business earns a profit, it also means that the employees earn the profit in terms of incentives. The economic growth of a business is not restricted to it but affects the society as a whole.

**ii. Legal Responsibility:** Legal responsibilities are not only liable to the individuals in the society but also to the businesses in the society. As business is an entity itself, it must also flow laws and rules. Every business has a responsibility to operate within the boundaries set by the various commissions and agencies at every level of the government. These rules and regulations are set for maintaining balance and the greater good of the society.

A law-abiding enterprise is a socially responsible enterprise as well. The business is free to do business however it wants but only within the boundaries of regulations of various laws such as labour law, environmental law and criminal law. For example, it's a business's duty to pay taxes to the government and keep its account books clean as it helps the government to track the economic state of the company.

**iii. Ethical Responsibility :** Ethical responsibilities include the behaviour of the firm that is expected by the society but not codified in law. The factors of ethical responsibility include that the business must be environmentally friendly. The business should always be aware of its activities and how do they affect the environment. It is the moral and ethical responsibility of every human and every business.

**iv. Philanthropic Responsibility :** Business is one the most important pillar of the society. And therefore it should support and improve the society whenever it can. If a business is making significant profits it is the business responsibility that it should be philanthropic towards the society by donating funds or its goods and services.

It's the philanthropic responsibility of the business to help different groups of the society. It should also work towards providing free education by opening educational institutes and training institutes or helping the people affected by natural calamities such as floods and earthquakes. It is the responsibility of the company management to safeguard the capital investment by avoiding speculative activity and undertaking only healthy business ventures which give good returns on investment.

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## **19.9. Profit Maximization Vs Social Responsibility**

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Being a socially responsible business is a concept that includes a variety of options, including helping advance a cause or profession, donating time, reducing environmental impacts, pursuing more diversified hiring or making monetary donations. Some capitalists believe that their existence is enough of a social contribution because they create jobs and provide tax money for municipalities and state and local governments. The more profits they generate, the more they benefit society. Some entrepreneurs feel they can better help advance causes than a government bureaucracy can. Other business owners limit their social activities to reducing waste, pollution and other environmental problems their business might cause.

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### **Let us Sum Up**

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In this unit, you have learned about the following:

- Ethics has to do with what my feelings tell me is right or wrong.
- Business ethics are based on the concepts, thoughts and standards as contributed as well as generated by Indian ethos
- Business ethics basically inspire the values, standards and norms of professionalism in business for the well-being of customers.
- Corporate social responsibility is a broad concept that can take many forms depending on the company and industry.
- CSR activities can help forge a stronger bond between employees and corporations, boost morale and help both employees and employers feel more connected with the world around them.
- CSR helps in strengthening the relationship between companies and stakeholders.

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### **Check your Progress-2**

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1. If you face an ethical dilemma, what should your first step be in resolving the issue?
2. The ethical roots of the classical model of corporate social responsibility are found in which statement
3. The most influential theory of corporate responsibility of the past century is:



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**Glossary:**

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**Business ethics:** It is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.

**Unethical Behaviour:** It is defined as one that is not morally honourable or one that is prohibited by the law

**Corporate social**

**responsibility:** It is a gesture of showing the company's concern & commitment towards society's sustainability & development.

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**Answer to Check your Progress-1**

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a-True

b-True

c-True

d-True

e-False

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**Answer to Check your Progress-2**

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1. Check your facts
2. The free-market theory which holds that managers are ethically obliged to take as much money as possible for their stockholders because to do otherwise would undermine the very foundations of our free society.
3. The classical model.

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**Suggested Reading**

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2. Khanka.S.S (2002), Organizational Behavior, S. Chand & Company Ltd, New Delhi.
3. Prasad.L.M (2014), Principles of Management, 3<sup>rd</sup> Edition (Special), Sultan Chand Publications.
4. Heinz Wehrich, Mark V Cannice and Harold Koontz (2008), Management- A global Entrepreneurial perspective, 12th edition, Tata McGraw Hill.

## **Annexure-Case Studies**

### **Case Study- 1**

McDonald's Corporation, perhaps the premier hamburger retailer in the world for decades, now faces significant problems. Within the last 10 years, McDonald's share of fast food sales in the United States has slipped almost two percentage points. The drop has come despite in the company's increasing its number of restaurants by 50%, thereby leading the industry. Michael Quinlan, CEO at McDonald's is very disturbed and wants to introduce a new system in his restaurants. Quinlan is an astute manger, and he knows that many problems will arise before the system contributes all that it can to the success of the organization.

#### **Questions:**

- Q.1 How should McDonald's try to regain its lost sales by applying the learning organization approach?
- Q.2 List some advantages of adopting the learning organization approach?

### **Case Study - 2**

In a factory, the male chief executive officer feels that women have an equal opportunity for advancement into top management, but the female assistant personnel manager feels there is no way she can break into top management's good old boy network.

In another factory, the head engineer who tours the factory floor once a week in an electric cart feels this is a pleasant place to work, but a punch press operator thinks this place ranks right next to the State prison.

#### **Questions:**

- Q.1 Point out the reason for difference in perception in the first case?
- Q.2 Why does the engineer feel a pleasant place to work' whereas the operator regards it next to prison'? Explain the reason.
- Q.3 How do you visualize a relationship between sensory data and perception?

### **Case Study- 3**

You are in-charge of a small department and have three subordinates – Yogesh, Pawan and Kapil. The key to the success of your department is to keep these employees as motivated as possible. Here is a brief summary profile on each of these subordinates.

Yogesh is the type of employee who is hard to figure out. His absenteeism record is much higher than average. He greatly enjoys his family and thinks they should be central to his life. He believes in hippie culture. As a result, the things that the company can offer him really inspire him very little. He feels that the job is simply a means of financing his family's basic needs and little else.

Overall, Yogesh does adequate job and is very conscientious, but all attempts to get him to do more have failed. He has charm and is friendly, but he meets the minimal standards of performance.

Pawan is in many aspects different from Yogesh. Like Yogesh, he is a likeable guy, but unlike Yogesh, Pawan responds well to the company's rules and compensation schemes and has a high degree of personal loyalty to the company.

The problem with Pawan is that he will not do very much independently. He does well with what is assigned to him, but he is not very creative. He is also a shy person who is not very assertive when dealing with people outside the department. This impacts his performance to certain extent because he cannot immediately sell himself to other departments of company as well to top management. Kapil, on the other hand, is a very assertive person. He will work for money and would readily change jobs for more money. He really works hard for the company but expects the company also to work for him. In his present job, he feels no qualms about working a 60-hour week, if the money is there.

Even though he has a family and is supporting his elder father, he once quit a job when his employer didn't give him a raise on the basis that he was already making too much. He is quite a driver. A manager at his last place of employment indicated that, although Kapil did do an excellent job for the company, his personality was so intense that they were glad to get rid of him. His former boss noted that Kapil just seemed to be pushing all the time. If it wasn't for more money, it was for better fringe benefits; he never seemed satisfied.

**Questions:**

- Q.1 Explain Yogesh, Pawan & Kapil motivations by using one or more motivation theories?
- Q.2 Who does perceive money as being a direct reward and motivation for performance?
- Q.3 How does the equity theory applicable on the motivation levels of Yogesh, Pawan and Kapil?

#### **Case Study-4**

In a large office an employee named Rozy may feel like a mere payroll number, but her informal group gives her personal attachment and status. With the members of her group she is somebody, even though in the formal structure she is only one of a thousand employees. She may not look forward to monitoring 750 accounts daily, but the informal group gives more meaning to her day.

When she thinks of meeting her friends, sharing their interests, and eating with them, her day takes on a new dimension that makes easier any difficulty or tedious routine in her work. Suddenly Rozy developed some interpersonal and intergroup conflicts with some powerful members of the group. The group did not accept her. Her work became more disagreeable and compelled her to a transfer, to absenteeism and to a resignation.

#### **Questions:**

- Q.1 Although informal groups may lead to several benefits, can these groups prove harmful?
- Q.2 Suggest some measures for Rozy to check the dysfunctions of informal groups?

#### **Case Study- 5**

Management of your company has decided that a computerized control system is needed to make the company more competitive. It is now scheduled for plant wide installation in a few months. The purpose of the system is to facilitate planning and scheduling, improve material control, reduce inventories, evaluate labour utilization and better control maintenance operations among others.

The introduction of the system will take a considerable amount of effort and work on the part of many people. However, resistance of some employees to accept it has arisen. Even without understanding the system, a few of the people seem to feel that in some way they will be hurt by it. Ashutosh Pandey, Manager of the Engineering and Maintenance Department, comes to you to discuss the problem.

- Well, Ashutosh, we should have the new system running in a couple of months if we don't run into some major delays may be, but I have already got some problems in my department. Two guys in the maintenance are really against it. Rajesh and Tarun never seem to miss an opportunity to badmouth it. What worries me is that they will talk about the computerized system so much

that others will begin to feel the same way about it. Is there anything we can do to counteract that?

- While you can't stop them from griping and complaining, you may be able to reverse their thinking if you handle them right.
- How would I do that? Ashutosh asks.

**Questions:**

Q.1 What will you suggest to the manager, Ashutosh, whose people are resisting a company-wide procedure change?

Q.2 What specific guidelines will you suggest for opponent employees to reverse their thinking and to seek their cooperation?

**Case Study- 6**

Mr.Vincent The manager, of a large super market, was taking a management course in the evening programme at the local college. The professor had given an interesting but disturbing lecture on various approaches and told to use quantitative models, systems theory and analysis and even talking about contingency relationships. Vincent had always been good manager and had proved it. by doing little planning ahead and making the same things again. All the professor was trying to do was complicate things. I guess I will have to know it for the test but I'm sticking with my old plan, organise and control approach in managing my store".

**Questions for discussion:**

- Critically analyse Mr.Vincent reasoning?
- If you were the professor and you knew what was going through Vincent's mind what would you say to Vincent?

**Case Study-7**

Swetha is the Marketing Department Manager. She has noticed that her Staff seems to be pulling in separate Directions and some Members have Trouble Cooperating with Others. She Feels Team Building will help her Department Function in a more Positive and Productive Way. Swetha Interviews several OD Consultants to find the Change Agent. She thinks will be right for what she needs.

Swetha decides on Karthik, An Organization Development Consultant that best answered the Question, "How will this Change Agent Build a Group into a Team?" Karthik Meets with Swetha to Discuss the Problems. Karthik and Swetha Define the Problem as Swetha sees it.

They discuss specific Questions to ask and data that will be collected from Interviews with Team Members. Karthik Interviews Swetha's Staff and immediately a Number of issues surfaces that appear counterproductive to effective functioning.

Lack of Communication is identified as the most serious problem, and many of the other major issues are the direct result of the Communication breakdown. Karthik Reports the General findings back to Swetha without mentioning any Names. After discussion the problem and possible ways to solve it, they decided on the Two-Day team Building Retreat. The Goal of the Retreat is to get the Group to work through the issues that are causing the Biggest Problems. Before the Retreat, Karthik puts together an Agenda and shares it with Swetha. Upon Approval, the Agenda is given to all Group Members. Karthik purposely leaves the Agenda quite open so that the Group will get more involved in the Problem- Solving process and gain greater Ownership in the Process of working to achieve Positive and Productive Change.

**Questions:**

Discuss the case and explain the role of change agent?

**Case Study- 8**

**ORBIS** Flying eye hospital is a non-profit service that trains local professionals and provides eye care education. Medical professionals on board that converted Directors should also conduct an average of four eye operations each day, including the surgery on a young girl in Cost Rica shown. To some extent these professionals co-ordinate their surgical work activities through informal communication. However, much of the operation occurs without discussion because team members also coordinate through make standardization of skills. Through extensive training, each person has learned precise role behaviours so that his or her task activities are coordinated with others on the surgical team.

**Questions:**

1. What other types of organizations extensive use of standardization of skills to coordinate work?
2. Explain in detail the different types of organization structures?

**Case Study- 9**

Jack stack the CEO from spring field, Missouri, who popularized open – book management in the 1980's, is concerned about the changing attitudes of America's emerging business leaders. Rather than focusing on the needs of all stake holders and the potential values that

employees can contribute, the new executives seemed more interested in their pocket books. The strategy isn't to grow the business; it seems to be to raise stockholder value, sell out and get out of town. Stack ideas about ethics and empowerment were out of favour – until the dotcom bubble burst and Enron created a more sobering awareness about stack's views.

The changing landscape of business in an era when ethics is becoming important again. It describes the messages of Jack Stack and other executives are communicating that will improve ethical decision making.

**Questions:**

1. What corporate changes are identified in the case and explain the importance of attitude in corporates among executives.
2. Explain the importance of business ethics as to the organizations?

**Case Study- 10**

Krishnamurthy, plant manager of frame manufacturing company, is the chairperson of the ad hoc committee for space utilization. The committee is made up of various departmental heads of the company. The general manager of the company has given Murthy the responsibility for seeing whether the various office, operations and warehouse facilities of the company are being optimally utilized. The company is beset by rising costs and the need for more space. However, before Okaying an expensive addition to the plant, the general manager wants to be sure that the currently available space is being utilized properly Murthy opened up the first committee meeting by reiterating the charge of the committee. Then Murthy asked the members if they had any initial observations to make.

The first to speak was the office manager. He stated "well I Know we are using every possible inch of room that we have available to us. But when I walk out into the plant, I see lot of open spaces. We have people piled on top of one Another, but out in the plant there seems to be plenty of room." the production manager quickly replied, "We do not have a lot of space. Your office people have the luxury facilities. My supervisors don't even have room for descend a file cabinet.

I have repeatedly told the plant manager we need more space. After all, our operation determines whether this plant succeeds or fails, not like you people in the front office pushing paper around.' Murthy interrupted at this point and said, "Obviously we have different interpretations of the space utilization around here. Before Further discussion I think it would

be best if we have some objective facts to work with. I am going to ask the industrial engineer to provide us with some statistics on plant and office layouts before our next meeting. Today's meeting is adjourned

**Questions:**

1. What perceptual principles are evident in this case?
2. What concept was brought out when the production manager labelled the office personnel a bunch of "paper pushers"?
3. Do you think that Murthy's approach to getting "objective facts" from statistics on plant and office layout will affect the perceptions of the office and production managers?
4. If you were in Murthy's position, how would you have handled the situation?



Model End Semester Examination Question Paper

**Master of Business Administration (MBA)**

Course Code: DCMBA-11

Course Title: Management Principles and Organisational Behaviour

**Max. Marks: 70**

**Time: 3 hours**

**PART – A (10x2 =20 Marks)**

Answer any TEN questions out of TWELVE questions

[All questions carry equal marks]

- (1). Write a note on managerial practices?
- (2). Write a note on evolution of management?
- (3). Write a note on various disciplines contributing to OB?
- (4). Define (a) value, (b) Halo effect and (c) Perception
- (5). Compare Theory X and Theory Y
- (6). List characteristics of the perceiver that influence perception.
- (7). Describe significance and functions of team
- (8). Differentiate between Group and Team
- (9). Write a note on accountability and responsibility?
- (10). What do you mean by team based structure? Write briefly on it.
- (11). Write a short note on stress management?
- (12). List out the importance of corporate social responsibility?

**PART – B (5X8=40 Marks)**

Answer any FIVE questions out of SEVEN questions

[All questions carry equal marks]

- (13). Write in detail the Classical theory its assumptions, advantages and disadvantages?
- (14). Explain in detail the behaviour modification learning through reinforcement?
- (15). Explain in detail on improving interpersonal communication through transactional analysis?
- (16). Discuss the dimensions of Organization Structure.
- (17). Explain in detail the effective ways of handling stress management in organizations?
- (18). Discuss in detail the advantages of corporate social responsibility?
- (19). 'Conflicts are Beneficial for Organization'. Comment. Explain various techniques for resolving conflicts in organizations.

**PART - C (1x10=10 Marks)**

CASE STUDY (Covering the Whole Course)

- (20). 'Aapka Vidyalaya' believes in the holistic development of students and encourages team building through a mix of curricular, co-curricular

and sports activities. On its Founder's Day, a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all the members supported each other. With mutual trust and a sense of belonging, the programme was systematically planned and executed. Kartik, one of the prefects, realised that the group had unknowingly applied one of the principles of management while planning and executing the programme. He was so inspired by the success of this function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.

1. Identify the principle of management applied for the success of the programme.
2. State any two features of management highlighted in the above paragraph.
3. Identify any two values which 'Aapka Vidyalaya' communicated to society. (CBSE, Delhi 2015)








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